DELIVERING VALUE

Annual Report 2006

transurban

DELIVERING VALUE

< **Cover image**

The Light Horse intersection rises 23 metres above the ground creating a striking architectural feature on Westlink M7, the new motorway opened by Transurban Group and its partners in Sydney, Australia, in December 2005.

Westlink M7 completes the missing link in Sydney's orbital motorway network. It is attracting new growth to an already booming regional economy in western Sydney and is set to deliver increasing revenues to Transurban.

Contents

Dollar values are provided in Australian currency unless otherwise specified.
e-TAG® is a registered trade mark of CityLink Melbourne Limited ACN 070 810 678
Roam® and *Roam Express®* are registered trade marks of Transurban Limited ACN 098 143 410

Transurban owns and manages a diversified portfolio of toll road assets. They deliver growing, predictable, inflation protected cash flows.

As a pioneer in its business, Transurban has developed the wide range of skills required to maximise the value and successfully manage the risks involved in developing and managing toll roads.

This annual report demonstrates how those skills delivered for investors in FY06.

The Group is well placed to carefully select new opportunities as the global market for electronic toll roads rapidly expands.

DELIVERING VALUE

FY06 was a successful year for

WE OPENED
A NEW TOLL ROAD...

ACQUIRED A SECOND...

TOOK CONTROL
OF O&M ON A THIRD...

SIGNED A $903M DEAL...

AND INCREASED
DISTRIBUTIONS BY 43%.

Transurban with five significant highlights

< Transurban and its partners opened Westlink M7 in Sydney eight months early. Transurban delivered the full electronic tolling system ten months early and earned a bonus of $8.3 million.

< The Pocahontas Parkway in Richmond, Virginia, became Transurban's first toll road in the United States in June 2006.

< Transurban bought out the operations and maintenance contractor for Hills M2 in Sydney in May 2006, following the acquisition of Hills Motorway Group in FY05.

< Transurban and the Victorian Government agreed to add 75 kilometres of new lanes to Melbourne's major economic spine, the West Gate-CityLink-Monash freeway corridor. The project will greatly enhance the value of our cornerstone asset.

< Transurban paid total distributions of 50 cents per security to its investors for FY06.

DELIVERING ON PROMISES

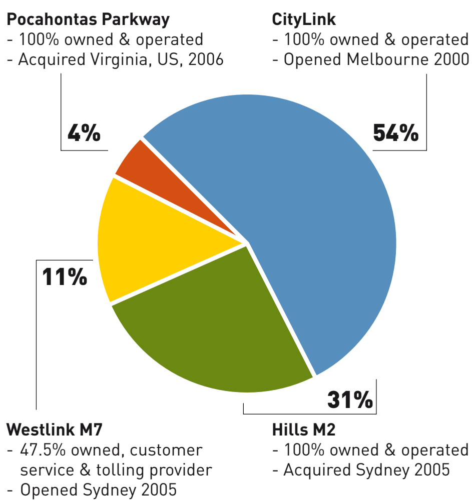
^ **Transurban acquires its first US asset**

The latest toll road in the Transurban portfolio is the Pocahontas Parkway. It crosses the James River near Richmond in Virginia. The Parkway services an area poised for growth over the next 20 years making the road an attractive investment.

Transurban's portfolio of toll road assets has been built on a unique combination of key capabilities:

- Traffic modelling
- Full electronic (open road) tolling
- Customer service
- Road performance
- Stakeholder engagement
- Concession management
- Project delivery
- Financial management

Asset mix



Chairman and Managing Director's overview

Delivering value for investors

This has been a landmark year for Transurban. We delivered for investors with total distributions of 50 cents per security. We acquired one new road, enhanced existing ones and achieved strong cash flows from our operating assets.

In Sydney, we completed the operational takeover of Hills M2, and opened Westlink M7 eight months early and delivered its full electronic tolling system ten months early.

We acquired our first toll road in the United States, the Pocahontas Parkway, and were named the preferred tenderer for another project in the highly populated Washington DC area.

We agreed to a $903 million redevelopment of Melbourne's premier road link, a project that will greatly enhance the value of our cornerstone asset, CityLink.

As an owner and manager of toll roads we focus on extracting value for our investors over the life of long concessions. Our business model is not just about the development of high quality infrastructure. It is about providing services over many decades to the stakeholders who use the infrastructure.

Employees in our operating businesses have a strong customer service culture. They work closely with people in our business development teams to maximise the community benefits we deliver on our existing roads and in new projects.

We would like to pay tribute to the work of all our employees in FY06—our results are built on their efforts.

Financial results

Transurban aims to deliver a growing stream of distributions to investors. Total distributions for 2006 were up 43 per cent on the previous year.

All previous Transurban distributions were 100 per cent tax deferred which meant they were not assessable for income tax, but deducted from the investor's cost base for Capital Gains Tax purposes. Because of the takeover of Hills Motorway Group and other Group developments, 80.6 per cent of the distributions paid for FY06 are now tax deferred. The remaining 19.4 per cent are assessable for income tax. (Full details are published in your Transurban Annual Tax Statement mailed in August.)

On 20 July 2006, the High Court ruled in favour of Transurban in a long running tax dispute. The case revolved around the tax treatment of Concession Fees that we are required to pay to the State of Victoria under the Melbourne CityLink Concession Deed. The court ruled that the fees are fully tax deductible when issued and awarded costs to Transurban. The ruling has no impact on the amount of distributions Transurban pays investors. Distributions will continue to be substantially tax deferred in the medium term.

Our distributions are underpinned by the strong cash flows generated by our toll roads and our capital management strategy announced in FY05. Although these are growing strongly, the Group will continue to report accounting losses for several years as we depreciate our assets. Depreciation is a non-cash item and the accounting loss therefore does not affect our ability to pay cash distributions to investors.

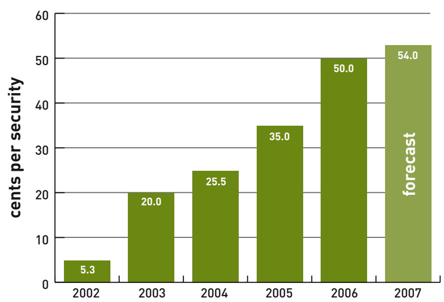
In FY06, we recorded a 22.2 per cent increase in free cash flow. The figure was $223.4 million, up from $182.8 million in FY05.

As a result of non-cash items such as depreciation, the Group recorded an accounting loss after tax of $60.9 million, compared to $90.4 million the year before.

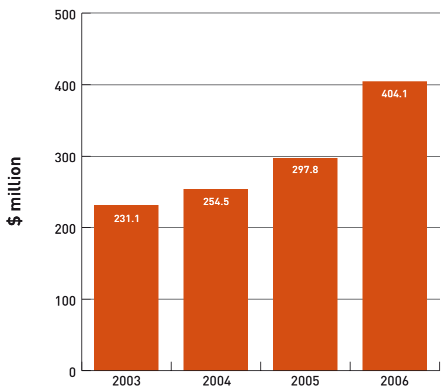
The new international accounting rules (AIFRS) reduced the loss by $3.4 million, making the loss figures for 2005 and 2006 not directly comparable.

Total toll and fee revenues were $404.1 million, up from $297.8 million, an increase of 35.7 per cent.

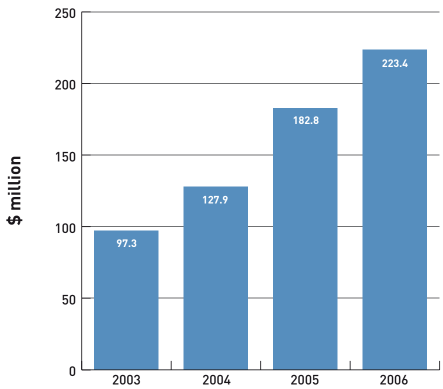
Distribution growth



Toll and fee revenue growth



Free cash flow growth



Traffic and revenue continued to grow in line with our forecasts and did not appear to be impacted by higher petrol prices.

A study commissioned by Transurban in its two biggest markets, the Australian cities of Melbourne and Sydney, found that 74 per cent of people were 'totally reliant' on their cars.

In Melbourne, we studied traffic in the CityLink corridor at a time of rising petrol prices. CityLink traffic grew 2.9 per cent in the period studied. Traffic on other roads in the same corridor declined by 4.3 per cent. This suggests people favoured our road, presumably to save time and fuel, over alternate congested routes.

CityLink

The biggest news on CityLink was the announcement of a $903 million agreement between Transurban and the Government of Victoria to fund a widening and upgrade of Melbourne's major economic spine, the West Gate-CityLink-Monash freeway corridor. The Southern Link section of CityLink sits in the middle of the corridor which connects Melbourne's port and central business district with industrial areas west of the city and manufacturing to the east.

Under the agreement, the State will assign Transurban all remaining and future Concession Note liabilities. This means Transurban will effectively bring forward the Concession Fees due to the State over the life of the CityLink concession. It will pay the State $614 million over three years instead of $2.9 billion between 2014 and 2034, which is a significant financial benefit for our security holders.

The Government will use the $614 million plus $123 million of their own funds to upgrade the freeways that connect to each end of Southern Link. Transurban will invest a further $166 million on enhancements to Southern Link.

The project will add extra lanes and implement an advanced freeway management system along the entire corridor. The Government predicts it will increase traffic capacity by 55 per cent.

The project will encourage more traffic onto CityLink. The increased revenue will be shared equally with the State, but only after Transurban has recovered its costs. These include the $166 million invested on Southern Link and the cost of traffic disruption during construction.

This deal demonstrates the value that we can deliver to the community and investors through long term ownership of major freight and commuter routes.

Westlink M7

Westlink M7 opened in Sydney in December 2005, eight months ahead of schedule. Transurban is the tolling and customer service provider for the toll road. We delivered the tolling system ten months ahead of schedule and two months ahead of construction completion. The early delivery earned the Group an $8.3 million performance bonus.

Transurban began FY06 with a 40 per cent stake in Westlink M7. During the year we purchased an additional 5 per cent equity interest for $47.4 million. After the end of FY06 we exercised our pre-emptive right to purchase an additional 2.5 per cent, taking our holding to 47.5 per cent.

Westlink M7 is performing well, with traffic increasing by more than 16 per cent since the road opened. While traffic volumes are slightly below forecast, the average tolled trip length is 35 per cent higher than expected. As a result revenue is achieving our forecast levels for opening.

Industrial and commercial development in the corridor continues to outstrip predictions. An independent forecast by CB Richard Ellis says one quarter of all new industrial floor space in metropolitan Sydney in the next two years will be built in the Westlink M7 corridor. This will increase business and freight traffic.

Hills M2

The opening of Westlink M7 has significantly increased traffic on Hills M2 which connects to it. Traffic over the year was up 7.8 per cent. In the second half, following the opening of Westlink M7, traffic jumped 14.3 per cent.

The increased traffic delivered to Hills M2 by Westlink M7 vindicates Transurban's decision to acquire Hills Motorway Group. Our forecasts on how much Westlink M7 would increase Hills M2 traffic have proved to be accurate.

Hills M2 traffic will receive a further boost after the opening of the Lane Cove Tunnel, expected to be late 2006–early 2007.

Transurban has made significant service improvements for Hills M2 customers. Six manual toll booths were replaced by four full electronic express lanes which began operating in January 2006. This delivers quicker, safer journeys and increases traffic capacity and potential revenue growth.

Operating cost synergies for the Group of $5.4 million have been delivered in FY06. An additional $3.6 million has been identified for progressive delivery over the next 24 months.

Pocahontas Parkway

Transurban acquired its first toll road in the United States, the Pocahontas Parkway in Virginia, in June 2006.

The Parkway is a 14-kilometre road that services an area near the city of Richmond which is poised for significant growth over the next 20 years. Traffic on the road is forecast to substantially increase over the next eight years as the development of the surrounding area takes place.

Our equity investment in Pocahontas is up to A$249 million/US$191 million, funded from our Distribution Reinvestment Plan. The project is expected to generate an equity internal rate of return of 12.6 per cent and is conservatively geared with a 70:30 debt-to-equity ratio.

US projects

In FY05, Transurban secured exclusive negotiating rights for a 23 kilometre HOT lane system that makes up part of the Capital Beltway orbital road around Washington. HOT lanes are tolled lanes built next to free lanes which are often heavily congested. Drivers can choose to pay a toll to avoid the congestion in the free lanes.

In FY06, Transurban was selected as the preferred developer for the I-95/395 project, a 90 kilometre bus rapid transit and HOT lane system just south of Washington DC.

Transurban's international business development priority is to reach financial close on the Capital Beltway project in FY07.

Our success in Virginia reflects the reputation we have earned on our Australian roads. We work closely with governments to ensure motorists enjoy a seamless road experience across networks with two or more different road operators. Our pioneering experience in electronic tolling and customer service is well known and in demand in the United States market.

New tolling businesses

Transurban introduced a new tolling business under the *Roam*® and *Roam Express*® brand names to service the Sydney market. *Roam* was set up to provide customer service on Westlink M7. *Roam Express* serves Hills M2 customers. The Lane Cove Tunnel, in which Transurban has no equity, selected *Roam Express* as its preferred tag and pass provider. Transurban now has a 20 per cent share of Sydney's tag and pass market and we expect this to grow in future years.

Corporate social responsibility

We made good progress in FY06 in implementing corporate social responsibility (CSR) programs throughout the business. Initiatives include the development of a Group wide framework for community relations, an environmental management system and the development of our first Sustainability Report, due for publication in late 2006.

CSR is an important strategy for aligning our business with the long term interests of our stakeholders. Without their support, we won't have a sustainable business. Our aim is to understand our impacts on society and the environment, to enhance positive impacts and minimise negative impacts.

Conclusion

In this overview, we have focussed on the most significant events of the year. There were other important achievements and these are covered throughout this annual report.

Transurban has a low risk, diversified portfolio of toll road assets generating strong cash flows over the long term. The growing, predictable and inflation protected nature of those cash flows is attractive to many investors.

There are significant opportunities for growth in the United States, a market in which we are now well established. We have taken the time to develop the strong relationships with partners, governments and road authorities that help position us to take advantage of future projects.

In Australia, the toll road industry will continue to grow. The demand for new road infrastructure in the next 20 to 30 years greatly exceeds the ability of governments to pay without massive increases in debt or taxes. Private sector financing is the alternative.

Research commissioned by Transurban estimates government spending on economic and social infrastructure would have to increase by $14 billion each and every year between now and 2020, if we want to wipe out Australia's infrastructure backlog through public investment only.

The sheer size of the road infrastructure challenge dictates the need for private investment. Without it, critical road projects will be delayed for many years with a major loss of economic development and growth opportunities.

Transurban has the combination of operational, financial, construction management and technology skills to roll out new projects and to maximise returns from our existing assets.

Transurban investors can look forward to a rewarding future.

Laurence G Cox AO
Chairman

Kimberley Edwards
Managing Director

DELIVERING NEW PROJECTS

^ Westlink M7 creates economic growth

Westlink M7 has been a magnet for economic development in western Sydney—fast tracking industrial, commercial and residential development that will drive more traffic and revenue onto the road. More than 665,000 square metres of industrial land is being developed along the M7 corridor. A 2,450 hectare western Sydney employment hub is planned with the potential to create up to 36,000 jobs when fully developed. Westlink M7 also links the two largest residential developments in New South Wales. Around 160,000 new homes will be built over the next 30 years and will accommodate more than 350,000 people.

> This project is an excellent example of what can be achieved through governments and the private sector working together.
>
> John Howard, Prime Minister of Australia, on Westlink M7

During FY06, Transurban opened Westlink M7 ahead of schedule and finalised the operational takeover of Hills M2. The Group also acquired its first United States asset, the Pocahontas Parkway in Richmond, Virginia.

Westlink M7 opens eight months ahead of schedule

Transurban and its partners opened Westlink M7 to traffic in December 2005, eight months ahead of schedule. The early opening saved the Westlink consortium $90 million on capitalised interest.

Transurban earned a performance bonus of $8.3 million for delivering the tolling and customer service system ahead of schedule and in time for the Westlink M7 opening.

Westlink M7 is the missing link in Sydney's orbital motorway network. The 40-kilometre, fully electronic toll road joins three motorways—Hills M2, the M4 and M5.

When tolling began in January 2006, weekday traffic averaged 89,174. By June, this figure had increased by more than 16 per cent to 103,912.

Major freight companies now have a direct link to the significant number of new industrial parks along the road and can bypass Sydney on the new route.

While reported traffic volumes to date are slightly below forecast, the average tolled trip length—currently around 12.5 kilometres—is 35 per cent higher than expected.

< Westlink M7's Light Horse interchange

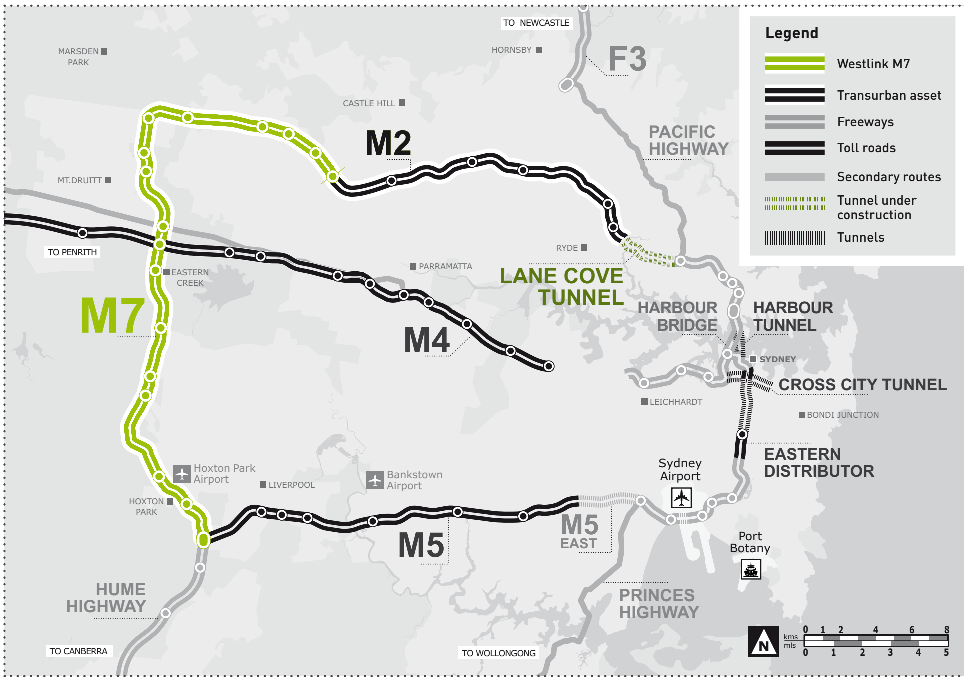
Around the time the road opened Transurban:

- Purchased an additional 5 per cent equity inerest in Westlink M7 for $47.4 million. After FY06, Transurban exercised its pre-emptive right to purchase an additional 2.5 per cent, which will increase its holding to 47.5 per cent.
- Renegotiated its bank debt facilities and secured a lower interest rate because the motorway and tolling system were successfully delivered.

Westlink Motorway successfully negotiated early payment of the Abigroup Leighton Joint Venture design and construction bonus, paying $61 million this year rather than approximately $100 million in 2008.

Key facts – Westlink M7

- 40-kilometre motorway in Sydney, Australia
- Construction completed December 2005—8 months ahead of schedule
- Tolling system delivered 10 months ahead of schedule and 2 months ahead of construction
- Owned 47.5% Transurban, 47.5% Macquarie Infrastructure Group, 5% Leighton (September 2006)
- Revenue on track to meet forecasts
- Strong community & business support
- Key industrial and residential growth corridor
- Toll increases in line with CPI
- Concession until 2037



Key facts – Hills M2

- 21-kilometre motorway in Sydney, Australia
- Acquired by Transurban in June 2005
- Express Lanes introduced in January 2006
- Tollaust (M2 operator) acquired in May 2006
- $5.4 million in synergies delivered; $3.6 million identified for delivery over next 24 months
- Direct link to Westlink M7 and Lane Cove Tunnel (expected to open late 2006–early 2007)
- Strong residential and commercial growth corridor
- Concession until 2042

Hills M2 traffic continues to increase

Since acquiring Hills M2 in June 2005, Transurban has delivered increased traffic, synergies and cost savings for investors, and significant road and service improvements for customers.

The M2 acquisition provided synergies that Transurban estimated would deliver cost savings of $5 million to $6 million per annum. Actual cost savings of $5.4 million have been delivered in FY06. An additional $3.6 million has been identified for progressive delivery over the next 24 months.

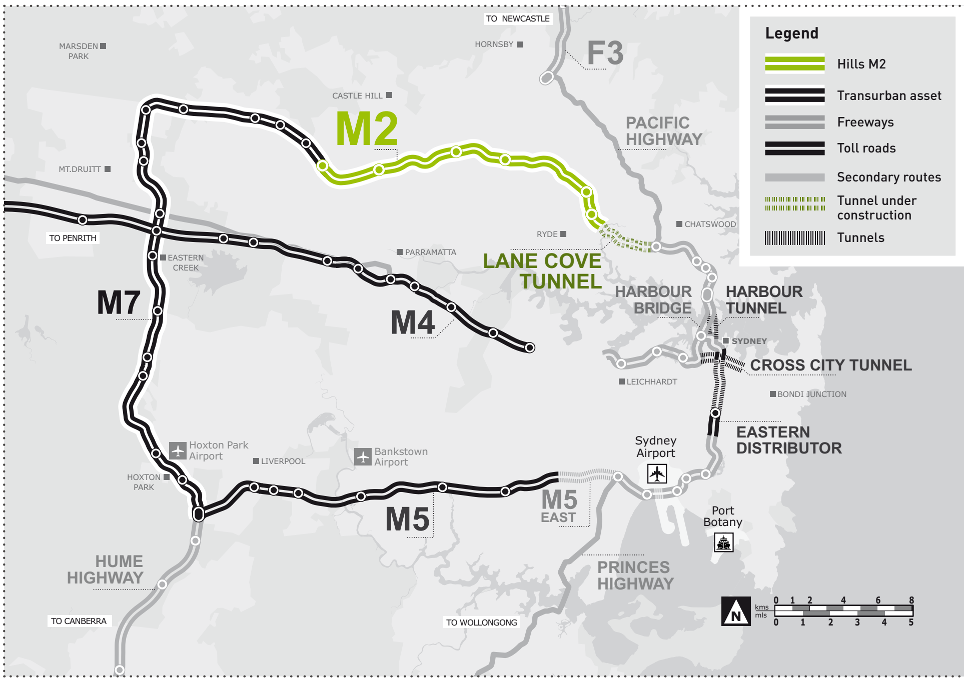
In December 2005, Transurban announced the purchase of Tollaust, the M2 operator, for $38.9 million (including acquisition costs). Under its contract, Tollaust was entitled to traffic incentive payments on Hills M2. These payments, which are estimated to exceed $200 million in nominal terms over the life of the concession, will now stay within Transurban.

Traffic and revenue have both grown strongly. Hills M2 toll revenue (net of GST and provisioning for doubtful debts) for FY06 was $95.8 million, an increase of 7.9 per cent. Total traffic numbers increased by 7.8 per cent year on year.

The increase in traffic is due to a number of factors.

- The opening of Westlink M7 at the western end of the motorway, and
- The opening of new Express Lanes on the Hills M2 (see page 11 for more details).

Construction of the Lane Cove Tunnel has impacted M2 traffic. However, the new tunnel is expected to deliver additional traffic growth when it opens in late 2006–early 2007.



^ Hills M2 Express Lanes were introduced in January 2006.

Transurban acquires Pocahontas Parkway in US

In June 2006, Transurban acquired its first US toll road—the Pocahontas Parkway (Route 895), a four-lane, hybrid cash/electronic toll road in Richmond, Virginia.

The Group's capital investment is expected to generate an equity internal rate of return of 12.6 per cent. The project is conservatively geared with a 70:30 debt-to-equity ratio.

Strong business and residential growth in the region will drive revenue growth on the Parkway.

Opened in 2002, it was designed to facilitate development opportunities south-east of Richmond.

In 2005, traffic using the Parkway grew at a rate of 6 per cent and revenue increased by 22 per cent. Daily traffic is forecast to significantly increase from around 15,000 in 2005 to approximately 33,000 by 2012.

The 14-kilometre/9-mile toll road links Interstates 95 and 295 and creates a southern bypass of Richmond, the capital of Virginia. It also provides the only crossing of the James River for 10 kilometres/6 miles in either direction, and facilitates access to Richmond International Airport.

The Parkway is a vital transport link for a development called Wilton on the James. It is expected to provide 3,200 dwellings for upper-middle income households over the next 10 years, as well as new commercial and retail space. In addition, 12 commercial and residential developments are underway in the region. Strong population growth is also predicted for Richmond's Chesterfield and Henrico counties, where residents use the Parkway to travel east-west.

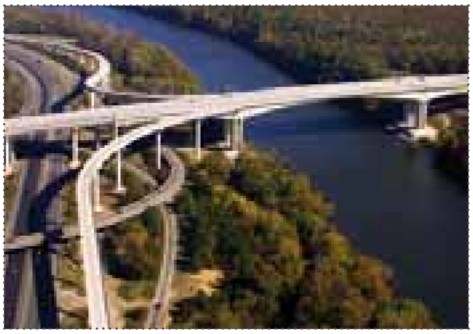
Transurban will also arrange and manage the construction of a direct link between the Parkway and the airport, subject to US federal financial assistance.

The Parkway gives Transurban the opportunity to apply its operational expertise in the US, leveraging its electronic tolling management and customer communication capabilities.

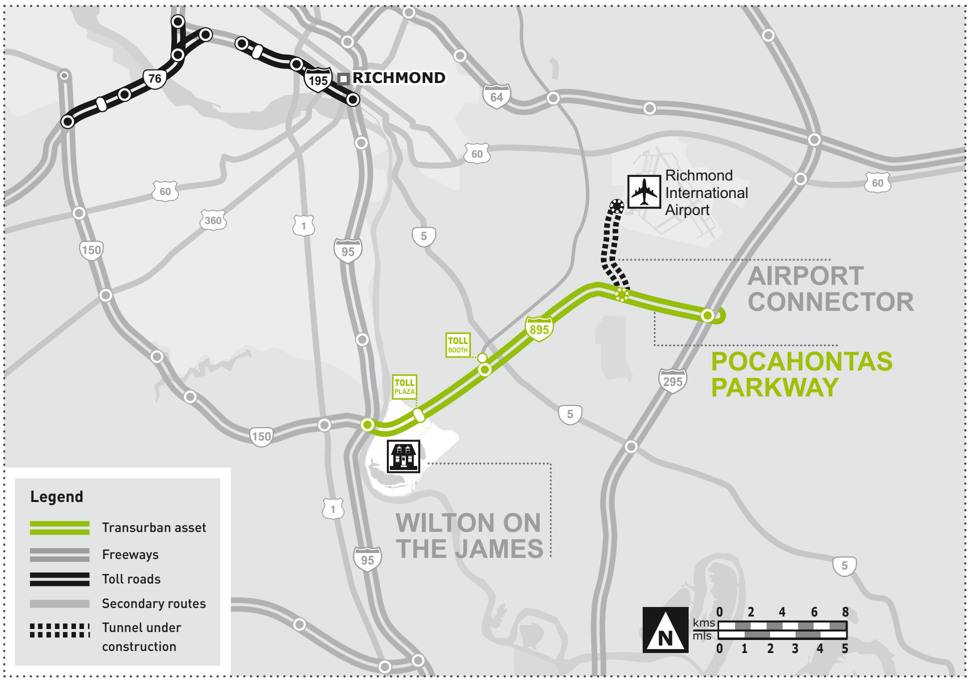
The Group is also working with the Commonwealth of Virginia on the development of two High Occupancy Toll (HOT) lane projects in Northern Virginia on the I-95/395 and the I-495 Capital Beltway (see pages 19 and 20 for more details).

Key facts – Pocahontas Parkway

- 14-kilometre/9-mile toll road in Richmond, Virginia
- Transurban holds 99-year concession to manage and operate the roadway
- 100 per cent of equity owned by Transurban
- Forecast equity internal rate of return of 12.6%
- Total upfront funding of A$817 million/US$604 million
- Equity commitment up to A$249 million/US$191 million
- Represents 4 per cent of Transurban's portfolio
- Services a strong growth area



< Pocahontas Parkway provides the only crossing of the James River for 10 kilometres/6 miles in either direction.



DELIVERING
CONGESTION SOLUTIONS

^ **$903 million improvement project for Melbourne's economic spine**

The West Gate-CityLink-Monash improvement project is one of the most significant upgrades to Victorian road infrastructure since the opening of CityLink in 2000. The project will optimise the corridor which links Melbourne's manufacturing hub with the Port of Melbourne, CBD and Melbourne Airport, and carries essential freight and hundreds of thousands of commuters daily.

The project will deliver a range of benefits including increased CityLink traffic and revenue, and quicker travel times and improved safety for commuters.

< Tidal flow lanes are just one of the components of the advanced freeway management system that will be implemented as part of the $903 million upgrade.

> Our latest Melbourne project is a sensational outcome—it will slash travel times and increase traffic and revenue on CityLink.
>
> Vic Delosa, General Manager—Victoria

Transurban works closely with governments to manage traffic across urban road networks. The Group develops new projects which will reduce congestion and deliver benefits to both the community and our investors.

West Gate-CityLink-Monash corridor

Transurban and the Victorian Government reached a $903 million agreement in May 2006 to improve Melbourne's most critical road link, the West Gate–CityLink–Monash corridor, without any new road tolls. The project is a win-win-win for government, the community and Transurban security holders.

Together, Transurban and the Government will add an additional 75 kilometres of bitumen to the corridor—one new lane in each direction for 37.5 kilometres.

The Group will also work with the Government to implement a state-of-the-art electronic freeway management system along the entire corridor. The overall result will be an estimated additional capacity of 55 per cent, so extra traffic will flow onto the Southern Link section of CityLink. It sits in the middle of the corridor between the Government-operated West Gate and Monash freeways.

Under the agreement, Transurban will provide the Government with $614 million over the next three years. This will effectively bring forward future payments due for the right to collect tolls on CityLink, replacing a liability worth $2.9 billion in nominal terms.

The Government will reinvest these payments to upgrade the Monash and West Gate freeways.

Transurban will also invest $166 million to widen CityLink's Southern Link to accommodate the increased traffic in the corridor. The Group's capital investment is forecast to generate an equity internal rate of return of 11.1 per cent.

Revenue generated by the improvements will be shared with the Government once Transurban has recovered all Southern Link capital costs and any lost revenue during the construction period.

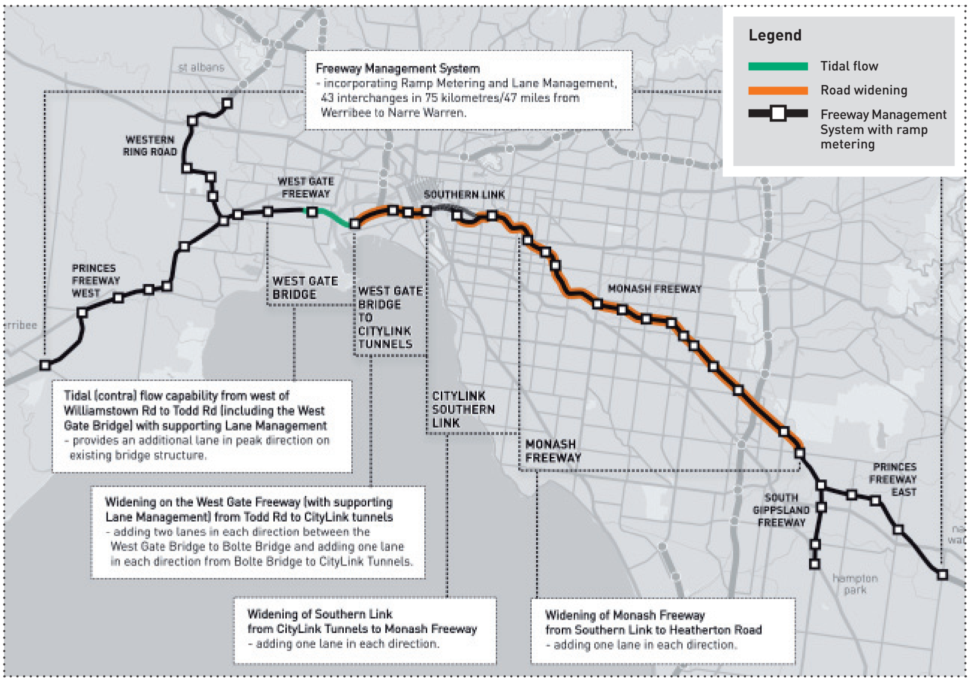
The project is expected to deliver the most significant, high-tech road in Australia. The project includes tidal flow lanes on the West Gate Bridge during peak periods, controlled entry to the freeways from ramps, and a series of overpasses to separate traffic according to destination and eliminate dangerous weaving.

The upgrades will allow CityLink's Burnley and Domain tunnels to operate close to capacity during peak periods, removing the need to artificially slow traffic flow due to bottlenecks created at either end of the tunnels.

The Government predicts that peak travel times will halve, accidents will decrease by 20 per cent, and community benefits will amount to approximately $14.5 billion.

Key facts - West Gate-CityLink-Monash

- Transurban worked closely with the Victorian Government to develop the project
- The $903 million project will upgrade CityLink's Southern Link and two state-managed freeways—the Monash and West Gate
- Traffic flow is expected to increase by 55 per cent and generate higher traffic and revenue for CityLink
- It is estimated peak period travel times will reduce by 50 per cent
- The project is estimated to generate $14.5 billion in community benefits
- Completion scheduled December 2010



Key facts - Hills M2

- 7.8% increase in traffic in FY06
- Four express lanes replaced six manual toll booths at the main toll plaza in January 2006
- One full electronic lane can process at least 2,000 vehicles an hour while a cash-only booth can handle 400

Hills M2 express lanes keep motorists moving

Transurban acquired Hills M2 in June 2005 and immediately commenced improvements to maximise traffic flow and revenue and optimise the customer experience.

Transurban removed six toll booths at the main toll plaza and introduced four new express lanes to increase traffic capacity and provide a quicker, safer experience for customers. The new express lanes began operating in January 2006.

One full electronic toll lane can process at least 2,000 vehicles an hour, while a cash-only booth can handle around 400. The new express lanes have increased the efficiency of the motorway and removed the toll transaction delays for express lane users.

CityLink road and safety improvements

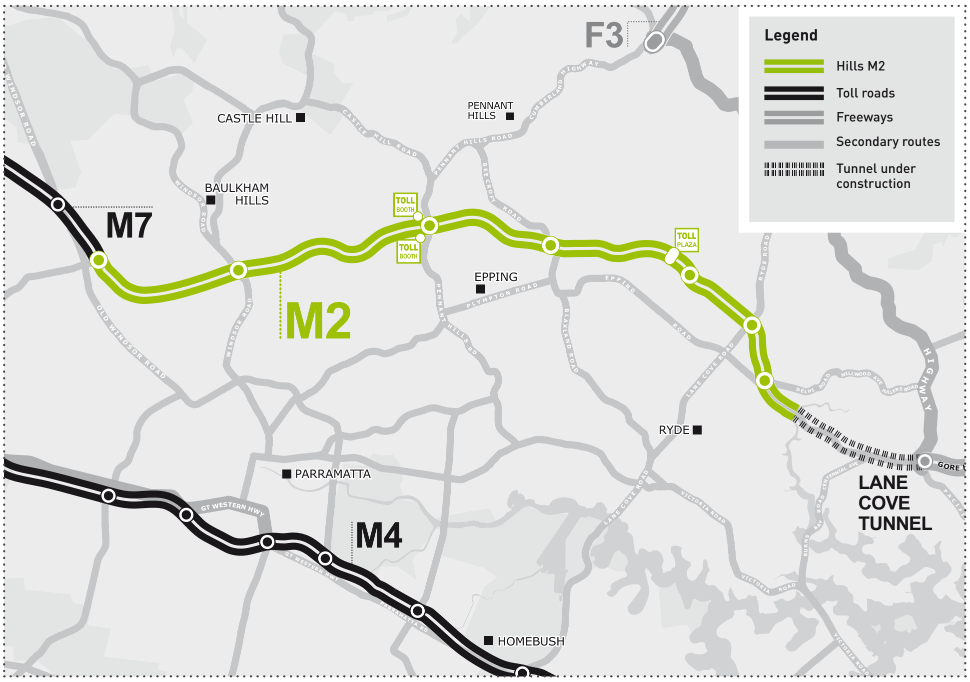
Transurban has invested more than $1.7 million on road and safety improvement projects that are expected to drive traffic onto CityLink.

Improvements were made to exit ramps at three locations to improve traffic flow during peak periods, reduce congestion and increase service levels for customers. These include:

- Flemington Road
- Punt Road and Batman Avenue, and
- Kings Way and Power Street.

Several safety improvement projects have also been delivered.

- A Heavy Vehicle Speed Awareness System was implemented on the West Gate Freeway's Bolte Bridge on-ramp. The system has reduced the number of truck rollovers.
- Variable Speed Limit signs have been installed between the Burnley Tunnel exit and Glenferrie Road to manage vehicle speeds in the event of an incident.

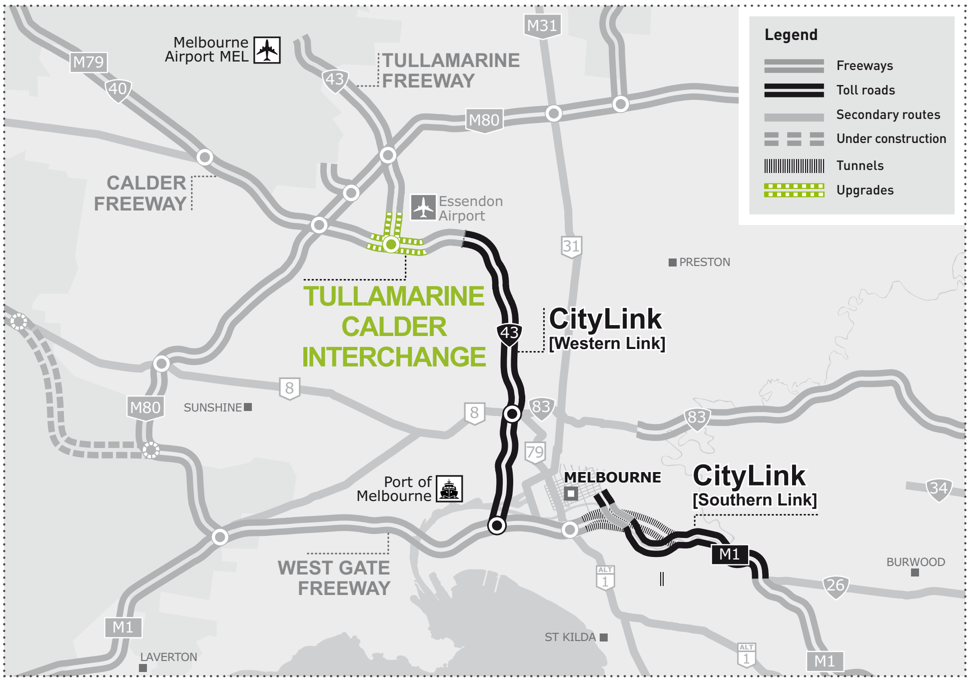


Tullamarine-Calder freeway interchange improvements

Works continue on the $150 million project to improve one of Victoria's worst traffic trouble spots—the Tullamarine Freeway and Calder Freeway interchange.

Construction began in September 2005 and is progressing smoothly. Much of the works are located beyond the road carriageway and are having a negligible impact on road availability and CityLink revenue.

The project will alleviate the bottlenecks that occur at the interchange. Traffic flow onto CityLink will be greatly improved. Completion is scheduled for mid-2007.



< Works continue on the $150 million upgrade to the Tullamarine-Calder interchange.

DELIVERING
SERVICE AND SAVINGS

^ **Cashless parking adds value for customers**

Transurban has developed a cashless parking system which allows customers to enter, park and exit a car park without visiting the pay station. The secure and convenient system uses a customer's *e-TAG*® device and a new piece of technology called a *Smartdisc*® device. Both the *e-TAG* and *Smartdisc* devices are read at the car park's boom gates, allowing registered customers to pay for their parking by debiting a nominated credit card. Cashless parking began operating at Melbourne's Federation Square in August 2006.

We've demonstrated once again that active management of our roads and operations creates additional value for investors.

Brendan Bourke, Group General Manager - Operations

Transurban actively manages its toll road businesses to continually improve services to customers and returns to investors.

Transurban has grown rapidly from a company with one toll road to a Group managing four major assets, three in Australia and one in the United States. The Group has restructured its operations to contain costs and ensure the lessons learned on CityLink are applied in the new assets. Teams supporting customer service and tolling operations provide 'shared services' across all our businesses.

CityLink

Initiatives during the year have demonstrated the benefits of active management. Traffic grew by 3.05 per cent. There was a 4.5 per cent increase in toll prices. In addition, we achieved an uplift of 3.4 per cent from a number of revenue initiatives. The additional uplift would not have been realised if CityLink had a 'set and forget' manager. Revenue initiatives included Late Toll invoicing, higher taxi tolls and the rear camera project. Overall, revenue grew by 10.9 per cent.

Late Toll invoicing was introduced in August 2005. It is the most significant customer service improvement since CityLink opened. Motorists who use CityLink without making an arrangement to pay are now issued with an invoice payable within 14 days. Previously, legislation governing CityLink prescribed that motorists would be automatically fined by Victoria Police if they did not have a valid arrangement to use the road. Now a fine is only issued after non-payment of an invoice and final notice.

CityLink increased taxi tolls by 30 per cent in January 2006, the first rise in almost six years. The approved increase narrowed the gap between car price tolls and the fixed toll charge for taxi passengers using CityLink.

Rear image cameras were introduced to photograph the rear number plates of vehicles using CityLink where drivers have not made arrangements to pay. Previously cameras could only take an image of front number plates. The introduction of rear image cameras has increased the capture rate of number plates leading to increased trips billed to motorists.

Access Accounts for occasional CityLink users who do not have an *e-TAG* account continued to attract new customers. They now comprise nearly 35 per cent of CityLink accounts opened each month. Access Accounts generated more than $6.6 million in toll and fee revenue in FY06.

CityLink closed its Bulla Road customer service centre in November 2005 and consolidated over-the-counter services at the Lorimer Street centre which is close to both Western Link and Southern Link. The closure delivers an annual cost saving of $600,000. All permanent employees at Bulla Road were offered the opportunity for redeployment.

CityLink reports its performance on customer service targets in the CityLink Scorecard. It is published six monthly for the periods ending June and December each year. CityLink met or exceeded all its service targets in FY06.

CityLink scorecard

CityLink customer service target	FY06 avg. result
Incident response vehicle to arrive at scene within 10 minutes	✓ (4 min 7 sec)
80% of customer calls answered within 20 seconds	✓ (81%)
80% of customer issues resolved within 7 business days	✓ (91%)
99% of customer letters and emails responded to or acknowledged within 2 business days	✓ (100%)
95% of new *e-TAG* devices despatched within 4 business days	✓ (95.5%)
100% compliance with Environment Protection Authority Victoria environmental requirements	✓ (100%)

Westlink M7 have thought about Sydney motorists when structuring their tolling products and have shown good faith as suggested by NRMA Motoring and Services by offering a month long toll-free period...

Alan Evans, President, National Road and Motorists Association (NRMA)

Roam® tolling and customer service launched for Westlink M7

In October 2005, Transurban launched its New South Wales tolling brand *Roam* in advance of the opening of Westlink M7.

Roam offers customers an extensive range of easy-to-use products and 24-hour service accessible through multiple payment channels including phone, internet and kiosks.

Roam has followed CityLink's lead, introducing a Customer Charter with performance targets that it reports on every six months. The Customer Charter applies to customers with a *Roam e-TAG* or e-PASS account, or a visitor e-PASS.

Roam scorecard
***Roam* customer service target**
75% of customer calls answered within 20 seconds
90% of customer issues resolved on first contact
80% of issues raised with Customer Resolutions Group finalised within 7 business days
99% of letters and emails responded to or acknowledged within 2 business days
95% of new tags despatched within 4 business days

Roam Express® rolled out for Hills M2

Transurban purchased Tollaust in May 2006 for $38.9 million, including acquisition costs—the final step in the takeover of Hills M2. Tollaust performs the cash tolling, road operations and maintenance functions for Hills M2 and operates the Express Tag business.

Under its contract with Hills Motorway Group, Tollaust stood to earn performance payments with a nominal total value of $200 million up to the end of the Hills M2 concession in 2042. These payments will now stay within the Transurban Group.

The acquisition meant Transurban acquired 75,000 Express Tag accounts. Transurban quickly moved to re-brand Express Tag to *Roam Express*.

With more than 200,000 *Roam* and *Roam Express* tags, Transurban now has a 20 per cent share of Sydney's electronic tag and pass market.

The number of *Roam Express* customers is expected to further increase when Lane Cove Tunnel opens (expected to be late 2006–early 2007). Transurban has been appointed by Lane Cove Tunnel as its preferred tag and pass provider.

The Group will deliver tolling services to Lane Cove Tunnel customers through the *Roam Express* brand.

Customer Ombudsman extends to Sydney market

Initially established for CityLink customers, Transurban's independent dispute resolution service has been extended to cover New South Wales (NSW). The Group's Customer Ombudsman can now consider complaints from customers of Hills M2, and Transurban's NSW tolling businesses *Roam* and *Roam Express*.

The Customer Ombudsman provides an opportunity for customers who cannot resolve their disputes directly with Transurban's tolling businesses to seek a review and determination by an independent and impartial umpire.

The Ombudsman is a free service that is fully funded by Transurban and is located outside of the Group's corporate and operational structure and premises.

Most customer complaints are resolved during a customer's first contact with Transurban. Unresolved issues are transferred to the internal customer resolutions team. If a customer is still dissatisfied, they can seek independent determination by the Ombudsman. Transurban is bound by this decision.

During FY06, CityLink's Independent Customer Resolutions group received 6131 enquiries. Of these, only 75 or just over 1 per cent resulted in an enquiry to the Ombudsman's office.

Transurban Customer Ombudsman

Transurban Customer Ombudsman

Michael Arnold is familiar with tolling customer issues, having been the Ombudsman on matters raised by Transurban's CityLink customers since September 2004. Now his role extends to the Sydney market.

Michael has extensive experience in handling complaints in the national finance services and insurance sectors, and has a reputation for successful resolution of consumer concerns.

Michael Arnold is a lawyer and former Member of the Victorian Parliament.

DELIVERING
BENEFITS TO THE COMMUNITY

^ **Run for the kids**

More than 20,000 runners and walkers participated in the inaugural Herald Sun CityLink Run for the Kids fun run on Sunday 9 April 2006—raising more than $400,000 for Melbourne's Royal Children's Hospital Good Friday Appeal. Transurban teamed up with Melbourne's most popular newspaper—the Herald Sun—to make the run possible, agreeing to close parts of the road for the event. This gave participants the unique experience of traversing the landmark Bolte Bridge and the 1.6 kilometre Domain Tunnel on CityLink. Transurban's support for Run for the Kids is part of the Group's ongoing commitment to giving back to the communities in which it operates. Run for the Kids is one of the many community initiatives Transurban supported in 2005-06.

Corporate social responsibility programs help Transurban align its business with the long term interests of our stakeholders. Without their support, we won't have a sustainable business.

Kim Edwards, Managing Director

Transurban will soon publish its first annual Sustainability Report as the Group implements new corporate social responsibility (CSR) programs across the business.

The Group's focus on CSR reflects its importance to Transurban's ongoing competitive position. Governments award new toll road concessions and are likely to consider a bidder's record in environmental management and community engagement.

As FY06 ended, Transurban was putting the final touches to a new Group-wide Community Relations Framework. This provides a blueprint for enhancement of existing stakeholder relations programs in our toll road assets and tolling and customer service businesses.

The Group adopted an Environment Strategy in December 2005. A priority initiative identified in the strategy, the development of an Environmental Management System (EMS), initially for the Australian businesses, is now under way. The EMS will allow Transurban to closely track the environmental performance of all its toll roads, providing detailed information and data for sustainability reporting. The system will also help the Group prioritise environmental initiatives.

The EMS will be linked to data collection systems for ongoing management and reporting on Transurban's social impacts and community engagement programs.

During the year, Transurban's CSR Committee was reconstituted as a formal Board committee. It is chaired by a Board member, Susan Oliver. A second director, Christopher Renwick, also sits on the committee. Three independent specialist advisers and a number of senior managers are also members.

Sustainability Report

The Transurban Sustainability Report will provide detailed information on the Group's performance in four key areas:

- environment
- community
- customers, and
- employees.

The report is based on the Global Reporting Initiative (GRI) draft G3 reporting framework. Developed by a global non-government organisation, GRI is an internationally recognised framework adopted by some 2,000 businesses and organisations around the world.

More information

Copies of the Sustainability Report will be available in late 2006 by emailing corporate@transuban.com.au to order a printed report or visiting www.transurban.com.au to download a copy.

> Brunswick North West Primary School in Victoria, Australia, is one of the many schools Transurban works closely with as part of its CSR program.

DELIVERING IN NEW MARKETS

^ **Hot lane solutions for US cities**

Like many American cities, Washington suffers from heavy road congestion. Transurban is looking at congestion solutions for the I-95/395 and I-495 (Capital Beltway) roadways in the Northern Virginia/Washington DC region.

Transurban is looking to alleviate the congestion problems by introducing HOT lanes—an innovative demand management solution that delivers free-flow travel through the use of dynamic tolling. Under this type of tolling, toll levels change to maintain the volume of traffic at 'free-flow' conditions.

HOT lanes are built next to existing lanes—much like Transit Lanes in Australia. Drivers can choose to pay a toll to use the HOT lane and avoid the congestion on 'free' lanes, while cars with three or more passengers travel free.

HOT lane projects are an attractive investment for Transurban as demand for the route is already proven. They also provide an opportunity for the Group to apply its unique skills in electronic tolling, operations and traffic management.

> Transurban's partnership approach and our growing reputation for active management of our assets, means we are well placed to take advantage of international opportunities.
>
> Michael Kulper, Vice President, Transurban North America

Transurban made significant progress in FY06 in pursuing new projects in its priority international market, the United States (US).

International progress

The acquisition of the Pocahontas Parkway delivered the Group its first operating business in the US. During the year, a modest expansion of the New York office ensured Transurban has the development and operational resources to assess further opportunities in the US.

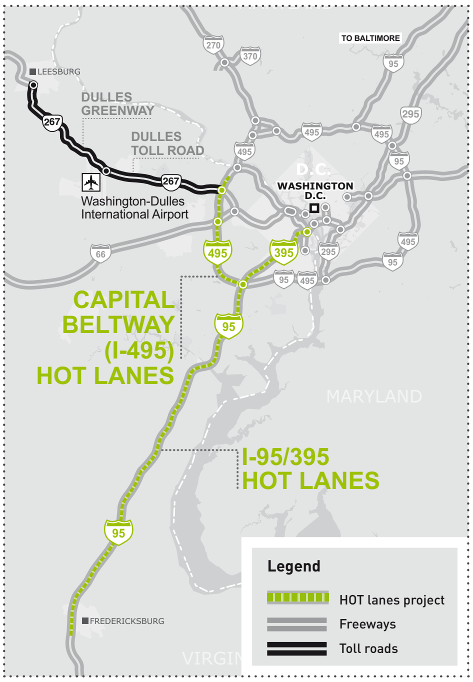
A development team has been based in Washington to work with the Virginia Department of Transportation (VDoT) to bring the I-95/395 and I-495 (Capital Beltway) projects to financial close. Transurban has exclusive negotiating positions on both projects.

The I-95/395 is a Bus Rapid Transit/High Occupancy Toll (HOT) lane system to the south of Washington in Northern Virginia (see opposite for an explanation of HOT lanes). In January 2006, Transurban and its construction partner Fluor were selected as VDoT's preferred partner to advance this project.

In April 2005 Transurban and Fluor signed another agreement with VDoT to negotiate development of HOT lanes along the I-495, part of the Capital Beltway ring road around Washington.

In the past year governments and road authorities in the US have announced or foreshadowed a large number of toll road projects, both new roads and the sale of existing ones. Transurban has been very selective in pursuing new opportunities, declining to be involved in many projects because they would not add value to our investors.

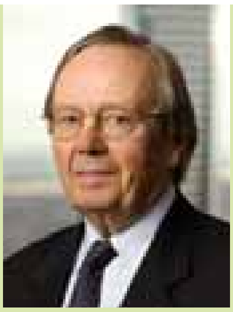
The Group's initial decision to prioritise one market, the State of Virginia, rather than projects across many States, has paid off. We are now investigating projects in a few other States, particularly ones that allow us to apply our key capabilities in traffic modelling, tolling and customer service. These capabilities give Transurban the ability to deliver network-wide solutions based on multiple concessions within contiguous metropolitan areas.



DELIVERING FOR SUCCESS

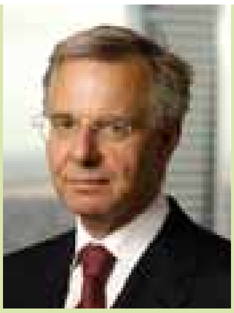
> **Transurban's Board of Directors**

Laurence Cox AO



Chairman

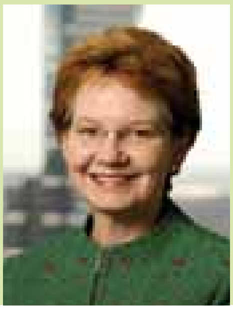
Kimberley Edwards



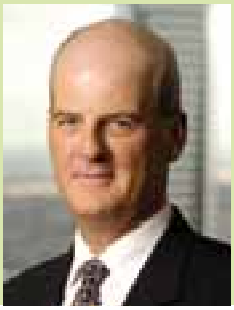
Managing Director

Jeremy Davis

Peter Byers



Susan Oliver



Geoff Cosgriff

David Ryan

Christopher Renwick

Corporate Governance

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 28 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 31).

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.

Mr Cox is an executive director of Macquarie Bank Limited (MBL).

It is considered Mr Cox's relationship with MBL does not affect his ability to exercise unfettered and independent judgement in the interests of the Group's security holders.

In FY04 and FY06, Transurban Group paid no fees to MBL. In FY05, advisory fees totalling $12.7 million relating to the takeover of Hills Motorway Group were paid to MBL. In addition, Transurban is entitled to receive management fees of $6.5 million from MBL in relation to the extension of the term of the Infrastructure Borrowing Facilities provided by MBL. This fee was recognised during the year ended 30 June 2004 and is received in quarterly instalments from 30 June 2004 until 30 June 2007. During this year $2.8 million was received with the outstanding balance of $2.3 million to be received quarterly over the next year. The Group also contributes to the cost of Mr Cox's personal assistant.

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 Stock 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.

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 the three entities comprising the Group are held concurrently. The number of meetings held by the Boards of each individual entity and by Board committees is disclosed in the Directors' Report (see pages 39 and 40).

The number of meetings of the Boards and of Board committees attended by each director is also disclosed in the Directors' Report (see pages 39 and 40).

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.

During 2005, an external evaluation of the performance and effectiveness of the Chairman, directors and the Board as a whole was undertaken.

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 2006. A summary of the certification follows:

- the financial statements present a true and fair view, in all material respects, of the financial position and generating 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 seen on 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 consists of the following non-executive directors:

- David J Ryan (Chairman)
- Peter C Byers
- Laurence G Cox
- 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 pages 39 and 40).

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 consists of the following directors:

- Susan M Oliver (Chairman)
- Geoff O Cosgriff
- Christopher J S Renwick
- 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 pages 39 and 40). 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 consists of the following directors:

– Susan M Oliver (Chairman)

– Christopher J S Renwick

The qualifications of these directors and their attendance records at meetings of the Committee are set out in the Directors' Report (see pages 39 and 40).

Independent stakeholder members are appointed to the CSR 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 consists of the following non-executive directors:

– Laurence G Cox (Chairman)

– Geoff O Cosgriff

– 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 pages 39 and 40). 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.

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 polices 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. Retirement benefits for non-executive directors were discontinued on 30 September 2005.

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 41).

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 were 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 are required to rotate audit engagement partners on listed entities at least every five years. The last rotation was for the financial year beginning 1 July 2002. A new audit engagement partner will be 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 57 and 58).

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, Legal and 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 35).

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 their 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 and CARS 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, CARS 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 2006, 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 (AIFRS)

The financial statements for the year ending 30 June 2006 are the first Group financial statements to be prepared in accordance with AIFRS. AASB 1 First-time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements of the Group until 30 June 2005 were prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing the Group 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in Note 1 to the Group financial statements (see page 66).

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.au). 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.

DELIVERING FINANCIALS

The Concise Financial Report of
Transurban Holdings Limited and Controlled Entities (ABN 86 098 143 429) including
Transurban Holding Trust (ABN 30 169 362 255) and
Transurban Limited (ABN 96 098 143 410)

For the year ended 30 June 2006

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FINANCIALS

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 2006. 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 Transurban's website: www.transurban.com.au. Alternatively, call 1300 360 146 (free call) for a copy.

The directors of Transurban Holdings Limited (THL), Transurban Limited (TL) and Transurban Infrastructure Management Limited (TIML) as Responsible Entity for Transurban Holding Trust present their report on the Transurban Group for the year ended 30 June 2006.

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 Limited and controlled entities (TL) 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 controls any of the others.

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

Directors

With the exception of the changes noted, the persons listed below were directors of Transurban Limited, Transurban Holdings Limited and Transurban Infrastructure Management Limited during the whole of the financial year and up to the date of this report.

	Transurban Limited	Transurban Holdings Limited	Transurban Infrastructure Management Limited
Non-executive directors			
Laurence G Cox	✓	✓	✓
Peter C Byers	✓	✓	✓
Geoffrey O Cosgriff	✓	✓	✓
Jeremy G A Davis	✓	✓	✓
Susan M Oliver	✓	✓	✓
David J Ryan	✓	✓	✓
Christopher J S Renwick[1]	✓	✓	✓
Executive directors			
Kimberley Edwards[2]	✓	✓	✓
Geoffrey R Phillips [3]	✓	✓	✓

[1] C J S Renwick was appointed a non-executive director of TL, THL and TIML on 26 July 2005 and continues in office at the date of this report.
[2] K Edwards was appointed an executive director of TIML on 26 July 2005 and continues in office at the date of this report.
[3] G R Phillips was an executive director of TL, THL and TIML from the beginning of the financial year until his resignation on 26 July 2005.

Directors' report

Principal activities

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

(a) Operation of CityLink and Hills M2

(b) Participation in the direction of the activities responsible for the development of the Westlink M7 motorway project

(c) Provision of the tolling and customer management system for the Westlink M7 motorway project

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

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

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

Results

The result of operations for the financial year ended 30 June 2006 was an operating loss of $60.9 million (2005: $90.4 million).

Distributions

Distributions paid by a Group entity to members during the financial year are outlined below.

	2006 $'000	2005 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 25.5 cents (2005 - 18.0 cents) per fully paid Stapled Security payable 25 August 2006	**207,422**	142,455
Distributions paid during the year		
Final distribution for 2005 financial year of 18.0 cents (2004: 13.5 cents) per fully paid Stapled Security paid 2 September 2005	**142,443**	71,983
Interim distribution for 2006 financial year of 24.5 cents (2005: 17.0 cents) per fully paid Stapled Security paid 28 February 2006	**194,188**	91,745
Total Distributions Paid	**336,631**	**163,728**
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2006 and 30 June 2005		
Paid in cash	**243,240**	131,686
Executive loans—repayments	**352**	-
Satisfied by issue of Stapled Securities	**93,007**	32,042
Funds available for future distribution reinvestment plans	**32**	-
Total Distributions Paid	**336,631**	**163,728**

The proposed final distribution includes $0.4 million to be settled against the benefits received by executives via the Executive Loan Plan.

Directors' report

Review of operations

(a) CityLink Melbourne

Transaction volume for the year ended 30 June 2006 was 234.5 million transactions, representing a 3.1 per cent increase on the prior year. Traffic growth was stronger in the first half of the year at 3.4 per cent moderating to 2.7 per cent in the second half. Continuing the trend of previous years, the light commercial vehicle class experienced the strongest transaction growth achieving 5.0 per cent over the prior year.

The growth in transaction volumes combined with the toll escalation as provided for in the Concession Deed resulted in toll and fee revenue (net of GST) of $304.5 million, an increase of 10.9 per cent over the previous year.

As in previous years, Citylink has maintained the focus on effective cost control delivering a 7.3 per cent efficiency gain. During the year the following initiatives were delivered:

- The Late Toll Invoice (LTI) initiative implemented in August 2005 delivered a significant change in the enforcement process for CityLink. Prior to the introduction of the LTI initiative, motorists without valid travel arrangements for CityLink were issued with an infringement notice from Victoria Police. Under the new regime motorists are issued with an invoice comprising the applicable tolls plus an administration fee. Costs to administer the LTI system are fully recovered by CityLink through the administration fee revenue.
- Rear Camera gantries were constructed on all toll points generating increased toll revenue through improved image quality.
- Extended incident response covering the West Gate Freeway between the tunnels and the Bolte Bridge as well as the Tullamarine Freeway and Calder Freeway interchange has provided quick restoration of traffic flow following road incidents.
- Customer account numbers continue to grow. At 30 June 2006, there were 763,391 accounts (including 81,533 Access Accounts), and 1,083,880 *e-TAG*® devices linked to *e-TAG* accounts. This represents increases of 6.1 per cent and 6.9 per cent, respectively.
- In addition, CityLink achieved all of its customer service performance requirements with respect to the CityLink customer charter.

(b) Hills Motorway Group

During the year Transurban upgraded Hills M2 with new Electronic Toll Collection (ETC) gantries at both the Main Toll Plaza and Pennant Hills ramps. A marketing and community relations campaign was conducted to customers about the benefits of having a tag. The upgrade was completed in January and has delivered increased traffic flows by eliminating the need to stop or slow while travelling through the toll point.

Transaction volume for Hills M2 for the year ended 30 June 2006 was 29 million transactions representing a growth of 7.8 per cent over the prior year. Both the ETC project and the opening of the Westlink M7 in which Transurban has a 45 per cent share, have contributed positively to an increase in electronic tolling transactions on weekdays to 80 per cent, an increase of 20 per cent over the previous year.

During the year the Hills Motorway activities were successfully integrated into Transurban's operations with all of the acquisition benefits and synergies being achieved.

(c) Westlink M7

The Westlink M7 motorway opened on 16 December 2005 eight months ahead of schedule. Westlink M7 is a 40-kilometre motorway in Western Sydney which links Hills M2 at Baulkham Hills, the M4 at Eastern Creek and the M5 at Preston, and bypasses 48 sets of traffic lights.

Transurban developed and implemented the electronic toll collection system along with the tolling and customer management (TCM) system for the Westlink project. Transurban received an early completion bonus of $8.3 million for delivery of the tolling system 10 months ahead of schedule.

In line with the opening, Transurban increased its equity interest from 40 per cent to 45 per cent. Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 10 per cent held by Abigroup Limited and Leighton Holdings Limited.

(d) Roam tolling

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

As a direct result of Transurban's marketing campaign to educate the market about the Group's *Roam*® brand, 106,000 customer accounts were opened during the period (including 19,600 e-PASS or video accounts), with 125,000 *e-TAG* devices issued and 208,000 vehicles registered.

(e) Business development

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

(i) Transurban acquisition of Pocahontas Parkway

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

Directors' report

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

The cost of acquiring the 99 year concession was A$813 million/ US$604 million.

(ii) Transurban acquisition of Tollaust Pty Ltd

On 1 May 2006, Transurban acquired Tollaust Pty Ltd for $38.9 million from Abigroup Limited and Egis Projects SA. Tollaust are the operators of the Hills Motorway in Sydney and perform cash collections and operations and maintenance activities on the M2.

The acquisition will enable the Transurban Group to retain traffic incentive payments payable over the life of the concession estimated to be in excess of $200 million in nominal terms.

The acquisition also included an existing customer base of approximately 75,000 tags branded as 'Express Tag' in the Sydney market. Express Tags are being transitioned to the Transurban brand *Roam Express*®. This process will deliver account management cost efficiencies through utilisation of Transurban's existing tolling business.

(iii) Lane Cove Tunnel Letter of Intent

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

(iv) Participation in I-495/Capital Beltway project—Virginia, US

Transurban, through its wholly owned subsidiary Transurban USA Inc, is partnering with Fluor Enterprises 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 has signed a development agreement with the Virginia Department of Transportation (VDoT) and is currently undertaking detailed evaluation of project feasibility.

In the event that financial close is achieved in early 2007, Transurban will act as both an investor and tolling operator of the HOT lanes.

(v) I-95/395 Virginia US Proposal —Virginia, US

In January 2006, Transurban and its development partner, Fluor Enterprises, were confirmed by the Commonwealth of Virginia's Public Private Transportation Act (PPTA) Advisory Panel as the preferred proponent to develop Bus Rapid Transit/HOT lane systems for the I-95/395 motorway.

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

Significant changes in the state of affairs

(a) Refinancing

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

- US private placement of A$511 million/US$380 million on 11 August 2005. Proceeds of the placement have been applied to maturing wrapped and unwrapped bonds. The placement consisted of three tranches with tenors of 10, 12 and 15 years, respectively.
- $600 million wrapped bond issue to refinance existing wrapped bonds, maturing in 2007 and 2009, that were redeemed early to extend the overall term of the debt and to take advantage of favourable market conditions. The issue consists of two tranches of $300 million each with maturities in 2015 and 2017.
- In addition, Westlink Motorway renegotiated its bank debt facilities of $1.25 billion in December 2005. The renegotiated, interest-only facilities, have extended the average debt maturity profile to 6.8 years. Fixed interest rate hedging has been put in place in relation to 85 per cent of the face value of the debt.

(b) Transurban acquisition of Pocahontas Parkway

The debt funding of Pocahontas was through non recourse senior bank debt of A$549 million/US$408 million. The majority of the debt (76 per cent), is hedged against adverse movements in interest rates through a series of interest rate swaps. For further information on the acquisition of Pocahontas Parkway see Item (e)(i) of Review of Operations.

(c) Transurban acquisition of Tollaust Pty Ltd

See item (e)(ii) of Review of Operations.

(d) Lane Cove Tunnel Letter of Intent

See item (e)(iii) of Review of Operations.

(e) Participation in I-495/Capital Beltway project—Virginia, US

See item (e)(iv) of Review of Operations.

(f) I-95/395 Proposal —Virginia, US

See item (e)(v) of Review of Operations.

Directors' report

(g) West Gate–CityLink –Monash freeway corridor improvement project

See item (a) of Matters Subsequent to the End of the Financial Year.

(h) Distribution reinvestment plan

During the year Transurban re-introduced its Distribution Reinvestment Plan (DRP) entitling security holders to receive additional Stapled Securities in substitution for some or all cash distributions in respect of their Stapled Securities. Stapled Securities issued pursuant to the DRP were subject to a discount to market price of 2.5 per cent and were free of all brokerage, commission or other transaction costs, stamp duty or other duties. DRP acceptance was 47.9 per cent for the interim distribution and 50.2 per cent for the final distribution.

Matters subsequent to the end of the financial year

(a) West Gate-CityLink –Monash freeway corridor improvement project

Transurban has reached agreement with the State of Victoria and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the West Gate-CityLink (Southern Link)–Monash freeway corridor.

The CityLink component of the upgrade, which is estimated to cost $166 million over the three year construction period, will be funded via the DRP. The State will fund the non-CityLink works, estimated to cost $737 million. Full project completion is expected by December 2010.

Under the agreement, the State of Victoria will also assign to Transurban all remaining and future Concession Note liabilities incurred under the provisions of the Melbourne CityLink Concession Deed. These liabilities have a face value of $2.9 billion and will be replaced by payments over the next four years totalling $614 million.

Transurban and the State will share in the revenue uplift generated by the project after Transurban has fully recovered the capital cost and any lost revenue from the construction phase of the Southern Link upgrades.

(b) Westlink M7 increase in equity interest

Transurban has exercised its pre-emptive right to purchase an additional 2.5 per cent equity interest in the Westlink M7 for $34.3 million. This will increase Transurban's holding from 45 per cent to 47.5 per cent. Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 5 per cent held by Leighton Holdings Limited.

(c) High Court of Australia decision—deductibility of concession fees

On 20 July 2006, the High Court ruled in favour of Transurban in relation to the tax deductibility of the Concession Fees paid 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 (ATO) 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 which are yet to be quantified.

With the exception of these events, at the date of this report, the directors are not aware of any circumstances that have arisen since 30 June 2006 that have significantly affected or may significantly affect the operations, and results of those operations or the state of affairs, of the Group in financial years subsequent to 30 June 2006.

Likely developments and expected results of operations

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

Environmental regulation

CityLink Melbourne Limited is subject to regulation by the Environment Protection Authority (EPA) Victoria in respect of:

- discharges from the tunnel ventilation system
- discharges from the tunnel drainage systems, and
- groundwater quality in the aquifers surrounding the tunnels.

The main regulation relates to the Waste Discharge Licence (EA41502) that regulates the operation of the tunnel ventilation system and imposes requirements to monitor the emissions of carbon monoxide, oxides of nitrogen and particulate matter.

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 and that there has been an improvement in ambient air quality since the tunnels opened.

Following discussions with the Environmental Management Committee, which includes representatives from CityLink, Translink Operations, EPA Victoria,

Directors' report

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 will continue unchanged.

Monitoring of groundwater quality verifies that the requirements of the EPA are being met.

Monitoring of tunnel drainage water quality verifies that the requirements of the EPA are being met.

CityLink Melbourne Limited is obliged to take remedial action if traffic noise at abutting developments exceeds 63dB(A) L10.

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 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.

Information on Directors

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

Experience and expertise

Over 40 years experience in Australian and international financial markets, including Chairman of the Australian Stock Exchange Limited from 1989–1994 and Executive Chairman of the Potter Warburg Group from 1989–1995.

Other current directorships

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

Former directorships in last three years

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

Date of initial appointment

13 February 1996

Special responsibilities

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

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

Experience and expertise

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

Other current directorships

None

Former directorships in last three years

Executive director of Hills Motorway Limited (April 2005–August 2005).

Date of initial appointment

29 October 1996

Special responsibilities

Managing Director

Directors' report

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

Experience and expertise

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

Other current directorships

None

Former directorships in last three years

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

Date of initial appointment

2 January 1996

Special responsibilities

Member of Audit Committee

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

Experience and expertise

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

Other current directorships

Non-executive director of UXC Limited.

Former directorships in last three years

None

Date of initial appointment

19 December 2000

Special responsibilities

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

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

Experience and expertise

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

Other current directorships

Non-executive director of SP AusNet

Former directorships in last three years

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

Date of initial appointment

16 December 1997

Special responsibilities

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

Directors' report

Susan M Oliver

B. Prop. & Const, FAICD

Independent non-executive director

Experience and expertise

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

Other current directorships

Non-executive director of Programmed Maintenance Services Limited.

Former directorships in last three years

None

Date of initial appointment

25 June 1996

Special responsibilities

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

Christopher J S Renwick

AM, BA, LLB, FAIM, FAIE, FTSE

Independent non-executive director

Experience and expertise

Over 35 years experience covering mining, operational business management and law.

Other current directorships

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

Former directorships in last three years

Multiple executive directorships with Rio Tinto Group (1986–2004).

Date of initial appointment

26 July 2005

Special responsibilities

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

David J Ryan **AO, BBus, FCPA, FAICD**

Independent non-executive director

Experience and expertise

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

Other current directorships

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

Former directorships in last three years

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

Date of initial appointment

29 April 2003.

Special responsibilities

Chairman of Audit Committee and member of Risk Committee.

Directors' report

Company Secretary

Mark Licciardo B.Bus (Acc), GradDip CSP, ASA, FCIS

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

Paul O'Shea B.Ec, LLB, FCIS

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

Meetings of directors

The number of meetings of the Board of Directors of Transurban Limited, Transurban Holdings Limited and Transurban Infrastructure Management Limited held during the year ended 30 June 2006, and the numbers of meetings attended by each director are outlined below.

Name	Board of Directors Transurban Limited		Board of Directors Transurban Holdings Limited		Board of Directors Transurban Infrastructure Management Limited	
	A	B	A	B	A	B
L G Cox	14	14	14	14	14	14
P C Byers[1]	10	14	10	14	10	14
G O Cosgriff	14	14	14	14	14	14
J G A Davis	14	14	14	14	14	14
S M Oliver	14	14	14	14	14	14
C J S Renwick	11	13	11	13	11	13
D J Ryan	14	14	14	14	14	14
K Edwards	14	14	14	14	14	14
G R Phillips[4]	2	2	2	2	2	2

A = Number of meetings attended

B = Number of meetings held during the time the director held office

Directors' report

The number of meetings of each board committee of Transurban Limited, Transurban Holdings Limited and Transurban Infrastructure Management Limited held during the year ended 30 June 2006, 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	
	A	**B**	**A**	**B**	**A**	**B**	**A**	**B**
L G Cox	4	4	7	7	x	x	x	x
P C Byers [1]	3	4	x	x	x	x	x	x
G O Cosgriff	x	x	7	7	4	4	x	x
J G A Davis	4	4	7	7	x	x	x	x
S M Oliver [2]	x	x	x	x	4	4	4	4
C J S Renwick	x	x	x	x	3	4	4	4
D J Ryan	4	4	x	x	4	4	x	x
K Edwards [3]	x	x	x	x	x	x	x	x
G R Phillips [4]	x	x	x	x	0	0	x	x

A = Number of meetings attended

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

X = Not a member of the relevant committee

[1] P C Byers did not participate in four board meetings and one audit committee meeting due to illness. The Board granted leave for an indefinite period on 20 April 2006.

[2] S M Oliver is not a member of the Audit Committee but attended three of these meetings in her capacity as Chair of the Risk Committee.

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

[4] G R Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2005.

Directors' report

Directors' interests

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

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

Remuneration report

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

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

(b) Details of remuneration

(c) Service agreements

(d) Share-based compensation

(e) Additional information

The information provided under the headings (a)-(d) includes remuneration disclosures that are required under Accounting Standards AASB 124 Related Party Disclosures. These disclosures have been transferred from the financial report and have been audited.
The disclosures under heading (e) are additional disclosures required by the Corporations Act 2001 and the Corporations Regulations 2001 which have not been audited.

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

Non-executive directors

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

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

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

Directors' report

Executive directors and executives

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

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

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

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

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

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

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

The incentive component of executive remuneration is determined by:

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

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

The components of executive remuneration are described below:

Base pay

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

Benefits

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

Short-term incentives (STI)

On an annual basis, the Group makes available 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 (KRAs)
- the extent to which a profit-related financial performance target is achieved, and
- the extent to which the executive has achieved his/her individual KPIs.

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

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

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

The Nomination and Remuneration Committee is also responsible for assessing the extent to which KRAs and 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.

Directors' report

Long-term incentives (LTI)

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

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

Employee security ownership plan

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

Business Generation Incentive Plan (BGIP)

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

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

Key characteristics of Transurban's Business Generation Incentive Plan (BGIP) 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 and Transurban 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 five highest paid executives of Transurban Holdings Limited and the Transurban Holdings Group are set out in the following tables.

The five highest paid executives of the Group are:

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

The key management personnel of the Group are the directors of the Transurban Group (see page 31) and those executives that report directly to the Managing Director. The executives are:

- C Brant—Chief Finance Officer
- B Bourke—Group General Manager Operations
- P O'Shea—Group General Manager Legal and Risk Management
- G Mann—Group General Manager Development (from 3 October 2005 to 30 June 2006)

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

Directors' report

Key management personnel of Transurban Holdings Limited

2006	Short-term benefits			Post-employment benefits		Share-based payments			
Name	**Cash salary and fees**	**Cash bonus**	**Non-monetary benefits**	**Super-annuation**	**Retirement benefits[4]**	**Options[1]**	**Executive Loan Plan[2]**	**Long Term Incentive Plan[3]**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors									
L G Cox Chairman	112,410	-	-	3,763	20,623	-	-	-	136,796
P C Byers	44,768	-	-	4,029	7,924	-	-	-	56,721
G O Cosgriff	37,699	-	-	5,564	6,003	-	-	-	49,266
J G A Davis	26,348	-	-	18,445	8,079	-	-	-	52,872
S M Oliver	42,394	-	-	3,815	7,972	-	-	-	54,181
CJS Renwick[1]	12,893	-	-	31,182	-	-	-	-	44,075
D J Ryan	44,985	-	-	4,049	-	-	-		49,034
Executive directors									
K Edwards Managing Director	-	-	-	-	-	57,972	93,151	512,111	663,234
G R Phillips[2] Deputy Managing Director	-	-	-	-	-	19,324	-	-	19,324
Other key management personnel									
C Brant	-	-	-	-	-	-	35,174	36,030	71,204
B Bourke	-	-	-	-	-	-	30,405	98,389	128,794
P O'Shea	-	-	-	-	-	-	22,356	77,822	100,178
G Mann	-	-	-	-	-	-	33,534	-	33,534
Five executives receiving the highest remuneration —not already mentioned above									
M Kulper	-	-	-	-	-	-	-	27,821	27,821
K Daley	-	-	-	-	-	-	-	116,816	116,816
Total	**321,497**	**-**	**-**	**70,847**	**50,601**	**77,296**	**214,620**	**868,989**	**1,603,850**

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 benefits**	**Super-annuation**	**Retirement benefits[4]**	**Options[1]**	**Executive Loan Plan[2]**	**Long Term Incentive Plan[3]**	**Total**
	$	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive directors									
L G Cox Chairman	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
CJ S Renwick[1]	41,591	-	-	100,587	-	-	-	-	142,178
D J Ryan	145,114	-	-	13,060	-	-	-	-	158,174
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[2] 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**

[1] C J S Renwick was appointed a non-executive director on 26 July 2005.

[2] G R Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2005. His remuneration includes a termination benefit of $990,000 in recognition of his long term service to the Group.

Directors' report

Key management personnel of the Group

2005	Short-term benefits			Post-employment benefits		Share-based payments			
Name	Cash salary and fees	Cash bonus	Non-monetary benefits	Superannuation	Retirement benefits[4]	Options[1]	Executive Loan Plan[2]	Long Term Incentive Plan[3]	Total
	$	$	$	$	$	$	$	$	$
Non-executive directors									
L G Cox Chairman	265,718	-	-	20,331	168,992	-	-	-	455,041
P C Byers	100,935	-	-	9,085	78,822	-	-	-	188,842
G O Cosgriff	97,918	-	-	8,812	47,078	-	-	-	153,808
J G A Davis	77,013	-	-	80,000	79,311	-	-	-	236,324
S M Oliver	101,852	-	-	9,167	82,340	-	-	-	193,359
D J Ryan	117,566	-	-	10,581	-	-	-	-	128,147
Executive directors									
K Edwards Managing Director	1,154,259	1,000,000	7,300	95,940	-	183,999	-	2,545,620	4,987,118
G R Phillips Deputy Managing Director	538,509	262,500	7,300	11,585	-	61,333	-	-	881,227
Other key management personnel									
C Brant	265,936	220,000	4,867	23,934	-	-	-	114,060	628,797
B Bourke	385,342	230,000	7,300	46,660	-	35,791	-	485,490	1,190,583
P O'Shea	304,319	225,000	7,300	27,312	-	26,181	-	387,751	977,863
Five executives receiving the highest remuneration—not already mentioned above									
K Daley	321,352	230,000	6,083	27,337	-	30,544	-	482,286	1,097,602
V Howard	254,315	432,500	7,300	15,000	-	21,817	-	350,699	1,081,631
L Hunt	305,473	137,000	13,400	26,511	-	11,742	-	375,935	870,061
Total	**4,290,507**	**2,737,000**	**60,850**	**412,255**	**456,543**	**371,407**	**-**	**4,741,841**	**13,070,403**

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

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

[3] The amount shown as Long Term Incentive is that part of the units issued under the cash based Executive Long Term Investment Plan which is attributable to the current year portion of the vesting period for each current allocation.

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

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 the Executive Loan Plan (or equivalent Cash Plan) and the Business Generation Incentive Plan. Other major provisions of the agreements, relating to remuneration, are set out below.

Current target remuneration mix

	% of total remuneration		
	TEC	**STI**	**LTI**
Executive Director Managing Director	56%	22%	22%
Key Management Personnel Average	59%	18%	24%

Executive directors

K Edwards, Managing Director

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

Key management personnel and other executives

The major provisions contained in the service agreements of key management personnel 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 six months notice.
- Total Employment Cost reviewed annually by the Nomination and Remuneration Committee and approved by the Board.

(d) Share-based compensation (audited)

Options

Options were issued at no cost to the Option holder and vested in three equal tranches on the second, third and fourth anniversaries of their issue. The Exercise of the options was subject to an Exercise Condition. The Exercise Condition involved a comparison between Total Shareholder Return (TSR) of 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

Directors' report

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. Transurban Group and each of the Test Companies were ranked according to their respective TSRs over the Exercise Condition Test Period. The ranking determines the extent to which vested options could be exercised. If the Group's TSR exceeded the 65th percentile of the ranking, 100 per cent of the vested options were exercisable. If Transurban Group's TSR was below the 25th percentile of the ranking, none of the vested options were exercisable. If the TSR fell between these percentiles, the percentage of vested options that were exercisable were calculated according to a formula.

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

Fair values at grant date were independently determined, using a Black-Scholes derived option valuation model taking into consideration the exercise price, the term of the option, the market price of Transurban Group Stapled Securities on the grant date, the expected price volatility of Transurban Group Stapled Securities, expected future distributions and the risk free rate of interest over the term of the options.

The terms and conditions of each grant of options affecting remuneration in this or future reporting periods are outlined below.

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

Details of options over Stapled Securities provided as remuneration to each director of Transurban Group and each of the key management personnel of the Group are set out on page 49.

Directors' report

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

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

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

The amounts paid per Stapled Security by each director and other key management personnel on the exercise of options at the date of exercise were as follows:

Exercise date	**Amount paid per Stapled Security**
21 September 2005	$4.404
13 December 2005	$4.404
20 June 2005	$4.404

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

Directors' report

Executive Long-Term Incentive Plan

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

Under the ELTIP, participants were allocated ELTI units. Each ELTI unit entitled the holder to a cash payment on the maturity date, approximately two years after the date of allocation. The cash payment per unit is equal to the increase in the Stapled Security price over the period between the date of allocation and the maturity date. The proportion of ELTI units which vest with the executive at maturity is dependent on 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 will be made. For TSR rankings between the 40th and 70th percentiles, the proportion increases linearly from 25 per cent to 100 per cent. If Transurban's TSR ranking is above the 70th percentile, the proportion is 100 per cent.

The terms and conditions of each grant of Long Term Incentive Plan units affecting remuneration in this or future reporting periods are outlined below.

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

Details of ELTIs provided and paid to each director of Transurban Group and other key management personnel of the Group are set out as follows:

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

Directors' report

Executive Loan Plan (ELP)

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

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

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

Stapled Securities will vest in the executive if:

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

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

If the Stapled Securities vest in the executive:

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

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

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

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

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

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

All dividends and distributions payable in respect of the Stapled Securities subject of the Plan, net of deductions for tax, are to be applied in reduction of the outstanding loan balance. If a takeover offer or scheme of arrangement occurs, all outstanding Stapled Securities will vest, and upon payment of the outstanding loan amount, the executive will be free to deal with those Stapled Securities as he or she sees fit.

The performance hurdle attached to Stapled Securities has been set to ensure that both executives and Stapled Security holders generally benefit from the allocation of Stapled Securities to executives under the Plan.

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

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

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

This ranking determines the extent to which Stapled Securities will vest.

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

Directors' report

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

The allocation of ELP units is determined by the following:

(i) A remuneration value is determined for each participant relative to their total employment cost. These values are referenced to external market benchmarks. The number of Stapled Securities an executive is entitled to is derived by using an option valuation methodology such as the Black Scholes with Monte Carlo simulations or other similar method of calculation. These valuation methods take into account the fact that the loan will need to be repaid along with performance and other conditions. By dividing the remuneration value or number by this adjusted valuation, the number of Stapled Securities is derived

(ii) the Stapled Securities are acquired and transferred to each participant

(iii) the purchase price per Stapled Security is the average market price of Stapled Securities weighted by reference to volume over the week leading up to and including the date of commencement of the Plan, and

(iv) the amount of the loan provided to a participant is equal to the purchase price per Stapled Security multiplied by the participant's Stapled Securities entitlement.

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

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

Executive Loan Plan for executives located overseas

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

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

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 ASX, with effect from 1 July 2006. Draft legislation is expected to be introduced around September–October 2006.

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

(e) Additional information

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

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

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

Short term profitability targets for the Group were achieved for the year evidenced by the decreased loss reported for the period of $60.9 million compared to $90.4 million for the prior corresponding period. In addition, key result areas were achieved with the business delivering synergies of $9 million following the acquisition of the Hills Motorway Group which was further enhanced by the acquisition of Tollaust Pty Ltd, tolling and operations manager of Hills M2.

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

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

Cash bonuses and options

Cash bonuses

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

Cash bonuses aggregating $6.34 million were incurred under the Business Generation Incentive Plan in relation to the purchase of the Pocahontas Parkway (Virginia, US) and the agreement with the Victorian Government to upgrade the West Gate–CityLink–Monash corridor.

For each cash bonus paid to the directors and the five 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 opposite. No part of the cash bonuses are payable in future years.

Directors' report

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

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

Options

No options on issue to the directors and the five executives receiving the highest remuneration listed in the above table 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 2003 vested in September 2005 and were paid in November 2005. No amounts were forfeited.

Directors' report

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

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

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

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

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

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

Directors' report

Shares under option

Unissued Stapled Securities of Transurban Group under option at the date of this report are as follows. No options were issued during the year.

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

Shares issued on the exercise of options

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

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

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 judgement 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 and Investment Commission, relating to the rounding off of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Directors' report

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 Group 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.

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

	Consolidated	
	2006 **$**	2005 $
1. Assurance services		
Audit services		
PricewaterhouseCoopers Australian firm:		
Audit and review of financial reports and other audit work under the Corporations Act 2001	**689,850**	335,750
Fees paid to non-PricewaterhouseCoopers audit firms for the audit or review of financial reports	**-**	40,000
Total Remuneration for Audit Services	**689,850**	**375,750**
Other assurance services		
PricewaterhouseCoopers Australian firm:		
Due diligence	**158,621**	432,500
Compliance plan audit	**24,700**	24,700
Other assurance services including IFRS	**329,335**	115,000
Controls assistance	**163,000**	-
Fees paid to non-PricewaterhouseCoopers audit firms	**-**	12,360
Total Remuneration for Other Assurance Services	**675,656**	**584,560**

Directors' report

	Consolidated	
	2006 $	2005 $
2. Taxation services		
PricewaterhouseCoopers Australian firm:		
Tax compliance services, including review of income tax returns	**104,735**	191,865
International tax consulting	**1,128,028**	-
Indirect taxation services	**434,714**	619,530
Fees paid to non-PricewaterhouseCoopers audit firms	**-**	26,436
Total Remuneration for Taxation Services	**1,667,477**	**837,831**

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.

Auditor

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

Directors' report

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

Laurence G Cox
Chairman

Kimberley Edwards
Managing Director

Melbourne
22 August 2006

Directors' report

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Auditors' Independence Declaration

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

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

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

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

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
22 August 2006

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement for the year ended 30 June 2006

	Consolidated	
	2006 $'000	2005 $'000
Revenue from continuing operations	**690,408**	510,938
Other income	**4,410**	714
Expenses from ordinary activities:		
Operational costs	**(105,291)**	(74,222)
Corporate costs	**(28,979)**	(26,730)
Corporate and community relations	**(6,278)**	(3,523)
Business development	**(9,033)**	(18,158)
Concession fees	**(22,053)**	(16,268)
Promissory notes	**(2,025)**	(541)
Depreciation and amortisation expense	**(258,065)**	(178,896)
Finance costs	**(372,092)**	(280,207)
Share of net profits of associates and joint venture partnership accounted for using the equity method	**(8,634)**	-
Loss before income tax	**(117,632)**	(86,893)
Income tax benefit/(expense)	**56,732**	(3,544)
Loss for the Year Attributable to Members of Transurban Group	**(60,900)**	**(90,437)**
Earnings per security for loss attributable to the ordinary equity holders:		
	Cents	Cents
Basic earnings per Stapled Security	**(7.6)**	(15.3)
Diluted earnings per Stapled Security	**(7.6)**	(15.3)

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

Consolidated balance sheet as at 30 June 2006

	Consolidated	
	2006 $'000	2005 $'000
Current assets		
Cash and cash equivalents	**323,110**	395,561
Trade and other receivables	**46,901**	25,394
Derivative financial instruments	**1,709**	-
Other	**-**	9,178
Total Current Assets	**371,720**	**430,133**
Non-current assets		
Receivables	**186**	-
Investments accounted for using the equity method	**15,732**	6,236
Held-to-maturity investments	**469,767**	392,000
Derivative financial instruments	**20,217**	-
Property, plant and equipment	**5,760,346**	5,946,814
Deferred tax assets	**260,570**	255,394
Intangible assets	**805,511**	115,030
Other	**-**	26,898
Total Non-Current Assets	**7,332,329**	**6,742,372**
Total Assets	**7,704,049**	**7,172,505**
Current liabilities		
Trade and other payables	**78,625**	104,301
Borrowings	**265,142**	598,000
Non-interest bearing liabilities	**39,205**	129,578
Provisions	**229,115**	157,601
Current tax liabilities	**-**	5,429
Derivative financial instruments	**13,423**	-
Total Current Liabilities	**625,510**	**994,909**
Non-current liabilities		
Borrowings	**3,550,294**	2,275,976
Deferred tax liabilities	**784,601**	843,937
Non-Interest bearing liabilities	**213,477**	243,296
Provisions	**364**	3,999
Derivative financial instruments	**67,652**	-
Total Non-Current Liabilities	**4,616,388**	**3,367,208**
Total Liabilities	**5,241,898**	**4,362,117**
Net Assets	**2,462,151**	**2,810,388**
Equity		
Contributed equity	**4,277,736**	4,127,228
Reserves	**(53,087)**	-
Accumulated losses	**(1,762,498)**	(1,316,840)
Total Equity	**2,462,151**	**2,810,388**

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 2006

	Consolidated	
	2006 $'000	2005 $'000
Total Equity at the Beginning of the Financial Year	**2,810,388**	1,321,810
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	**2,787,154**	1,321,810
Changes in fair value of share-based payments	**1,188**	-
Transfer to net profit - gross	**1,127**	-
Deferred tax - derivatives	**18,626**	-
Changes in fair value of cash flow hedges, net of tax	**(33,954)**	-
Net income recognised directly in equity	**(13,013)**	-
Loss for the year	**(60,900)**	(90,437)
Total Recognised Income and Expense for the Year	**(73,913)**	**(90,437)**
Transactions with equity holders in their capacity as equity holders:		
Exercise of employee security options	**11,464**	11,559
Treasury securities	**(10,227)**	-
CARS conversion	**56,265**	-
Issue on acquisition of Hills Motorway, inclusive of transaction costs	**-**	1,841,597
Distribution reinvestment plan	**93,006**	32,042
Distributions provided for or paid	**(401,598)**	(306,183)
	(251,090)	1,579,015
Total Equity at the End of the Financial Year	**2,462,151**	2,810,388

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 2006

	Consolidated	
	2006 $'000	2005 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	**485,874**	379,532
Payments to suppliers (inclusive of GST)	**(207,766)**	(171,174)
Interest received	**186,189**	223,554
Other revenue	**6,256**	15,258
Income taxes paid	**(9,688)**	(2,720)
Interest paid	**(288,643)**	(297,478)
Net Cash Inflow from Operating Activities	**172,222**	**146,972**
Cash flows from investing activities		
Payment for purchase of subsidiaries, net of cash acquired	**(98,412)**	332,580
Payments for property, plant and equipment	**(67,953)**	(29,361)
Payments for intangibles	**(673,217)**	(4,400)
Payments for Tullamarine-Calder freeway upgrade	**(161,985)**	-
Payment to secure release from single purpose restrictions	**-**	(3,150)
Distributions received	**-**	4,650
Loans to related parties	**-**	(2,576)
Repayment of loans by related parties	**691**	3,778
Net Cash (Outflow) \ Inflow from Investing Activities	**(1,000,876)**	**301,521**
Cash flows from financing activities		
Proceeds from issue of Stapled Securities	**11,468**	11,559
Share issue transaction costs	**-**	(146)
Interest capitalised against cash collateral	**38,507**	35,007
Proceeds from borrowings	**2,810,451**	810,321
Payments for establishing borrowing facilities	**(22,708)**	(10,394)
Payments for treasury securities	**(10,228)**	-
Repayment of borrowings	**(1,788,000)**	(590,000)
Distributions paid	**(243,240)**	(131,686)
Net Cash Inflow from Financing Activities	**796,250**	**124,661**
Net (decrease) \ increase in cash at bank and cash collateral	**(32,404)**	573,154
Cash at bank and cash collateral at the beginning of the financial year	**2,029,636**	1,456,452
Effects of exchange rate changes on cash and cash equivalents	**(1,540)**	30
Cash at bank and cash collateral at the end of the financial year	**1,995,692**	2,029,636
Less cash collateral	**(1,672,582)**	(1,634,075)
Cash at Bank at the End of the Financial Year	**323,110**	**395,561**

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 2006

Principles of consolidation

Upon the adoption of AIFRS, Transurban Group must apply the requirements of UIG Interpretation 1013 'Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements'. UIG 1013 requires that where a stapling arrangement is effected prior to the date of transition, one of the combining entities shall be identified as the parent for the purposes of preparing consolidated financial reports. Further, it requires that the consolidated financial report of the 'parent' under the stapling arrangement shall be the combined financial report of the entities whose securities are stapled, prepared on the same basis as the combined financial report for those entities immediately before adopting AIFRS.

Transurban Holdings Limited has been identified as the parent in the Stapled Group based on the size of its net assets and its operations. Accordingly, it presents the consolidated financial report of the Stapled Group.

As such, this Concise Financial Report consists of the aggregated financial statements of the combined entity comprising Transurban Holdings Limited and controlled entities, Transurban Holding Trust and controlled entities and Transurban Limited and controlled entities, notwithstanding that none of the entities controls the others. The aggregated accounts incorporate an elimination of inter-entity transactions and balances and other adjustments necessary to present the financial statements on a combined basis. The accounting policies adopted in preparing the financial statements have been consistently applied by the individual entities comprising the accounts except as otherwise indicated in Note 1 below.

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 2006. A Stapled Security comprises one share in Transurban Holdings Limited, one share in Transurban Limited and one unit in Transurban Holding Trust. None of the components of the Stapled Security are able to be traded separately.

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

Notes to the consolidated financial statements for the year ended 30 June 2006

1. Adoption of Australian Equivalents to International Financial Reporting Standards

The full financial report on which this concise financial report is based is the first annual Transurban Holdings Limited financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards (AIFRS). AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing the full financial report.

Financial statements of Transurban Holdings Limited until 30 June 2006 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing Transurban Holdings Limited 2006 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2005 were restated to reflect these adjustments.

The Group has taken the exception available under AASB 1 to only apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRS on the Group's equity and its net income are given in note 46 of the full financial report. A summary of this information is provided below.

(a) Impact on total equity reported under previous AGAAP

	30 June 2005 $'000	1 July 2004 $'000
Total Equity Under Previous AGAAP	**3,328,367**	1,837,189
Adjustment to retained earnings (net of related tax impact)		
Derecognition of goodwill	(8,252)	(8,752)
Creation of goodwill on acquisition	84,742	-
Recognition of deferred tax assets	244,444	250,621
Recognition of deferred tax liabilities	(838,913)	(757,248)
Total Equity Under AIFRS	**2,810,388**	1,321,810

(b) Impact on profit for the year ended 30 June 2005

	$'000
Loss for the year ended 30 June 2005 as reported under AGAAP	**(87,837)**
Adjustment to depreciation expense	500
Adjustment to income tax expense	(3,100)
Loss for the Year Ended 30 June 2005—Restated Under AIFRS	**(90,437)**

(c) Impact on cash flow statement for the year ended 30 June 2005

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

Notes to the consolidated financial statements for the year ended 30 June 2006

2. Presentation currency

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

3. Change in accounting policy

The Group has taken the exemption available under AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005. At the date of transition to these standards at 1 July 2005, the following adjustments were recognised.

	30 June 2005 $'000	**Adjustment $'000**	**1 July 2005 $'000**
Other financial assets at fair value through profit or loss	-	16,840	16,840
Deferred tax assets	244,444	17,948	262,392
Non-current derivative financial assets	-	5,910	5,910
Other non-current assets	22,811	(22,811)	-
Current derivative liabilities	-	20,817	20,817
Non-current interest bearing liabilities	2,865,976	(16,320)	2,849,656
Non-current non-interest bearing liabilities	206,796	(11,741)	195,055
Deferred tax liabilities	843,937	1,773	845,710
Non-current derivative financial liabilities	-	46,592	46,592
Adjustment to Net Assets		**(23,234)**	
Cash flow reserve	-	(40,074)	(40,074)
Accumulated losses	(1,316,840)	16,840	(1,300,000)
Adjustment to Total Equity		**(23,234)**	

Financial assets at fair value through profit or loss

Options held to acquire an additional 5.0 per cent interest in Westlink M7 Project at a cost of $49 million were recognised and recorded at fair value. A financial asset and an increase in accumulated losses of $16,840,000 were recognised.

Derivative financial instruments

From 1 July 2004 to 30 June 2005.

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 from 1 July 2005. The Group has applied previous AGAAP in the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

The following sets out how derivatives were accounted for under previous AGAAP.

Notes to the consolidated financial statements for the year ended 30 June 2006

Interest rate swaps

The net amount receivable or payable under interest rate swap agreements was progressively brought to account over the period to settlement.

The amount recognised was accounted for as an adjustment to interest and finance charges during the period and included in other debtors or other creditors at each reporting date.

Where an interest rate swap was terminated early and the underlying hedged transaction was:

(a) still expected to occur as designated—the gains and losses arising on the swap upon its early termination continued to be deferred and were progressively brought to account over the period during which the hedged transactions were recognised, and

(b) no longer expected to occur as designated—the gains or losses arising on the swap upon its early termination were recognised in the income statement at termination.

Forward foreign exchange contracts

Gains or costs arising from entering into a contract intended to hedge the purchase or sale of goods or services, together with the subsequent exchange gains or losses resulting from measurement of those contracts by reference to movements in spot exchange rates, were deferred in the balance sheet from the inception of the hedging transaction up to the date of the purchase or sale and included in the measurement of the purchase or sale.

Early termination of forward foreign exchange contracts was accounted for on a basis consistent with interest rate swaps (see above). For both interest rate swaps and foreign exchange contracts, if the hedged transaction was not expected to occur as originally designated, or if the hedge was no longer expected to be effective, any previously deferred gains or losses were recognised as revenue or expense immediately.

Adjustments on transition date: 1 July 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that derivatives are measured on a fair value basis. Changes in fair value are either taken to the income statement or an equity reserve. At the date of transition (1 July 2005) changes in the carrying amounts of derivatives were taken to retained earnings or reserves, depending on whether the criteria for hedge accounting are satisfied at the transition date.

From 1 July 2005

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether the derivatives are designated as hedging instruments, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

(1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge), or

(2) hedges of the cash flow of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

At the inception of the hedging transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been, and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) fair value hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are reported in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the income statement within other income or other expense. Together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity.

(ii) cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to ineffective portion is recognised immediately in the income statement within 'other income' or 'other expense'.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss. The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Notes to the consolidated financial statements for the year ended 30 June 2006

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for the hedge accounting are recognised immediately in the income statement and are included in 'other income' or 'other expenses'.

Impact on adoption

The recognition of a non-current asset of $5,910,000 and an increase in cash flow reserves of the same amount.

The recognition of a current liability of $20,817,000 and a reduction in cash flow reserves of the same amount.

The recognition of a non-current liability of $46,592,000 and a reduction in reserves of the same amount.

The recognition of tax deferred assets of $17,948,000 and deferred tax liabilities of $1,773,000 with the net effect recognised in cash flow reserves.

Re-classification of capitalised borrowing costs

The carrying value of deferred borrowing costs of $16,320,000 has been re-classified as a reduction in interest bearing liabilities, rather than a non-current asset.

Financial swap contract break costs

In May 2005, the Group incurred finance costs of $6,491,000 associated with the early termination of swap contracts. These costs have been recognised in a cash flow reserve within equity, rather than a non-current asset.

Non-interest bearing liabilities

Cross-currency interest rate swap contracts under which the Group is obliged to receive foreign currency interest at fixed rates and to pay Australian dollar interest at floating rates is revalued at each reporting date to reflect any changes in foreign exchange rates. The contracts are settled on a net basis. These net payables or receivables of $11,741,000 have been recognised in a cash flow reserve within equity

4. Segment information

The Group's primary business segment for the year ending 30 June 2006 was the operation of the toll roads being CityLink in Melbourne, Hills M2 in Sydney, a 45 per cent interest in the Westlink M7 in Sydney and the investigation of possible investment opportunities in the segment.

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

	Segment revenues		Segment assets		Segment liabilities	
	2006 $'000	2005 $'000	**2006 $'000**	2005 $'000	**2006 $'000**	2005 $'000
Victoria, Australia	**466,146**	436,035	**3,874,293**	4,200,495	**3,874,458**	3,358,093
New South Wales, Australia	**224,262**	74,903	**3,109,967**	2,970,082	**920,742**	1,004,024
United States	**-**	-	**717,226**	1,928	**536,698**	-
Other	**-**	-	**2,563**	-	**-**	-
Total	**690,408**	510,938	**7,704,049**	7,172,505	**5,241,898**	4,362,117

Notes to the consolidated financial statements for the year ended 30 June 2006

5. Revenue

	Consolidated	
	2006 $'000	2005 $'000
Services revenue from continuing operations	**435,795**	314,553

6. Distributions

The distributions set out below represent distributions to Stapled Securities holders.

	Consolidated	
	2006 $'000	2005 $'000
Distributions proposed		
Final distribution payable and recognised as a liability: 25.5 cents (2005: 18.0 cents) per fully paid Stapled Security payable 25 August 2006	**207,422**	142,455
Distributions paid during the year		
Final distribution for 2005 financial year of 18.0 cents (2004: 13.5 cents) per fully paid Stapled Security paid 2 September 2005	**142,443**	71,983
Interim distribution for 2006 financial year of 24.5 cents (2005: 17.0 cents) per fully paid Stapled Security paid 28 February 2006	**194,188**	91,745
Total Distributions Paid	**336,631**	**163,728**

	Consolidated	
	2006 $'000	2005 $'000
Distributions paid in cash or satisfied by the issue of Stapled Securities under the distribution reinvestment plan during the years ended 30 June 2006 and 30 June 2005		
Paid in cash	**243,240**	131,686
Executive loans—repayments	**352**	-
Satisfied by issue of Stapled Securities	**93,007**	32,042
Funds available for future distribution reinvestment plans	**32**	-
Total Distributions Paid	**336,631**	**163,728**

Notes to the consolidated financial statements for the year ended 30 June 2006

7. Events occurring after the balance date

(a) West Gate-CityLink-Monash freeway corridor improvement project

Transurban has reached agreement with the State of Victoria and VicRoads to jointly fund upgrades and improvements to 75 kilometres of the West Gate-CityLink (Southern Link)-Monash freeway corridor.

The CityLink upgrade, which is estimated to cost $166 million over the three year construction period, will be funded via the Distribution Reinvestment Plan. The State will fund the non-CityLink works, estimated to cost $737 million. Full project completion is expected by December 2010.

Under the agreement, the State of Victoria will also assign to Transurban all remaining and future Concession Note liabilities incurred under the provisions of the Melbourne CityLink Concession Deed. These liabilities have a face value of $2.9 billion and will be replaced by payments over the next four years totalling $614 million.

Transurban and the State will share in the revenue uplift generated by the project after Transurban has fully recovered the capital cost and any lost revenue from the construction phase of the Southern Link upgrades.

(b) Westlink M7 increase in equity interest

Transurban has exercised its pre-emptive right to purchase an additional 2.5 per cent equity interest in the Westlink M7 for $34.3 million. This will increase Transurban's holding from 45 per cent to 47.5 per cent. Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 5 per cent held by Leighton Holdings Limited.

(c) High Court of Australia decision—deductibility of concession fees

On 20 July 2006, the High Court ruled in favour of Transurban in relation to the tax deductibility of the Concession Fees paid 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 (ATO) 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 which are yet to be quantified.

Directors' declaration

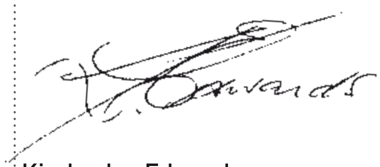
The directors declare that in their opinion, the concise financial report of the consolidated entity for the year ended 30 June 2006, as set out on pages 61 to 71, complies with Accounting Standard AASB 1039: Concise Financial Reports.

The concise financial report is an extract from the full financial report for the year ended 30 June 2006. 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 Limited, Transurban Infrastructure Management Limited and Transurban Holdings Limited.

Laurence G Cox
Chairman



Kimberley Edwards
Managing Director

Melbourne
22 August 2006

Independent audit report to the members

PRICEWATERHOUSECOOPERS

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Telephone 61 3 8603 1000
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Independent audit report to the members of Transurban Holdings Limited

Audit opinion

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

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

Scope

The concise financial report and directors' responsibility

The concise financial report comprises the balance sheet, income statement, cash flow statement, statement of changes in equity, notes to the financial statements, and the directors' declaration of the Transurban Holdings Limited Group (the Group) for the year ended 30 June 2006. The Group comprises the aggregation of Transurban Limited (TL), Transurban Holdings Limited (THL) and the Transurban Holdings Trust (THT) and their controlled entities.

The directors of THL, TL and Transurban Infrastructure Management Limited, as Responsible Entity for THT, 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 Group. 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 Group for the financial year ended 30 June 2006. Our audit report on the full financial report was signed on 22 August 2006, and was not subject to any qualification.

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

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.

Independence

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

PricewaterhouseCoopers

PricewaterhouseCoopers

T. Goldsmith

Tim Goldsmith
Partner

Melbourne
22 August 2006

Security holder information as at 31 August 2006

Shareholder Information

The security holder information set out below was applicable as at 31 August 2006.

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 Limited and one unit in Transurban Holding Trust, was 61,060.

2. The voting rights are one vote per Stapled Security.

3. At 31 August 2006 the percentage of the total holdings held by or on behalf of the twenty largest holders of these securities was 60.86 per cent.

4. The distribution of holders was as follows:

Security Grouping	Number of Holders	Stapled Securities held	%
1 - 1,000	12,954	8,101,713	0.97
1,001 - 5,000	36,758	92,172,780	11.06
5,001 - 10,000	7,532	54,472,850	6.53
10,001 - 100,000	3,579	77,503,197	9.29
100,001 - and over	237	601,670,645	72.15
Total	**61,060**	**833,921,185**	**100**

There were 72 holders of less than a marketable parcel of ordinary shares.

5. Substantial Shareholder's as at 31 August 2006 are as follows:

Name	Number of Stapled Securities	% of Total
Commonwealth Bank of Australia	107,188,884	13.54
Ontario Teacher's Pension Plan Board	48,153,103	6.08

Security holder information as at 31 August 2006

B. Twenty Largest Holders Of Stapled Securities

	Number of Stapled Securities Held	% of Issued Stapled Securities
Westpac Custodian Nominees Limited	108,957,945	13.07
National Nominees Limited	98,002,340	11.75
J P Morgan Nominees Australia Limited	56,025,274	6.72
ANZ Nominees Limited	35,330,662	4.24
Citicorp Nominees Pty Limited	25,907,530	3.11
ANZ Nominees Limited	25,879,938	3.10
Queensland Investment Corporation	24,271,145	2.91
RBC Dexia Investor Services Australia Nominees	21,664,987	2.60
Citicorp Nominees Pty Limited	21,613,879	2.59
Cogent Nominees Pty Limited	14,653,050	1.76
Westpac Financial Services Limited	14,328,011	1.72
Citicorp Nominees Pty Limited	11,473,729	1.38
UBS Wealth Management Australia Nominees Pty Ltd	10,030,788	1.20
Australian Foundation Investment Company Limited	8,792,402	1.05
Citicorp Nominees Pty Limited	7,646,406	0.92
Citicorp Nominees Pty Limited	5,456,248	0.65
AMP Life Limited	5,342,861	0.64
Citicorp Nominees Pty Limited	4,586,097	0.55
Cogent Nominees Pty Limited	4,236,822	0.51
Djerriwarrh Investments	3,250,000	0.39
Total	**507,450,114**	**60.86**

FINANCIALS

The Concise Financial Report of
Transurban CARS Trust and Controlled Entities (ABN 81 656 633 158)

For the year ended 30 June 2006

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 2006. 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 CARS 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.au. Alternatively, you can call 1300 360 146 (free call) and a copy will be forwarded to you.

The directors of Transurban Infrastructure Management Limited, the Responsible Entity of Transurban CARS Trust, present their report on the consolidated entity consisting of the Transurban CARS Trust (the Trust), and the entities it controlled at the end of, and during, the year ended 30 June 2006.

Responsible entity

Transurban CARS 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 (TIML) is the Responsible Entity of the Transurban CARS Trust and is responsible for performing all functions that are required under the Corporations Act 2001.

Directors

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

Non-executive directors

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

Executive directors

Kimberley Edwards[2]
Geoffrey R Phillips[3]

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

[2] K Edwards was appointed an executive director on 26 July 2005 and continues in office at the date of this report.

[3] G R Phillips was an executive director from the beginning of the financial year until his resignation on 26 July 2005.

Principal activities and review of operations

The investment policy of the Trust continues to be that detailed in the prospectus and in accordance with the provisions of the governing documents of the Trust.

a) Westlink M7

The Trust increased its equity interest from 40 per cent to 45 per cent in the Westlink M7 project on 16 December 2005, in line with the opening of the Westlink M7 Motorway, eight months ahead of schedule.

Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 10 per cent held by Abigroup Limited and Leighton Holdings Limited.

Transurban's role in the Westlink project involves:

- a 45 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 40-kilometre motorway in Western Sydney which links Hills M2 at Baulkham Hills, the M4 at Eastern Creek and the M5 at Prestons, and bypasses 48 sets of traffic lights.

b) Construction Phase Loan Notes (CPLN)

During the period, Transurban CARS Trust (TCT) received distributions from its wholly owned entity, Transurban WSO Trust (TWT). The distributions are funded from interest received by TWT from the CPLN which it acquired to fund Transurban's contribution to the Westlink Motorway Partnership. The CPLN are subordinated loan notes which pay interest at the rate of 6.27 per cent per annum.

The income received by way of distribution from TWT is the principal source of cash to fund distributions payable by TCT on the Convertible Adjusting Rate Securities (CARS) issued by TCT.

CPLN held by the Trust converted to Term Loan Notes (TLN) on the Equity Contribution Date defined as the earlier of:

- the date of completion of construction of the Westlink M7 motorway
- the date which is 42 months after financial close, and
- the date on which a demand is made after the occurrence of an event of default under the subscription agreement.

Directors' report

Construction of Westlink M7 was completed on 16 December 2005, accordingly CPLN converted to Term Loan Notes accruing interest at 11.93 per cent.

Any unpaid interest capitalises into additional Term Loan Notes.

c) Convertible Adjusting Rate Securities (CARS)

During the period, TCT paid distributions to CARS holders at the fixed rate of 7 per cent per annum. The distributions which are paid twice annually with payment dates of 31 July and 31 December, respectively, were 100 per cent tax deferred for the year ended 30 June 2006.

Under the terms of the CARS prospectus, unit holders are 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). During the year exchange notices were received electing to convert units into Transurban Group Stapled Securities.

The table below sets out the conversions for the year ended 30 June 2006.

	Units on issue	**Conversion factor**	**Stapled Securities issued '000**
1 July 2005	4,300,000		
31 December 2005—Stapled Securities were issued on 3 January 2006	(288,711)	17.0679	4,928
30 June 2006—Stapled Securities were issued on 3 July 2006	(273,953)	17.4966	4,793
30 June 2006	3,737,336		9,721

Distributions

Distributions paid to holders of CARS during the financial year were as follows:

	2006 $'000
CARS	
Distribution payment for the period 1 January 2005 to 30 June 2005 of 7.0 per cent per annum paid on 29 July 2005	14,926
Distribution payment for the period 1 July 2005 to 31 December 2005 of 7.0 per cent per annum paid on 31 January 2006	15,174
	30,100

A further distribution for the period 1 January 2006 to 30 June 2006 of $13.9 million was paid on 31 July 2006.

Directors' report

Results

A summary of the consolidated revenue and overall result is set out below:

	Consolidated	
	2006 $'000	2005 $'000
Revenue from continuing operations	**41,237**	26,030
Net Profit/(Loss)	**3,450**	(8,939)

Significant changes in the state of affairs

With the exception of the events mentioned in the Review of Operations (See page 79), 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.

Matters subsequent to the end of the financial period

Transurban has exercised its pre-emptive right to purchase an additional 2.5 per cent equity interest in Westlink M7 for $34.3 million. This will increase Transurban's holding from 45 per cent to 47.5 per cent. Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 5 per cent held by Leighton Holdings Limited.

With the exception of this event at the date of this report, the directors are not aware of any circumstances that have arisen since 30 June 2006 that have significantly affected, or may significantly affect:

(a) the Trust's operations in future financial years

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

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

Likely developments and expected results of operations

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

Environmental regulation

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.

Insurance and indemnification of officers

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

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

Fees paid to the responsible entity and its associates out of Trust property during the year are disclosed in Note 25 of the full financial statements.

No fees were paid out of Trust property to the directors of the responsible entity during the year.

The number of securities held by the responsible entity or its associates as at the end of the financial year are disclosed in Note 28 of the full financial statements.

Directors' report

Interests in the Trust issued during the financial year

	Consolidated	
	2006	2005
CARS on issue at 1 July	**4,300,000**	4,300,000
CARS issued during the year	**-**	-
CARS converted to Transurban Stapled Securities	**(562,664)**	-
CARS on issue at 30 June	**3,737,336**	4,300,000

	Consolidated	
	2006 Units	2005 Units
Ordinary units on issue at 1 July	**12**	12
Ordinary units issued during the year	**-**	-
Ordinary units on issue at 30 June	**12**	12

Value of assets

	Consolidated	
	2006 $'000	2005 $'000
Value of Trust assets at 30 June	**491,916**	437,236

Directors' report

Directors' interests

Security holdings

As at the date of this Directors' Report, the directors of the responsible entity have disclosed relevant interests in Stapled Securities, options over Stapled Securities and Convertible Adjusting Rate Securities (CARS) issued by the Transurban Group as follows:

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

Rounding of amounts

The Trust is of a kind referred to in Class Order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the 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.

Auditors' independence declaration

A copy of the auditors' independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 85.

Auditor

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

Directors' report

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

Laurence G Cox
Chairman

Kimberley Edwards
Managing Director

Melbourne
22 August 2006

Directors' report

PRICEWATERHOUSECOOPERS

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Facsimile 61 3 8603 1999

Auditors' Independence Declaration

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

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

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

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

Tim Goldsmith

Tim Goldsmith
Partner

Melbourne
22 August 2006

Liability limited by a scheme approved under Professional Standards Legislation.

Consolidated income statement for the year ended 30 June 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000
Revenue from continuing operations	5	**41,237**	26,030
Other income		**2,940**	-
Administration expenses		**(2,599)**	(3,843)
Finance costs		**(29,494)**	(31,126)
Share of net losses of associates and joint venture partnership accounted for using the equity method		**(8,634)**	-
Net Profit/(Loss) for the Year Attributable to the Unit-holders of the Trust		**3,450**	**(8,939)**
Earnings per unit for profit/(loss) from continuing operations attributable to the ordinary unit holders:		**$**	$
Basic earnings per ordinary unit		**287,500**	(744,917)
Diluted earnings per ordinary unit		**287,500**	(744,917)

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

Consolidated balance sheet as at 30 June 2006

	Consolidated	
	2006 $'000	2005 $'000
Current assets		
Cash and cash equivalents	**12,452**	32,531
Trade and other receivables	**201**	354
Total Current Assets	**12,653**	**32,885**
Non-current assets		
Investments accounted for using the equity method	**9,496**	-
Held-to-maturity investments	**469,767**	392,000
Other financial asset	**-**	12,351
Total Non-Current Assets	**479,263**	**404,351**
Total Assets	**491,916**	**437,236**
Current liabilities		
Trade and other payables	**18,757**	17,119
Total Current Liabilities	**18,757**	**17,119**
Non-current liabilities		
Borrowings	**482,537**	449,785
Total Non-Current Liabilities	**482,537**	**449,785**
Total Liabilities	**501,294**	**466,904**
Net liabilities	**(9,378)**	**(29,668)**
Unitholders' funds		
Accumulated losses	**(9,378)**	(29,668)
Total Unitholders' Funds	**(9,378)**	**(29,668)**

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 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000
Total equity at the beginning of the financial year		**(29,668)**	(20,729)
Adjustment on adoption of AASB 132 and AASB 139:			
Retained profits	3	**16,840**	-
Profit/(loss) for the year		**3,450**	(8,939)
Total Equity at the End of the Financial Year Attributable to Unit Holders of the Trust		**(9,378)**	**(29,668)**

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 2006

	Notes	Consolidated 2006 $'000	Consolidated 2005 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of GST)		**270**	355
Payments to suppliers (inclusive of GST)		**(2,860)**	(4,503)
Interest received		**12,528**	26,051
Interest paid	6	**(30,100)**	(30,135)
Net Cash (Outflows) from Operating Activities		**(20,162)**	**(8,232)**
Cash flows from investing activities			
Payment for purchase of subsidiary, net of cash acquired		**(47,350)**	-
Loans to related parties		**-**	(92)
Net Cash (Outflows) from Investing Activities		**(47,350)**	**(92)**
Cash flows from financing activities			
Loans from related parties		**47,433**	171
Repayment of loans to related parties		**-**	(23)
Net cash inflows from financing activities		**47,433**	148
Net (decrease) in cash held		**(20,079)**	(8,176)
Cash at the beginning of the financial year		**32,531**	40,707
Cash at the End of the Financial Year		**12,452**	**32,531**

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 2006

This concise financial report relates to the consolidated Trust consisting of Transurban CARS Trust and the entities it controlled at the end of, or during, the year ended 30 June 2006.
The accounting policies adopted have been consistently applied to all years presented, unless otherwise stated in Note 1 below.

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

1. Adoption of Australian Equivalents to International Financial Reporting Standards

The full financial report on which this concise financial report is based is the first annual Transurban CARS Trust financial report to be prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS). AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing the full financial report.

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

2. Presentation currency

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

3. Change in accounting policy

The Trust has taken the exemption available under AASB 1 First-Time Adoption of Australian Equivalents to International Financial Reporting Standards to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 July 2005. At the date of transition to these standards at 1 July 2005, the below adjustments were recognised:

	30 June 2005 $'000	Adjustment $'000	1 July 2005 $'000
Financial assets at fair value through profit or loss	-	16,840	16,840
Other non-current assets	12,351	(12,351)	-
Non-current interest bearing liabilities	449,785	(12,351)	437,434
Adjustment to Net Assets		**16,840**	
Accumulated losses	(29,668)	16,840	(12,828)
Adjustment to Total Equity		**16,840**	

Notes to the consolidated financial statements for the year ended 30 June 2006

Financial assets at fair value through profit or loss

Options held to acquire an additional 5 per cent interest in the Westlink M7 Project at a cost of $49 million were recognised and recorded at fair value. A financial asset and an increase in accumulated losses of $16,840,000 were recognised.

Re-classification of capitalised borrowing costs

The carrying value of deferred borrowing costs of $12,351,000 has been re-classified as a reduction in interest bearing liabilities, rather than a non-current assets.

4. Segment information

The Trust's sole business segment for the year ending 30 June 2006 was investing in the Westlink Motorway Partnership. All revenues and expenses are directly attributable to this sole purpose. Internal financial reporting is based on this sole business segment.

5. Revenue

	Consolidated	
	2006 $'000	2005 $'000
Interest from continuing operations	**41,237**	26,030

6. Distributions

	2006 $'000
CARS	
Distribution payment for the period 1 January 2005 to 30 June 2005 of 7.0 per cent per annum paid on 29 July 2005	**14,926**
Distribution payment for the period 1 July 2005 to 31 December 2005 of 7.0 per cent per annum paid on 31 January 2006	**15,174**
	30,100

The coupon payment for the half year ended 30 June 2006 of $13.9 million was paid on 31 July 2006.

7. Economic dependency

Transurban CARS Trust is reliant on the receipt of distributions from Transurban WSO Trust for its ongoing viability. Transurban CARS Trust has $12.4 million (2005: $20.1 million) in reserve to fund future CARS coupon payments which is not available for general use. The CARS coupon payments are guaranteed by Transurban Holding Trust (parent entity) until the first reset date 14 April 2007.

8. Events occurring after the balance date

Transurban has exercised its pre-emptive right to purchase an additional 2.5 per cent equity interest in Westlink M7 for $34.3 million. This will increase Transurban's holding from 45 per cent to 47.5 per cent. Transurban and Macquarie Infrastructure Group have pre-emptive rights over the remaining 5 per cent held by Leighton Holdings Limited.

Directors' declaration

The directors declare that in their opinion, the concise financial report of the Trust for the year ended 30 June 2006, as set out on pages 86 to 91, 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 2006. 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 Trust as the full financial report, which is available on request.

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

Laurence G Cox
Chairman

Kimberley Edwards
Managing Director

Melbourne
22 August 2006

Independent audit report to the members

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Freshwater Place
2 Southbank Boulevard
SOUTHBANK VIC 3006
GPO Box 1331L
MELBOURNE VIC 3001
DX 77
Website:www.pwc.com/au
Telephone 61 3 8603 1000
Facsimile 61 3 8603 1999

Independent audit report to the members of Transurban CARS Trust

Audit opinion

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

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

Scope

The concise financial report and directors' responsibility

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

The directors of Transurban Infrastructure Management Limited, the Responsible Entity 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 2006. Our audit report on the full financial report was signed on 22 August 2006, and was not subject to any qualification.

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

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.

Independence

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

PricewaterhouseCoopers

PricewaterhouseCoopers

T Goldsmith

Tim Goldsmith
Partner

Melbourne
22 August 2006

Security holder information as at 31 August 2006

Shareholder information

The security holder information set out below was applicable as at 31 August 2006.

A. Distribution of Convertible Adjusting Rate Securities (CARS)

1. The number of holders of CARS, which are preference units in Transurban CARS Trust was 5,277.
2. The voting rights are one vote per security.
3. At 31 August 2006 the percentage of the total holdings held by or on behalf of the twenty largest holders of these securities was 71.12 per cent.
4. The distribution of holders was as follows:

Security grouping	Number of holders	Number of CARS held	%
1 - 1,000	5,166	876,640	23.45
1,001 - 5,000	85	151,618	4.06
5,001 - 10,000	4	26,811	0.72
10,001 - 100,000	16	531,823	14.23
100,001 - and over	6	2,150,444	57.54
Total	**5,277**	**3,737,336**	**100**

There were 43 holders of less than a marketable parcel of preference units.

5. Substantial Holders as at 31 August 2006 are as follows:

Name	Number of CARS	% of total
DKR Oasis Management Company and associate	274,000	6.37
JP Morgan Chase and Co and its affiliates	374,365	10.02

Security holder information as at 31 August 2006

B. Twenty largest holders of CARS

	Number of CARS held	% of issued CARS
Citicorp Nominees Pty Limited	779,753	19.56
ANZ Nominees Limited	399,972	12.01
Westpac Custodian Nominees Limited	329,857	9.57
Brispot Nominees Pty Limited	255,562	7.79
J P Morgan Nominees Australia Limited	170,029	4.46
RBC Dexia Investor Services Australia Nominees	155,227	4.15
HSBC Custody Nominees Australia Limited	97,500	2.61
Goldman Sachs Jbwere Capital Markets Ltd	59,252	1.59
National Nominees Limited	58,571	1.57
Irrewarra Investments Pty Ltd	42,500	1.24
UBS Wealth Management Australia Nominees	36,583	0.97
Brencorp No 8 Pty Limited	33,278	0.87
RBC Dexia Investor Services Australia Nominees	64,997	0.82
Brencorp No 11 Pty Limited	25,927	0.69
Cambooya Pty Limited	25,335	0.68
Fortis Clearing Nominees	21,791	0.59
Cogent Nominees Pty Limited	21,153	0.57
Elise Nominees Pty Limited	24,282	0.54
Australian Executor Trustees Limited	17,047	0.44
RBC Dexia Investor Services Australia Nominees	14,222	0.40
Total	**2,632,838**	**71.12**

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Enquiries and information

Enquiries about your stapled securities

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

Computershare Investor Services Pty Limited

Yarra Falls, 452 Johnston Street
Abbotsford Victoria 3067
GPO Box 2975
Melbourne Victoria 3001
Telephone 1300 360 146 (within Australia)
Telephone +613 9415 4000 (outside Australia)
Facsimile +613 9473 2500
web.queries@computershare.com.au
www.computershare.com

Enquiries about Transurban

Contact Transurban's Investor Relations:
Manager, Investor Relations
Telephone +613 9612 6999
Facsimile +613 9649 7380
Email via our website:
www.transurban.com.au

Or write to:
Manager, Investor Relations
Transurban Group
Level 43, Rialto South Tower
525 Collins Street
Melbourne Victoria 3000

Stock Exchange listing

Stapled Securities are listed on the Australian Stock Exchange under the name Transurban Group and under the code 'TCL'.

Transurban CARS Trust: securities are listed on the Australian Stock Exchange under the name Transurban CARS Trust and under the code 'TCS'.

The securities participate in the Clearing House Electronic Subregister System (CHESS).

Removal from Annual Report mailing list

Security holders can nominate not to receive an Annual Report by written notice to the Stapled Securities Register. Security holders will continue to receive all other shareholder information, including Notice of Annual General Meeting and proxy form.

Tax File Number (TFN) information

While it is not compulsory for security holders to provide a TFN, the Company is obliged to deduct tax from distributions or dividends to holders resident in Australia who have not supplied such information. If you have not already supplied your TFN, you may do so by writing to the Stapled Securities Register.

Change of address or name

A security holder should notify the Register immediately, in writing, if there is any change in his/her registered address or name.

Transurban Group

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255

Transurban Limited
ABN 96 098 143 410

Transurban Infrastructure Management Limited
ABN 27 098 147 678 (as responsible entity of the Transurban CARS Trust ARSN 103 090 928)

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Directors

Laurence G Cox, Chairman
Kim Edwards, Managing Director
Peter C Byers
Geoffrey O Cosgriff
Jeremy G A Davis
Susan M Oliver
Christopher J S Renwick
David J Ryan

Company Secretaries

Mark Licciardo
Paul O'Shea

Auditors

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