

**MACQUARIE ATLAS ROADS**  
FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2014



This report comprises:

Macquarie Atlas Roads International Limited and its controlled entities  
Macquarie Atlas Roads Limited and its controlled entities

# Financial Report

## for the year ended 31 December 2014

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Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited (Registration No. 43828) ("MARIL") and Macquarie Atlas Roads Limited (ACN 141 075 201) ("MARL"). MARIL is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda. MARL is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 7, 50 Martin Place, Sydney, NSW 2000, Australia. Macquarie Fund Advisers Pty Limited (ACN 127 735 960) (AFS License No.318123) ("MFA") is the adviser/manager of MARIL and MARL. MFA is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) ("MGL").

None of the entities noted in this report is an authorised deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited (ABN 46 008 583 542) ("MBL"). MBL does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in MQA, the investor or prospective investor should consider whether such an investment is appropriate to their particular investment needs, objectives and financial circumstances and consult an investment adviser if necessary.

MFA as adviser/manager of MARIL and MARL is entitled to fees for so acting. MGL and its related corporations (including MFA), MARL and MARIL together with their officers and directors may hold stapled securities in MQA from time to time.

# Financial Report

## for the year ended 31 December 2014

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## Directors' Report

### for the year ended 31 December 2014

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#### Directors' Report

The directors of Macquarie Atlas Roads International Limited ("MARIL") submit the following report together with the Financial Report of Macquarie Atlas Roads ("MQA" or "the Group") for the year ended 31 December 2014. *AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its controlled entities and Macquarie Atlas Roads Limited ("MARL") and its controlled entities ("the MARL Group"), together comprising MQA.

The directors of MARL submit the following report for the MARL Group for the year ended 31 December 2014.

Macquarie Fund Advisers Pty Limited ("the Adviser/Manager" or "MFA") acts as the adviser for MARIL and the manager of MARL.

#### Directors

The following persons were directors of MARIL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- James Keyes
- Derek Stapley
- David Walsh

The following persons were directors of MARL during the whole of the year and up to the date of this report (unless otherwise stated):

- David Walsh (Chairman)
- Marc de Cure
- Richard England
- John Roberts
- Nora Scheinkestel (appointed 28 August 2014)

# Directors' Report

## for the year ended 31 December 2014

### Operating and Financial Review

#### Principal Activities

The principal activity of the Group and the MARL Group (together "the Groups") is the development and operation of toll roads, bridges and tunnels and investment in entities in the same industry sector. Other than as disclosed elsewhere in this report, there were no significant changes in the nature of the Groups' activities during the year.

#### Distributions

Distributions paid to members during the financial year were as follows:

	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
Ordinary dividend of 5.0 cents per stapled security ("cps") paid on 4 April 2014	24,362	-
Distribution of 8.2 cps paid on 8 October 2014*	41,946	-
Ordinary dividend of 2.4 cps paid on 19 April 2013	-	11,485
Ordinary dividend of 3.3 cps paid on 4 October 2013	-	16,079
	<b>66,308</b>	<b>27,564</b>

All of the distributions were paid in full by MARIL.

\* This distribution comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

#### Review and Results of Operations

The performance of MQA and the MARL Group for the year, as represented by the results of their operations, was as follows:

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
Revenue from continuing operations	2,139	890	1,412	1,755
(Loss)/profit from continuing operations after income tax	(50,561)	41,926	(12,368)	4,085
Profit from deconsolidated operation	-	1,381,543	-	-
(Loss)/profit for the year	(50,561)	1,423,469	(12,368)	4,085
(Loss)/profit attributable to:				
Equity holders of the parent – MARIL	(38,193)	1,419,384	-	-
Equity holders of other stapled entity – MARL (as non controlling interest/parent entity)	(12,368)	4,085	(12,368)	4,085
Stapled security holders	(50,561)	1,423,469	(12,368)	4,085
	<b>Cents</b>	Cents	<b>Cents</b>	Cents
(Loss)/profit from continuing operations per MQA stapled security	(10.17)	8.71	(2.49)	0.85
(Loss)/profit per MQA stapled security	(10.17)	295.80	(2.49)	0.85

MQA's share of the results of its non-controlled toll road assets are disclosed as share of net profits of investments accounted for using the equity method.

MQA's loss from continuing operations after tax for the year ended 31 December 2014 was \$50.6 million (2013: profit of \$41.9 million). The reduction in profits for the period reflects the following significant movements:

- During the year ended 31 December 2014 MQA has recognised the full 30 June 2014 performance fee (\$58.2 million), including instalments that are expected to become payable in future periods. This accounts for the majority of the increase in reported operating expenses to \$83.9 million (2013: \$23.5 million);
- A decrease in the share of net profit of investments accounted for using the equity method to \$31.2 million (2013: profit of \$64.5 million), reflecting:
  - (i) Autoroutes Paris-Rhin-Rhône ("APRR") profit of \$51.1 million (2013: profit of \$72.8 million);
  - (ii) Dulles Greenway loss of \$14.9 million (2013: loss of \$15.7 million); and
  - (iii) Chicago Skyway loss of \$5.1 million (2013: profit of \$7.5 million).

# Directors' Report

## for the year ended 31 December 2014

### Operating and Financial Review (continued)

#### Review and Results of Operations (continued)

The change in the share of net profits of investments accounted for using the equity method is primarily due to:

- (i) Inclusion of fair value gains on APRR interest rate swaps of \$4.8 million for the year ended 31 December 2014 compared to \$33.9 million during the year ended 31 December 2013. Derivative instruments are recorded at fair value which can result in significant volatility in a given period as market expectations of interest rates fluctuate; and
- (ii) Recognition of losses on Chicago Skyway amounting to \$5.1 million (2013: profit of \$7.5 million) for the year ended 31 December 2014. MQA's share of the total Chicago Skyway losses exceeded the investment's carrying amount and consequently, the carrying value of the investment in Chicago Skyway is \$nil at 31 December 2014.

#### Significant Changes in State of Affairs

##### Base Management Fees

For 2014 and for subsequent years until further notice, the base management fee rates payable by MQA on market capitalisation up to \$3.0 billion have been reduced by 25bps per annum. The revised base management fee rates are as follows:

Market Capitalisation	Revised Rate	Previous Rate
Up to \$1 billion	1.75%	2.00%
Over \$1 billion and up to \$3 billion	1.00%	1.25%
Over \$3 billion	1.00%	1.00%

##### Issue of Securities and Acquisition of Additional Stake in APRR

On 16 July 2014, MQA completed a \$60 million placement of new MQA stapled securities to institutional and sophisticated investors ("Placement"). The Placement price was \$3.25 per security. As a result, 18,461,539 new MQA stapled securities were issued on 23 July 2014. All stapled securities issued under the Placement rank equally with MQA's existing stapled securities. The Placement was undertaken to fund the acquisition of an additional 1.41% interest in Macquarie Autoroutes de France 2 SA, the company through which MQA holds its indirect investment in APRR. The acquisition was settled on 29 July 2014.

##### Restructuring of Indiana Toll Road under Chapter 11 of the United States Bankruptcy Code

On 22 September 2014, MQA announced that ITR Concession Company LLC ("ITRCC"), the operator of the Indiana Toll Road, had agreed a debt restructuring plan with its secured creditors under Chapter 11 of the United States Bankruptcy Code. Under the terms of the plan, a process to sell ITRCC's assets was commenced.

If no sale is completed, then a restructure will be implemented whereby ITRCC's secured debt will be substantially reduced and the secured creditors will receive 95.75% of ITRCC's equity. There will be no impact to Indiana Toll Road's operations.

In the opinion of the directors, there were no other significant changes in the state of affairs during the year under review.

#### Likely Developments and Expected Results of Operations

It is expected that MQA will continue to develop and operate toll roads, bridges, tunnels and to invest in infrastructure. Comments on the expected outlook for MQA are included in the annual report within the letter from the Chairman and CEO.

#### Events Occurring after Balance Sheet Date

##### French Political Update

In January 2015 the French Government announced the establishment of a working group, comprising members of parliament and government representatives, with the objective of considering options for the renegotiation of the existing toll concession agreements, or in the alternative, the termination of these agreements.

Pending the recommendations of the working group, the government decided to defer the toll increases contractually scheduled for 1 February 2015.

## Directors' Report

### for the year ended 31 December 2014

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#### **Events Occurring after Balance Sheet Date Review (continued)**

##### ***Eiffarie Debt Refinancing***

On 19 February 2015, completion was reached on the refinancing of the debt facility at Eiffarie SAS, the holding company for APRR. This comprised a €1.5 billion term loan, which together with the proceeds of a distribution from APRR, will be applied towards the full repayment of Eiffarie's existing €2.5 billion debt facility, due to mature in February 2017. In addition, APRR has signed a €1.8 billion revolving credit facility which will replace its existing undrawn €720 million credit facility.

Since balance date, the directors of MARIL and MARL are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Report that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the year ended 31 December 2014.

#### **Indemnification and Insurance of Officers and Auditors**

During the year, MARL and MARIL paid premiums of \$110,908 each to insure the directors and officers of MARL and MARIL. The liabilities insured are legal and defence costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARL and MARIL, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARL or MARIL. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARL and MARIL act in accordance with the Constitutions and the law, the directors and officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups.

The auditors of the Groups are in no way indemnified out of the assets of the Groups.

#### **Environmental Regulation**

The operations of the underlying assets in which the Groups invest are subject to environmental regulations particular to the countries in which they are located.

#### **Rounding of Amounts in the Directors' Report and the Financial Reports**

The Groups are of a kind referred to in Class Order 98/100 as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Report and Financial Reports. Amounts in the Directors' Report and Financial Reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

#### **Application of Class Order**

The Directors' Reports and Financial Reports for MQA and the MARL Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 as amended by Class Order 13/1644.

#### **Additional Specific MARL Disclosures**

The following information is only required to be disclosed for the directors of MARL as MARL is an Australian entity that is required to comply with the *Corporations Act 2001*. The *Corporations Act 2001* does not apply to MARIL, a Bermudian entity, and consequently information is not provided for MARIL.

# Directors' Report

## for the year ended 31 December 2014

### Information on Directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at	
			31 Dec 2014	31 Dec 2013
David Walsh LLB Independent Director	<p><b>Experience:</b> David Walsh is an experienced corporate and commercial lawyer and company director. He was a partner of the law firm Mallesons Stephen Jaques from 1962 to 2004, and the senior partner from 1991. From 2005-2011 he was a senior legal consultant to Telstra.</p> <p><b>Other current listed company directorships:</b> MARIL.</p> <p><b>Former listed company directorships in last 3 years:</b> Templeton Global Growth Fund Limited.</p>	Chairman of Board	7,000	7,000
John Roberts LLB Non-Executive Director	<p><b>Experience:</b> John Roberts is a Consultant to Macquarie and Non Executive Chairman of Macquarie Infrastructure and Real Assets ("MIRA") (a division of the Macquarie Funds Group) which has approximately \$100 billion of assets under management. John was employed by the Macquarie Group for over 22 years, during which time he held various roles within the organisation, including Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds (now MIRA).</p> <p><b>Other current listed company directorships:</b> Sydney Airport Limited and DUET group entities.</p> <p><b>Former listed company directorships in last 3 years:</b> Macquarie International Infrastructure Fund Limited (SGX) and Macquarie Infrastructure Company (NYSE).</p>	-	46,108	46,108
Richard England FCA MAICD Independent Director	<p><b>Experience:</b> Richard England, who is also the Chairman of the Audit and Risk, Nominations and Remuneration Committees of MARL, is a former partner of Ernst &amp; Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice.</p> <p><b>Other current listed company directorships:</b> Ruralco Holdings Limited, Nanosonics Limited, Chandler Macleod Group Limited and Japara Healthcare Limited.</p> <p><b>Former listed company directorships in last 3 years:</b> None.</p>	Chairman of Audit and Risk Committee, Nominations Committee and Remuneration Committee	40,000	40,000
Marc de Cure BCom (Hons) MWQ FCA Independent Director	<p><b>Experience:</b> Marc de Cure is a company director and advisor. His former executive roles include Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong, Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc. He was a Principal Advisor to Bain &amp; Company and a senior partner and practice leader at PricewaterhouseCoopers.</p> <p><b>Other Current listed company directorships:</b> None.</p> <p><b>Former listed company directorships in last 3 years:</b> MARL (1 June 2010 to 1 November 2010).</p>	-	-	-
Nora Scheinkestel LLB (Hons), PhD, FAICD Independent Director	<p><b>Experience:</b> Nora Scheinkestel is an experienced company director and advisor, with a background as a senior banking executive in international and project financing. She currently consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance.</p> <p><b>Other Current listed company directorships:</b> Orica Limited and Telstra Corporation Limited.</p> <p><b>Former listed company directorships in last 3 years:</b> AMP Limited, Insurance Australia Group Limited and Pacific Brands Limited.</p>	-	58,603	-



## Directors' Report

### for the year ended 31 December 2014

#### MARL Company Secretary

The Company Secretary of MARL is Ms Christine Williams, an Executive Director of Macquarie Group Limited and Global Head of Legal for MIRA. She joined MIRA in 1998. She is a practising solicitor with over 34 years governance and transactional legal experience. She has also performed company secretarial roles for various listed property and infrastructure funds for the past 22 years.

#### Meetings of MARL Directors

The number of meetings of the MARL board of directors, Audit and Risk Committee, Nominations Committee and Remuneration Committee held during the year ended 31 December 2014, and the numbers of meetings attended by each director were:

MARL Director	Board		Audit and Risk Committee		Nominations and Remuneration Committees	
	Meetings held	Meetings attended	Meetings held	Meetings attended	Meetings held	Meetings attended
David Walsh (Chairman)	8	7	4	4	2	2
Marc de Cure	8	8	4	4	2	2
Richard England	8	8	4	4	2	2
John Roberts	8	7	N/A	N/A	N/A	N/A
Nora Scheinkestel*	2	2	N/A	N/A	N/A	N/A

\* Appointed to Board of Directors on 28 August 2014.

#### MARL Remuneration Report (audited)

The Remuneration Report is set out under the following main headings:

- Principles used to determine the nature and amount of remuneration
- Details of remuneration
- Service agreements

The information provided under the headings listed above includes remuneration disclosures that are required under Accounting Standard *AASB 124 Related Party Disclosures*. These disclosures have been transferred from the Financial Report and have been audited.

The information provided in this Remuneration Report has been audited as required by s308 (3c) of the *Corporations Act 2001*.

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

The remuneration paid to directors who are not employees of Macquarie Group is determined by reference to current market rates for directorships of similar entities. The level of remuneration is not related to the performance of MARL. Refer to remuneration of non-executive directors for further information.

#### Non-executive directors

The MARL constitution provides that directors (other than the managing or executive directors) are entitled to remuneration in aggregate not exceeding \$1,000,000 per annum. For the year ended 31 December 2014 independent directors were entitled to director's fees per the remuneration table on page 10.

MARL non-executive directors are not entitled to MQA options or securities or to retirement benefits as part of their remuneration package.

#### Executives

MARL has no company executives.

## Directors' Report

### for the year ended 31 December 2014

#### Details of remuneration (audited)

##### Remuneration of directors

	MARL Group Year ended 31 Dec 14 Director's fees \$	MARL Group Year ended 31 Dec 13 Director's fees \$
<b>MARL Non-executive Directors</b>		
David Walsh (Chairman)	185,000	185,000
Marc de Cure	125,000	125,000
Richard England	140,000	140,000
John Roberts*	-	-
Nora Scheinkestel**	42,799	-
	<b>492,799</b>	<b>450,000</b>

\* John Roberts was originally nominated by Macquarie and is a consultant to and remunerated by the Macquarie Group.

\*\* Appointed to Board of Directors on 28 August 2014.

Except for reimbursements, no payments other than those disclosed in the table above were made by the MARL Group to any of the MARL directors during their year/period of director's service.

##### Service agreements (audited)

Remuneration for the directors is formalised in service agreements. Upon termination of the service agreements, directors are not entitled to any payments, other than directors' fees payable up until the date of termination. Termination is governed by the terms of the service agreement and the constitution of MARL.

##### Loans to directors and executives

There were no loans to directors and executives.

##### Share options granted to directors

No options over unissued ordinary securities of MQA exist or were granted to directors at 31 December 2014.

##### Directors' holdings of stapled securities

Refer to the Information on Directors on page 8.

##### MARL Non-Audit Services

When permissible by the auditor independence policy, the MARL Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with MARL and/or the MARL Group are important.

Details of the amounts paid or payable to the auditor (PricewaterhouseCoopers) for non-audit services provided during the year are set out on page 11.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk 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, as set out below, 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 and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services undermines the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

## Directors' Report

for the year ended 31 December 2014

### MARL Non-Audit Services (continued)

	MARL Group Year ended 31 Dec 14 \$	MARL Group Year ended 31 Dec 13 \$
<b>Taxation services</b>		
PricewaterhouseCoopers Australian firm	-	4,028
Total remuneration for taxation services	-	4,028
<b>Other services</b>		
PricewaterhouseCoopers Australian firm	4,300	3,663
PricewaterhouseCoopers Overseas firm	-	1,149
Total remuneration for other services	4,300	4,812
<b>Total</b>	<b>4,300</b>	<b>8,840</b>

Audit services of \$185,882 were provided during the year (2013: \$214,615).

### Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for MARL is set out on page 12.

Signed in accordance with a resolution of the directors of Macquarie Atlas Roads International Limited



**Jeffrey Conyers**  
Chairman  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda  
25 February 2015



**Derek Stapley**  
Director  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda  
25 February 2015

Signed in accordance with a resolution of the directors of Macquarie Atlas Roads Limited



**David Walsh**  
Chairman  
Macquarie Atlas Roads Limited  
Sydney, Australia  
26 February 2015



**Richard England**  
Director  
Macquarie Atlas Roads Limited  
Sydney, Australia  
26 February 2015



## Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Atlas Roads Limited for the year ended 31 December 2014, 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; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Macquarie Atlas Roads Limited and the entities it controlled during the period.

A handwritten signature in black ink that reads 'Craig Stafford'.

Craig Stafford  
Partner  
PricewaterhouseCoopers

Sydney  
26 February 2015

# Financial Report

for the year ended 31 December 2014

## Consolidated Statements of Comprehensive Income

	Note	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Revenue from continuing operations</b>					
Revenue from continuing operations		2,139	890	1,412	1,755
<b>Total revenue from continuing operations</b>	2(i)	<b>2,139</b>	890	<b>1,412</b>	1,755
<b>Operating expenses from continuing operations</b>					
Operating expenses		(83,855)	(23,529)	(6,702)	(3,037)
<b>Total operating expenses from continuing operations</b>	2(ii)	<b>(83,855)</b>	(23,529)	<b>(6,702)</b>	(3,037)
Share of net profits/(losses) of investments accounted for using the equity method	10(b)	31,160	64,543	(7,078)	5,367
<b>(Loss)/profit from continuing operations before income tax</b>		<b>(50,556)</b>	41,904	<b>(12,368)</b>	4,085
Income tax (expense)/benefit	4	(5)	22	-	-
<b>(Loss)/profit from continuing operations after income tax</b>		<b>(50,561)</b>	41,926	<b>(12,368)</b>	4,085
Profit from deconsolidated operation	5	-	1,381,543	-	-
<b>(Loss)/profit for the year</b>		<b>(50,561)</b>	1,423,469	<b>(12,368)</b>	4,085
<b>(Loss)/profit attributable to:</b>					
Equity holders of the parent entity – MARIL		(38,193)	1,419,384	-	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		(12,368)	4,085	(12,368)	4,085
Stapled security holders		(50,561)	1,423,469	(12,368)	4,085
<b>Other comprehensive (loss)/income</b>					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		(14,481)	(18,228)	1,273	220
Cash flow hedges, net of tax		-	461,767	-	-
Other comprehensive (loss)/income for the year, net of tax		(14,481)	443,539	1,273	220
<b>Total comprehensive (loss)/income for the year</b>		<b>(65,042)</b>	1,867,008	<b>(11,095)</b>	4,305
<b>Total comprehensive (loss)/income attributable to:</b>					
Equity holders of the parent entity – MARIL		(53,947)	1,862,703	-	-
Equity holder of other stapled entity – MARL (as non-controlling interest/parent entity)		(11,095)	4,305	(11,095)	4,305
Stapled security holders		(65,042)	1,867,008	(11,095)	4,305
<b>(Loss)/profit per share from continuing operations attributable to MARIL/MARL shareholders</b>					
Basic and diluted (loss)/profit per share from continuing operations attributable to:					
		<b>Cents</b>	Cents	<b>Cents</b>	Cents
MARIL (as parent entity)	18	(7.68)	7.86	-	-
MARL (as non-controlling interest)	18	-	-	(2.49)	0.85
<b>(Loss)/profit per share attributable to MARIL/MARL shareholders</b>					
Basic and diluted (loss)/profit per share attributable to:					
		<b>Cents</b>	Cents	<b>Cents</b>	Cents
MARIL (as parent entity)	18	(7.68)	294.95	-	-
MARL (as non-controlling interest)	18	-	-	(2.49)	0.85

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

# Financial Report

for the year ended 31 December 2014

## Consolidated Statements of Financial Position

	Note	MQA	MQA	MARL Group	MARL Group
		As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
<b>Current assets</b>					
Cash and cash equivalents	7	30,116	17,656	28,884	15,738
Receivables	8	797	44	345	321
Prepayments	9	121	70	53	30
<b>Total current assets</b>		<b>31,034</b>	<b>17,770</b>	<b>29,282</b>	<b>16,089</b>
<b>Non-current assets</b>					
Cash not available for use	7	1,763	1,836	-	-
Receivables	8	-	-	4,373	15,201
Investments accounted for using the equity method	10	835,431	862,708	16,456	22,101
<b>Total non-current assets</b>		<b>837,194</b>	<b>864,544</b>	<b>20,829</b>	<b>37,302</b>
<b>Total assets</b>		<b>868,228</b>	<b>882,314</b>	<b>50,111</b>	<b>53,391</b>
<b>Current liabilities</b>					
Payables	13	(25,935)	(6,754)	(2,023)	(717)
<b>Total current liabilities</b>		<b>(25,935)</b>	<b>(6,754)</b>	<b>(2,023)</b>	<b>(717)</b>
<b>Non-current liabilities</b>					
Provisions	13	(19,400)	-	(1,287)	-
<b>Total non-current liabilities</b>		<b>(19,400)</b>	<b>-</b>	<b>(1,287)</b>	<b>-</b>
<b>Total liabilities</b>		<b>(45,335)</b>	<b>(6,754)</b>	<b>(3,310)</b>	<b>(717)</b>
<b>Net assets</b>		<b>822,893</b>	<b>875,560</b>	<b>46,801</b>	<b>52,674</b>
<b>Equity</b>					
<b>Equity attributable to equity holders of the parent – MARIL</b>					
Contributed equity	14	1,410,130	1,369,408	-	-
Reserves	15	22,991	38,745	-	-
Accumulated losses	16	(657,029)	(585,267)	-	-
<b>MARIL security holders' interest</b>		<b>776,092</b>	<b>822,886</b>	<b>-</b>	<b>-</b>
<b>Equity attributable to other stapled security holders – MARL</b>					
Contributed equity	14	205,552	200,330	205,552	200,330
Reserves	15	(11,164)	(12,437)	(11,164)	(12,437)
Accumulated losses	16	(147,587)	(135,219)	(147,587)	(135,219)
<b>Other stapled security holders' interest</b>		<b>46,801</b>	<b>52,674</b>	<b>46,801</b>	<b>52,674</b>
<b>Total equity</b>		<b>822,893</b>	<b>875,560</b>	<b>46,801</b>	<b>52,674</b>

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

As required by Bermuda regulations, the MQA financial information was approved by the Macquarie Atlas Roads International Limited ("MARIL") board of directors on 25 February 2015 and was signed on MARIL's behalf by:



**Jeffrey Conyers**  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda



**Derek Stapley**  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda

# Financial Report

for the year ended 31 December 2014

## Consolidated Statements of Changes in Equity

MQA	Attributable to MARIL security holders				Attributable to MARL security holders \$'000	Total equity \$'000
	Contributed equity	Reserves	Accumulated losses	Total		
	\$'000	\$'000	\$'000	\$'000		
<b>Total equity at 1 January 2014</b>	1,369,408	38,745	(585,267)	<b>822,886</b>	52,674	<b>875,560</b>
Loss for the year	-	-	(38,193)	<b>(38,193)</b>	(12,368)	<b>(50,561)</b>
Exchange differences on translation of foreign operations	-	(15,754)	-	<b>(15,754)</b>	1,273	<b>(14,481)</b>
<b>Total comprehensive loss</b>	-	(15,754)	(38,193)	<b>(53,947)</b>	(11,095)	<b>(65,042)</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>						
Application of performance fees to subscription for new securities	18,113	-	-	<b>18,113</b>	1,287	<b>19,400</b>
Issue of securities (net of transaction costs)	55,348	-	-	<b>55,348</b>	3,935	<b>59,283</b>
Capital return*	(32,739)	-	-	<b>(32,739)</b>	-	<b>(32,739)</b>
Dividends paid*	-	-	(33,569)	<b>(33,569)</b>	-	<b>(33,569)</b>
	40,722	-	(33,569)	<b>7,153</b>	5,222	<b>12,375</b>
<b>Total equity at 31 December 2014</b>	1,410,130	22,991	(657,029)	<b>776,092</b>	46,801	<b>822,893</b>

\* On 8 October 2014, MQA paid a distribution of 8.2 cents per stapled security ("cps"). This distribution comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

MQA	Attributable to MARIL security holders				Attributable to MARL security holders \$'000	Total equity \$'000
	Contributed equity	Reserves	Accumulated losses	Total		
	\$'000	\$'000	\$'000	\$'000		
<b>Total equity at 1 January 2013</b>	1,354,159	(1,964,553)	(417,108)	<b>(1,027,502)</b>	46,916	<b>(980,586)</b>
Profit for the year	-	-	1,419,384	<b>1,419,384</b>	4,085	<b>1,423,469</b>
Exchange differences on translation of foreign operations	-	(18,448)	-	<b>(18,448)</b>	220	<b>(18,228)</b>
Cash flow hedges, net of tax*	-	461,767	-	<b>461,767</b>	-	<b>461,767</b>
<b>Total comprehensive income</b>	-	443,319	1,419,384	<b>1,862,703</b>	4,305	<b>1,867,008</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>						
Application of performance fees to subscription for new securities	15,249	-	-	<b>15,249</b>	1,453	<b>16,702</b>
Transfer from other reserve to accumulated losses*	-	1,559,979	(1,559,979)	-	-	-
Dividends paid	-	-	(27,564)	<b>(27,564)</b>	-	<b>(27,564)</b>
	15,249	1,559,979	(1,587,543)	<b>(12,315)</b>	1,453	<b>(10,862)</b>
<b>Total equity at 31 December 2013</b>	1,369,408	38,745	(585,267)	<b>822,886</b>	52,674	<b>875,560</b>

\*Refer to note 15 for further details.

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

# Financial Report

for the year ended 31 December 2014

## Consolidated Statements of Changes in Equity (continued)

MARL Group	Contributed equity	Reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Total equity at 1 January 2014</b>	200,330	(12,437)	(135,219)	<b>52,674</b>
Loss for the year	-	-	(12,368)	<b>(12,368)</b>
Exchange differences on translation of foreign operations	-	1,273	-	<b>1,273</b>
<b>Total comprehensive loss</b>	-	1,273	(12,368)	<b>(11,095)</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>				
Application of performance fees to subscription for new securities	1,287	-	-	<b>1,287</b>
Issue of securities (net of transaction costs)	3,935	-	-	<b>3,935</b>
	5,222	-	-	<b>5,222</b>
<b>Total equity at 31 December 2014</b>	205,552	(11,164)	(147,587)	<b>46,801</b>

MARL Group	Contributed equity	Reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
<b>Total equity at 1 January 2013</b>	198,877	(12,657)	(139,304)	<b>46,916</b>
Profit for the year	-	-	4,085	<b>4,085</b>
Exchange differences on translation of foreign operations	-	220	-	<b>220</b>
<b>Total comprehensive income</b>	-	220	4,085	<b>4,305</b>
<b>Transactions with equity holders in their capacity as equity holders:</b>				
Application of performance fees to subscription for new securities	1,453	-	-	<b>1,453</b>
	1,453	-	-	<b>1,453</b>
<b>Total equity at 31 December 2013</b>	200,330	(12,437)	(135,219)	<b>52,674</b>

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.



# Financial Report

for the year ended 31 December 2014

## Consolidated Statements of Cash Flows

	Note	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Cash flows from operating activities</b>					
Toll revenue received		-	45,438	-	-
M6 Toll management fees received		758	-	-	-
Interest received		657	645	1,365	2,188
Other income received		-	685	-	-
Reimbursement from Macquarie Autoroutes de France SAS		-	510	-	-
Manager's and Adviser's base fees paid		(23,218)	(18,087)	(1,692)	(1,720)
Payments to suppliers and employees (inclusive of GST/VAT)		(2,901)	(13,363)	(1,280)	(1,798)
Net indirect taxes received/(paid)		155	(7,640)	143	213
Income taxes (paid)/refunded		(5)	2,716	-	3,052
<b>Net cash flow from operating activities</b>	19	<b>(24,554)</b>	10,904	<b>(1,464)</b>	1,935
<b>Cash flows from investing activities</b>					
Principal & interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA		96,606	48,290	-	-
Payment for purchase of investments (including transaction costs)		(52,708)	-	(166)	-
Proceeds from sale of property, plant and equipment		-	35	-	-
Payments for purchase of property, plant and equipment		-	(738)	-	-
Deconsolidated cash balance from M6 Toll entities		-	(70,311)	-	-
<b>Net cash flow from investing activities</b>		<b>43,898</b>	(22,724)	<b>(166)</b>	-
<b>Cash flows from financing activities</b>					
Proceeds from issue of securities		60,000	-	3,985	-
Capital return		(32,739)	-	-	-
Dividends paid		(33,569)	(27,564)	-	-
Borrowing costs paid		-	(66)	-	-
Transaction costs on issue of securities		(721)	-	(54)	-
Loans advanced to related parties		-	-	(8,200)	(7,900)
Repayment of loans from related parties		-	-	19,028	19,511
<b>Net cash flow from financing activities</b>		<b>(7,029)</b>	(27,630)	<b>14,759</b>	11,611
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12,315</b>	(39,450)	<b>13,129</b>	13,546
Cash and cash equivalents at the beginning of the year		17,656	54,491	15,738	2,102
Effects of exchange rate movements on cash and cash equivalents		145	2,615	17	90
<b>Cash and cash equivalents at the end of the year</b>	7	<b>30,116</b>	17,656	<b>28,884</b>	15,738
Cash not available for use at the beginning of the year		1,836	1,511	-	-
Effects of exchange rate movements on cash not available for use		(73)	325	-	-
<b>Cash not available for use at the end of the year</b>	7	<b>1,763</b>	1,836	-	-
Non-cash financing and investing activities	19	19,400	16,702	1,287	1,453

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

# Financial Report

## for the year ended 31 December 2014

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### Notes to the Consolidated Financial Statements

#### 1 Summary of significant accounting policies

The significant policies which have been adopted in the preparation of these consolidated financial statements are stated to assist in a general understanding of this general purpose Financial Report. These policies have been consistently applied to all periods presented, unless otherwise stated.

The accounting policies adopted in the preparation of the Financial Report are set out below.

##### (a) Basis of preparation

This general purpose Financial Report for the reporting year ended 31 December 2014 has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001 (where applicable). Both Macquarie Atlas Roads International Limited ("MARIL") and Macquarie Atlas Roads Limited ("MARL") are for-profit entities for the purpose of preparing the financial statements.

As permitted by ASIC Class Order 13/1050 as amended by Class Order 13/1644, this report consists of the consolidated financial statements of MARIL and the entities it controlled at the end of and during the year (collectively referred to as "MQA" or "the Group") and the consolidated financial statements of MARL and the entities it controlled at the end of and during the year (collectively referred to as "the MARL Group").

The Financial Report was authorised for issue by the directors of the MARIL and the MARL Boards on 25 February 2015 and 26 February 2015 respectively. The Boards have the power to amend and reissue the Financial Report.

##### ***Going concern***

The Financial Reports have been prepared on a going concern basis. At 31 December 2014, MQA had a net current asset position of \$5.1 million (31 December 2013: \$11.0 million). Included within MQA's current payables are performance fees of \$19.4 million (31 December 2013: \$nil), which may become payable at 30 June 2015 (subject to performance criteria continuing to be satisfied).

Management forecasts indicate that MQA will be able to meet its current liabilities as and when they become due and payable (including current performance fees), assuming that Macquarie Fund Advisers Pty Limited ("MFA") and MQA's independent directors agree that these fees be applied to a subscription for new MQA securities, as was agreed in relation to the 30 June 2014 performance fee payments. Where no such agreement is reached, the Directors consider that other funding alternatives will be available to meet any resulting shortfall of available cash.

##### ***Compliance with International Financial Reporting Standards ("IFRS")***

Compliance with Australian Accounting Standards ensures that the Financial Report complies with IFRS as issued by the International Accounting Standards Board ("IASB"). Consequently, this Financial Report has also been prepared in accordance with and complies with IFRS as issued by the IASB.

##### ***Historical cost convention***

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities at fair value.

##### ***Stapled security***

The shares of MARIL and MARL are listed on the Australian Securities Exchange ("ASX") as stapled securities in MQA. The shares of MARIL and MARL cannot be traded separately.

##### ***Reclassifications***

Certain prior year amounts in the consolidated financial statements and accompanying notes have been reclassified to conform to the current year presentation. The reclassifications had no effect on previously reported consolidated total assets, total liabilities, comprehensive income or shareholders' equity.

# Financial Report

## for the year ended 31 December 2014

### 1 Summary of Significant Accounting Policies (continued)

#### (a) Basis of preparation (continued)

##### ***Business combinations under common control***

Business combinations under common control have been accounted for in the consolidated accounts prospectively from the date the Groups obtain the ownership interest. The transfer of MQA Investments Limited (formerly MIG Investments Limited) and its subsidiaries, which included Midland Expressway Limited ("MEL") (the concessionaire for the M6 Toll), was treated as a common controlled transaction on acquisition by MARIL prior to the demerger from Macquarie Infrastructure Group ("MIG"). The difference between the fair value of the consideration paid by MARIL and the amounts at which the assets and liabilities are recorded in the consolidated MQA financial statements, being at historical cost, was recognised directly in equity in the "Other reserve". In order to simplify the disclosures, this "Other reserve" has been transferred to accumulated losses in 2013 (Refer to note 15).

#### (b) Consolidated accounts and stapling arrangements

*AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its subsidiaries and MARL and its subsidiaries, together comprising MQA.

The financial statements of MQA should be read in conjunction with the separate consolidated financial statements of the MARL Group presented in this report for the year ended 31 December 2014.

#### (c) Principles of consolidation

As per *AASB 10 Consolidated Financial Statements*, the Groups control an entity when the Groups are exposed to, or have the right to, variable returns from involvement with the entity and have the ability to affect those returns through power over the entity.

The consolidated financial statements of MQA incorporate the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2014, including those deemed to be controlled by MARIL by identifying it as the parent of MQA, and the results of those controlled entities for the year then ended. The consolidated financial statements of the MARL Group incorporate the assets and liabilities of the entities controlled by MARL for the year ended 31 December 2014. The effects of all transactions between entities in the consolidated entities are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Statement of Comprehensive Income and the Statement of Financial Position. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MARL or MARIL.

##### ***Subsidiaries***

Subsidiaries, other than those that MARIL has been deemed to have directly acquired through stapling arrangements, are those entities over which the Groups exposed to, or have the right to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Groups.

The acquisition method of accounting is used to account for the acquisition of subsidiaries by the Groups. Where control of an entity is obtained during a financial year, its results are included in the Statement of Comprehensive Income from the date on which control commences. Where control of an entity ceases during a financial year, its results are included for that part of the year during which control existed and the subsidiary is de-consolidated from the date that control ceases.

##### ***Associates***

Associates are entities over which the Groups have significant influence but not control. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Groups' investment in associates includes the fair value of goodwill (net of any accumulated impairment loss) identified on acquisition.

The Groups' share of their associates' post-acquisition profits or losses are recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates reduce the carrying amount of the investment.

# Financial Report

## for the year ended 31 December 2014

### 1 Summary of Significant Accounting Policies (continued)

#### (c) Principles of consolidation (continued)

##### *Associates (continued)*

When the Groups' share of losses in an associate equals or exceeds its interest in the associate, including any long term interests that, in substance, form part of the Groups' net investment in the associate, the Groups do not recognise further losses, unless they have incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Groups and their associates are eliminated to the extent of the Groups' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Groups.

##### *Joint Arrangements*

Investments in joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Groups have no joint operations and account for joint ventures using the equity method.

#### (d) Cash, cash equivalents and cash not available for use

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash not available for use is classified as a non current asset (refer to Note 7).

#### (e) Impairment of assets

The carrying amount of non controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount.

The recoverable amount of the asset is determined as the higher of the fair value less cost to sell and the value in use. If it is not possible to determine a recoverable amount for the individual assets, the assets are assessed together in the smallest group of assets which generate cash inflows that are largely independent of those from other assets or groups of assets.

Discounted cash flow analysis is the methodology applied in determining recoverable amount. Discounted cash flow analysis is the process of estimating future cash flows that are expected to be generated by an asset and discounting these to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset is reflective of the uncertainty associated with the future cash flows. Periodically, independent traffic forecasting experts provide a view on the most likely level of traffic to use the toll road having regard to a wide range of factors including development of the surrounding road network and economic growth in the traffic corridor.

#### (f) Performance fees

A performance fee is payable at 30 June each year in the event that the MQA security price outperforms its benchmark in that year after making up any carried forward underperformance. The performance fee is determined at 30 June and is payable in three equal annual instalments. The first instalment is payable immediately. The second and third instalments are payable on the first and second anniversaries of the calculation date if certain performance criteria are met.

Future potential performance fees relating to a performance fee period that has not yet concluded, and hence are contractually determined based on performance in the future, are accounted for in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*.

Any performance fee determined at 30 June is accounted for in accordance with *AASB 137* until the instalment is no longer subject to future performance criteria, from which point the relevant instalment is recognised as a payable to the Adviser/Manager and accounted for as a liability in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. The liability is recognised at its fair value.

#### (g) Transaction costs

Transaction costs are included in the carrying amounts disclosed in the financial statements.

# Financial Report

## for the year ended 31 December 2014

### 1 Summary of Significant Accounting Policies (continued)

#### (h) Distributions

A distribution payable is recognised for the amount of any distribution declared, or publicly recommended by the directors on or before the end of the year but not distributed at balance date.

#### (i) Revenue recognition

Interest income on cash balances is recognised as it accrues in accordance with the effective interest method. Other revenue is recognised when the fee in respect of services provided is receivable. Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of subsidies, Goods and Services Tax ("GST") and Value Added Tax ("VAT") payable to the relevant taxation authority.

#### (j) Income tax

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

Deferred income tax is determined using the Balance Sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

MARL and its wholly owned Australian controlled entities have formed a tax-consolidated group under Australian taxation law as of 2 February 2010. The head entity, MARL and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax accounts.

Under current Bermudian law, MARIL will not be subject to any income, withholding or capital gains taxes in Bermuda. Controlled entities of MARIL that are subject to taxes in their jurisdictions recognise income tax using the balance sheet approach of tax effect accounting.

#### (k) Foreign Currency Translation

##### ***Functional and presentation currency***

Items included in the financial statements of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The consolidated financial statements are presented in Australian dollars, which is the functional and presentation currency of MARIL and MARL.

##### ***Transactions and balances***

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

##### ***Group companies***

The results and financial position of the Groups' entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each Statement of Financial Position presented are translated at the closing rate at the date of that Statement of Financial Position;
- income and expenses for each Statement of Comprehensive Income are translated at exchange rates at the dates of transactions or at an average rate as appropriate; and
- all resulting exchange differences are recognised as a separate component of equity.

# Financial Report

## for the year ended 31 December 2014

### 1 Summary of Significant Accounting Policies (continued)

#### (k) Foreign Currency Translation (continued)

##### ***Group companies (continued)***

On consolidation, exchange differences arising from the translation of any net investment in foreign entities are taken to security holders' equity. When a foreign operation is disposed of or borrowings that form part of the net investment are repaid, a proportionate share of such exchange differences are recognised in profit or loss as part of the gain or loss on disposal. Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

#### (l) Prepayments

Prepayments recognised comprise costs incurred relating to future financial years.

#### (m) Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are initially recognised at fair value and subsequently measured at amortised cost. Interest income from loans and receivables is recognised using the effective interest method.

Receivables are generally received within 30 days of becoming due and receivable. A provision is raised for any doubtful debts based on a review of all outstanding amounts at year end. Bad debts are written off in the year in which they are identified.

#### (n) Payables and other liabilities

Liabilities are recognised at fair value when an obligation exists to make future payments as a result of a purchase of assets or services, whether or not billed. Trade creditors are generally settled within 30 days.

#### (o) Provisions

Provisions are recognised when: the Groups have a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligations; and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the best estimate of the expenditure required to settle the present obligation at the balance date.

#### (p) Earnings per stapled security

##### ***Basic earnings per stapled security***

Basic earnings per stapled security is determined by dividing the profit attributable to security holders by the weighted average number of securities on issue during the year.

##### ***Diluted earnings per stapled security***

Diluted earnings per share is calculated by dividing the profit attributable to security holders by the weighted average number of ordinary shares that would be issued on the exchange of all the dilutive potential ordinary shares into ordinary shares.

#### (q) GST and VAT

The amount of GST incurred by the Groups that is not recoverable from the Australian Taxation Office ("ATO") is recognised as an expense or as part of the cost of acquisition of an asset or adjusted from the proceeds of securities issued. These expenses have been recognised in profit or loss net of the amount of GST recoverable from the ATO. The amount of VAT incurred by the Groups that is not recoverable from H.M. Revenue & Customs in the United Kingdom is recognised as an expense or as part of the cost of acquisition of an asset. Receivables and payables are stated at amounts inclusive of GST and VAT. The net amount of GST and VAT recoverable from the ATO and H.M. Revenue & Customs is included in receivables in the Consolidated Statement of Financial Position. Cash flows relating to GST and VAT are included in the Consolidated Statements of Cash Flows on a gross basis.

#### (r) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision makers. The chief operating decision makers, who are responsible for allocating resources and assessing performance of the operating segments, have been identified as the MARIL and MARL Boards of Directors.

# Financial Report

## for the year ended 31 December 2014

### 1 Summary of Significant Accounting Policies (continued)

#### (s) Critical Accounting Estimates and Judgements

The preparation of the Financial Report in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the Financial Report are reasonable. Actual results in the future may differ from those reported.

Significant judgments made in applying accounting policies, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

##### ***Income Tax***

The Groups are subject to income taxes in Australia and jurisdictions where they have foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Groups recognise anticipated tax liabilities based on their current understanding of the current tax law.

In addition, the Groups have recognised deferred tax assets relating to carried forward losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. The utilisation of tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

##### ***Impairment testing***

In accordance with the accounting policy stated in Note 1(e) the carrying amount of non-controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. There are also estimates and judgements involved in assessing impairment indicators and in determining the recoverable amounts of the assets. A sensitivity analysis was undertaken to examine the effect that a change in variables would have on the impairment calculation. This analysis concluded that discount rates would need to increase by more than 30% in order for the recoverable amounts of assets to be below their carrying amounts.

##### ***Provision for performance fees***

In accordance with the accounting policy stated in Note 1(f), to determine the probability of payment of performance fee instalments which are still subject to future performance criteria, an assessment of the level of outperformance is undertaken.

##### ***Control assessment***

Control is assessed for all of the Groups' investments by applying *AASB 10 Consolidated Financial Statements*. The Groups control an entity when the Groups are exposed to, or have the right to, variable returns from its involvement with the entity and have the ability to affect those returns through its power over the entity. Judgement is used when assessing an investment for control. For further information refer to Note 1(c).

#### (t) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the Statement of financial position when there is a legally enforceable right to offset the amounts and either there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

#### (u) Derivative financial instruments

From time to time, the Group enters into forward exchange contracts.

Derivatives are initially recognised at fair value at the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The accounting for subsequent changes in fair value depends on whether or not derivatives are designated as hedges. If not, any changes in their fair value are recognised immediately in the Consolidated Statement of Comprehensive Income.

# Financial Report

for the year ended 31 December 2014

## 1 Summary of Significant Accounting Policies (continued)

### (v) Accounting Standards and Interpretations issued

Certain new accounting standards and interpretations have been published that are not mandatory for the current reporting year. The Groups' assessment of the impact of the relevant new standards and interpretations which have not been early adopted in preparing the Financial Reports is set out below.

#### ***AASB 9 Financial Instruments (effective for annual reporting periods beginning on or after 1 January 2018)***

*AASB 9 Financial Instruments* addresses the classification, measurement and de-recognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Groups are assessing the new standard's impact and do not anticipate a significant impact on the Groups' financial statements.

#### ***AASB 15 Revenue from Contracts with Customers***

The AASB issued *AASB 15 Revenue from Contracts with Customers*, which specifies how and when revenue is recognised, as well as requiring enhanced disclosures. When first applied, comparative information will need to be restated. AASB 15 is effective for annual periods beginning on or after 1 January 2017 but is available for early adoption. The Groups are assessing the new standard's impact and do not anticipate a significant impact on the Groups' financial statements.

There are no other standards that are not yet effective and that are expected to have a material impact on the entities in the current or future reporting periods and on foreseeable transactions.

### (w) Parent Entity Financial Information

The financial information for MARIL and MARL disclosed in Note 22 has been prepared on the same basis as the consolidated financial statements, except as set out below:

#### ***Investments in subsidiaries, associates and joint venture entities***

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the separate financial statements of MARIL and MARL.

#### ***Tax consolidation legislation***

MARL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation as of 2 February 2010.

The head entity, MARL and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right. In addition to its own current and deferred tax amounts, MARL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate MARL for any current tax payable assumed and are compensated by MARL for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to MARL under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the MARL Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.



# Financial Report

## for the year ended 31 December 2014

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### **1 Summary of Significant Accounting Policies (continued)**

#### **(w) Parent Entity Financial Information (continued)**

##### ***Financial guarantees***

Where the parent entities have provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

#### **(x) Presentation of Financial Reports**

The Financial Reports for MARIL and MARL have been presented in this single document, pursuant to ASIC Class Order 13/1050 as amended by Class Order 13/1644.

#### **(y) Rounding of Amounts**

The Groups are of a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities & Investments Commission, relating to the "rounding off" of amounts in the Financial Report. Amounts in the Financial Reports have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

# Financial Report

## for the year ended 31 December 2014

### 2 (Loss)/profit for the year

The (loss)/profit from continuing operations before income tax includes the following specific items of revenue and expense:

#### (i) Revenue

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Revenue from continuing operations</b>				
<b>Interest income:</b>				
Related parties	130	81	876	1,357
Other persons and corporations	527	322	527	322
Total interest income	657	403	1,403	1,679
<b>Other Income:</b>				
M6 Toll management fee income	1,466	-	-	-
Net foreign exchange gain	16	487	9	76
Total other income	1,482	487	9	76
<b>Total revenue from continuing operations</b>	<b>2,139</b>	<b>890</b>	<b>1,412</b>	<b>1,755</b>

#### (ii) Operating expenses

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Operating expenses from continuing operations</b>				
<b>Cost of operations:</b>				
Directors' fees	797	736	493	450
	797	736	493	450
<b>Other operating expenses:</b>				
Consulting and administration fees	996	1,474	316	530
Manager's and Adviser's base fees	22,921	19,985	1,553	1,615
Manager's and Adviser's performance fees	58,207	-	3,867	-
Other expenses	934	1,334	473	442
Total other operating expenses	83,058	22,793	6,209	2,587
<b>Total operating expenses from continuing operations</b>	<b>83,855</b>	<b>23,529</b>	<b>6,702</b>	<b>3,037</b>

# Financial Report

for the year ended 31 December 2014

## 3 Distributions

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Distributions paid during the year</b>				
Ordinary dividend paid on 4 April 2014	24,362	-	-	-
Distribution paid on 8 October 2014*	41,946	-	-	-
Ordinary dividend paid on 19 April 2013	-	11,485	-	-
Ordinary dividend paid on 4 October 2013	-	16,079	-	-
<b>Total distributions paid during the year</b>	<b>66,308</b>	27,564	-	-
	<b>Cents per stapled security</b>	Cents per stapled security	<b>Cents per stapled security</b>	Cents per stapled security
<b>Distributions paid during the year</b>				
Ordinary dividend per security paid on 4 April 2014	5.0	-	-	-
Distribution per security paid on 8 October 2014*	8.2	-	-	-
Ordinary dividend per security paid on 19 April 2013	-	2.4	-	-
Ordinary dividend per security paid on 4 October 2013	-	3.3	-	-
<b>Total distributions paid during the year</b>	<b>13.2</b>	5.7	-	-

All of the distributions were paid in full by MARIL.

\* This distribution comprised a capital return of 6.4 cps, and an ordinary dividend of 1.8 cps.

# Financial Report

## for the year ended 31 December 2014

### 4 Income tax expense/(benefit)

The income tax expense/(benefit) for the financial year differs from the prima facie tax payable. The differences are reconciled as follows:

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>(a) Reconciliation of income tax expense/(benefit) to prima facie tax payable</b>				
(Loss)/profit from continuing operations before income tax	(50,556)	41,904	(12,368)	4,085
<b>(Loss)/profit from for the year*</b>	<b>(50,556)</b>	<b>41,904</b>	<b>(12,368)</b>	<b>4,085</b>
Prima facie income tax on (loss)/profit at the Australian tax rate of 30%	(15,167)	12,571	(3,710)	1,226
Impact of different tax rates of operations in jurisdictions other than Australia	26,113	7,716	(3)	(1)
<i>Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:</i>				
Non-deductible expenditure	232	319	232	319
Share of net (gain)/loss of investments accounted for using the equity method	(9,348)	(19,363)	2,123	(1,610)
Temporary differences not brought to account	525	(347)	757	(339)
Deferred tax asset on taxable losses not brought to account	(2,355)	(896)	601	405
Over provision in prior year	-	(22)	-	-
Others	5	-	-	-
<b>Aggregate income tax expense/(benefit)</b>	<b>5</b>	<b>(22)</b>	<b>-</b>	<b>-</b>
<b>(b) Income tax expense/(benefit)*</b>				
Aggregate income tax expense/(benefit) comprises:				
Current taxation expense/(benefit)	5	(22)	-	-
	<b>5</b>	<b>(22)</b>	<b>-</b>	<b>-</b>
<b>(c) Tax losses</b>				
Unused tax losses for which no deferred tax asset has been recognised	473,232	1,222,976	472,244	1,222,217
<b>Potential tax benefit of unused tax losses</b>	<b>166,846</b>	<b>471,541</b>	<b>166,597</b>	<b>471,334</b>

\* Profit for the year ended 31 December 2013 excludes profit from deconsolidated operations of \$1,381.5 million. The amount of income tax benefit for the year ended 31 December 2013 excludes the tax benefit from deconsolidated operations of \$5.9 million and tax on gain on deconsolidated operation of \$nil; both of these were included in the 'profit from deconsolidated operations'.

# Financial Report

## for the year ended 31 December 2014

### 5 Deconsolidated operation

On 4 June 2013, MQA deconsolidated the M6 Toll group. Ongoing discussions with the M6 Toll lender group progressed such that a reassessment of the variable return to which MQA is exposed from its involvement with the M6 Toll group was necessary to be performed as at that date in accordance with *AASB 10 Consolidated Financial Statements*. This reassessment led to the conclusion that MQA was no longer expected to be exposed to significant variable returns from the asset because while MQA remained the legal owner of the M6 Toll it would only receive a small annual fee for continuing to manage the asset. There were no expectations of further equity distributions from the project because all surplus cash flows would be applied to service debt. Therefore MQA concluded that it should no longer consolidate the M6 Toll group. In December 2013, the debt refinancing was completed as expected.

MQA continues to own 100% of the ordinary equity in the M6 Toll and, due to its power to participate in the financial and operating policy decisions, and accounts for its investment using the equity method (refer to Note 10). The financial performance and cash flow information relating to the deconsolidated operation to 4 June 2013 is presented below.

	MQA Dec 2014 \$'000	MQA Dec 2013 \$'000	MARL Group Dec 2014 \$'000	MARL Group Dec 2013 \$'000
<b>Cash flow information</b>				
Net cash flow from operating activities	-	28,253	-	-
Net cash used in investing activities	-	(703)	-	-
Net cash used in financing activities	-	(66)	-	-
<b>Net increase in cash generated from deconsolidated operations</b>	-	27,484	-	-
<b>Financial performance</b>				
Revenue	-	99,192*	-	-
Expenses	-	(572,571)*	-	-
<b>Loss before income tax</b>	-	(473,379)	-	-
Income tax benefit	-	5,867	-	-
<b>Loss after income tax of deconsolidated operation</b>	-	(467,512)	-	-
Gain from deconsolidation	-	1,849,055	-	-
<b>Total profit from deconsolidated operation</b>	-	1,381,543	-	-
<b>Total comprehensive income from deconsolidated operation attributable to:</b>				
Equity holders of the parent entity - MARIL	-	1,681,440	-	-
Equity holders of the parent entity - MARL	-	-	-	-
Stapled security holder	-	1,681,440	-	-
<b>Basic profit per share from deconsolidated operation attributable to MARIL/MARL shareholders</b>				
	Cents	Cents	Cents	Cents
MARIL (as parent entity)	-	287.09	-	-
MARL (as parent entity)	-	-	-	-

\* Revenue and expenses include one-off items relating to the discontinuation of hedge accounting for the M6 Toll swaps (refer to Note 15).

# Financial Report

## for the year ended 31 December 2014

### 6 Remuneration of auditors

	MQA Year ended 31 Dec 2014 \$	MQA Year ended 31 Dec 2013 \$	MARL Group Year ended 31 Dec 2014 \$	MARL Group Year ended 31 Dec 2013 \$
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	340,275	490,387	176,475	192,760
Other services:				
Taxation compliance services	-	4,028	-	4,028
Other services	133,600	37,325	4,300	3,663
	<b>473,875</b>	<b>531,740</b>	<b>180,775</b>	<b>200,451</b>
Amounts paid or payable to Network firms of PricewaterhouseCoopers for:				
Audit services	105,883	92,785	9,407	21,855
Other services:				
Taxation compliance services	33,286	11,435	-	-
Other services	-	1,149	-	1,149
	<b>139,169</b>	<b>105,369</b>	<b>9,407</b>	<b>23,004</b>

### 7 Cash and cash equivalents and cash not available for use

	MQA As at 31 Dec 2014 \$'000	MQA As at 31 Dec 2013 \$'000	MARL Group As at 31 Dec 2014 \$'000	MARL Group As at 31 Dec 2013 \$'000
<b>Current</b>				
Cash at bank	9,201	2,529	7,969	611
Short term money market investments (a)	20,915	15,127	20,915	15,127
	<b>30,116</b>	<b>17,656</b>	<b>28,884</b>	<b>15,738</b>
<b>Non-current</b>				
Cash not available for use (b)	1,763	1,836	-	-
	<b>1,763</b>	<b>1,836</b>	<b>-</b>	<b>-</b>

#### (a) Short term money market investments

The short term money market investments outstanding at 31 December 2014 matured within 30 days (2013: 6 days) and paid interest at 3.10% (2013: 3.50%) per annum.

During the year the majority of the cash available for use is held in bank accounts earning money market rates of interest between nil% to 2.67% (2013: nil - 3.00%) per annum.

#### (b) Cash not available for use

This comprises cash-backed guarantees provided in relation to Warnowquerung GmbH & Co. KG ("WQG"), the owner of the Rostock Fixed Crossing Concession. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 21.

# Financial Report

## for the year ended 31 December 2014

### 8 Receivables

	MQA	MQA	MARL Group	MARL Group
	As at	As at	As at	As at
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
GST and VAT recoverable	54	44	51	42
Receivables from related parties	743	-	294*	279*
<b>Total current receivables</b>	<b>797</b>	<b>44</b>	<b>345</b>	<b>321</b>
<b>Non-current</b>				
Receivables from related parties	-	-	4,373*	15,201*
<b>Total non-current receivables</b>	<b>-</b>	<b>-</b>	<b>4,373</b>	<b>15,201</b>

\* MARIL has a non-collateral associated interest bearing loan with MARL at 31 December 2014 and at 31 December 2013. For further information relating to related party loans please refer to Note 20.

The Groups' maximum credit exposure for receivables is the carrying value. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 21. The fair values of receivables approximate their carrying values.

### 9 Prepayments

	MQA	MQA	MARL Group	MARL Group
	As at	As at	As at	As at
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
<b>Current</b>				
Prepaid expenses	121	70	53	30
<b>Total current prepayments</b>	<b>121</b>	<b>70</b>	<b>53</b>	<b>30</b>

### 10 Investments accounted for using the equity method

	MQA	MQA	MARL Group	MARL Group
	As at	As at	As at	As at
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
Investment in associates and joint arrangements – equity method	835,431	862,708	16,456	22,101
	<b>835,431</b>	<b>862,708</b>	<b>16,456</b>	<b>22,101</b>

# Financial Report

## for the year ended 31 December 2014

### 10 Investments accounted for using the equity method (continued)

Information relating to associates and joint arrangements is set out below:

#### (a) Carrying amounts

Name of Entity <sup>(1)</sup>	Country of incorporation /Principal Place of Business	Principal Activity	MQA Economic Interest		MQA	MARL Economic Interest		MARL Group	MARL Group
			As at 31 Dec 2014 and 31 Dec 2013 %	As at 31 Dec 2014 \$'000		As at 31 Dec 2013 %	As at 31 Dec 2014 \$'000		
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	40.3/38.9 <sup>(2)</sup>	691,261	710,819	-	-	-	-
Dulles Greenway Partnership <sup>(3)</sup>	USA	Investment in toll road located in northern Virginia, USA	50.0	144,170	146,681	6.7	16,456	16,893	
Chicago Skyway Partnership	USA	Investment in toll road located south of Chicago, USA	50.0	-	5,208	50.0	-	5,208	
Indiana Toll Road Partnership	USA	Investment in toll road located in northern Indiana, USA	0.0/49.0 <sup>(4)</sup>	-	-	0.0/49.0 <sup>(4)</sup>	-	-	
WQG <sup>(5)</sup>	Germany	Investment in toll road located in Rostock, north-eastern Germany	70.0	-	-	-	-	-	
Peregrine Motorways Limited <sup>(6)</sup>	UK	Investment in toll road located in the West Midlands, UK	0.0	-	-	-	-	-	
				<b>835,431</b>	<b>862,708</b>		<b>16,456</b>	<b>22,101</b>	

(1) Except for Macquarie Autoroutes de France 2 SA, all associates and joint arrangements are in "lockup" under their debt documents, meaning that they are currently unable to make distributions to MQA and the MARL Group.

(2) On 29 July 2014, MQA purchased an additional 1.41% interest in Macquarie Autoroutes de France 2 SA, the holding vehicle for MQA's investment in APRR.

(3) The MARL Group holds a 6.7% equity interest in Toll Road Investors Partnership II LP ("TRIP II"), the concessionaire for Dulles Greenway, through Dulles Greenway Partnership ("DGP"). Along with MARIL's interest bearing financial assets, MQA's estimated overall economic interest in TRIP II is 50%. Dulles Greenway Partnership holds a 100% interest in the General Partner, Shenandoah Greenway Corporation.

(4) On 22 September 2014, ITR Concession Company LLC ("ITRCC"), the operator of Indiana Toll Road, agreed a debt restructuring plan with its creditors under Chapter 11 of the United States Bankruptcy Code and this was approved by the courts on 28 October 2014. MQA continues to legally own a 49% equity interest in Indiana Toll Road Partnership ("ITRP"), the holding vehicle of ITRCC, but is no longer exposed to any variable returns from the ongoing operations of this investment. Accordingly, at 31 December 2014 MQA's economic interest in the ongoing operations of ITRP is nil. The historic losses of ITRP are no longer disclosed in Note 10(f).

(5) A subsidiary of MARIL, European Transport Investments (UK) Limited ("ETIUK"), beneficially owns 70% of both the WQG Limited partnership and the General Partner ("GP") of the partnership which have contracted to build, own and operate a tolled tunnel in Rostock, Germany. The balance of 30% is held by Bouygues Travaux Publics SA ("BTP"). Per the agreement, any decisions made with regard to the relevant activities requires 75% of the voting members to proceed meaning both partners have to agree. As a result, MQA's investment in WQG is classified as a Joint Venture.

(6) On 4 June 2013, MQA deconsolidated Macquarie Motorways Group Limited ("MMG") (the previous holding company for the M6 Toll) and commenced equity accounting for its interest as an investment in an associate. A new entity, Peregrine Motorways Limited ("PML"), was incorporated on 2 August 2013 and inserted as the 100% owner of MMG. MQA legally owns a 100% ordinary equity interest in PML but is not expected to be exposed to any significant variable returns from the ongoing operations of this investment. As a result, at 31 December 2014 MQA's economic interest in PML is nil. Refer to Note 5.



# Financial Report

## for the year ended 31 December 2014

### 10 Investments accounted for using the equity method (continued)

#### (b) Movement in carrying amounts

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
Carrying amount at the beginning of the year	862,708	702,783	22,101	16,470
Investment in associates (including transaction costs)	52,708	-	166	-
Share of profits/(losses) after income tax*	31,160	64,543	(7,078)	5,367
Distributions received/receivable	(96,606)	(48,290)	-	-
Foreign exchange movement	(14,539)	143,672	1,267	264
Carrying amount at the end of the year	835,431	862,708	16,456	22,101

\* Included in the share of profits/(losses) after income tax for MQA and the MARL Group are fair value gains on interest rate swaps for which hedge accounting has not been applied.

#### (c) Summarised financial information for associates

The below tables provide summarised financial information for those associates that are material to the Groups. The information disclosed reflects the amounts presented in the financial statements of the relevant entities and not the Groups' share of those amounts. They have been amended to reflect adjustments made by the Groups when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

Summarised Statement of Financial Position	Macquarie Autoroutes de France 2 SA (APRR)		Dulles Greenway Partnership	
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
Total current assets	2,003,634	867,042	194,730	175,769
Total non-current assets	9,436,563	10,123,180	1,822,912	1,697,302
Total current liabilities	(1,586,996)	(1,311,485)	(82,267)	(70,424)
Total non-current liabilities	(8,305,514)	(7,949,306)	(1,478,540)	(1,354,895)
<b>Net Assets</b>	<b>1,547,687</b>	<b>1,729,431</b>	<b>456,835</b>	<b>447,752</b>
<b>Reconciliation to carrying amounts:</b>				
Opening net assets as on 1 January	1,729,431	1,364,601	447,752	413,922
Profit/(loss) for the year	129,489	187,019	(29,750)	(31,351)
Dividends paid	-	-	-	-
Foreign exchange movement	(311,233)	177,811	38,833	65,181
<b>Closing net assets</b>	<b>1,547,687</b>	<b>1,729,431</b>	<b>456,835</b>	<b>447,752</b>
MQA's share in %	40.3%	38.9%	50.0%	50.0%
MQA's share in \$	623,501	672,749	228,418	223,876
MARL Group's share in %	-	-	6.7%	6.7%
MARL Group's share in \$	-	-	30,608	29,999
MQA's carrying amount	691,261	710,819	144,170	146,681
MARL Group's carrying amount	-	-	16,456	16,893

# Financial Report

for the year ended 31 December 2014

## 10 Investments accounted for using the equity method (continued)

### (c) Summarised financial information for associates (continued)

Summarised Statement of Comprehensive Income	Macquarie Autoroutes de France 2 SA (APRR)		Dulles Greenway Partnership	
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
Revenue	1,772,826	1,658,072	87,558	77,627
Profit/(loss) for the period	129,489	187,019	(29,750)	(31,351)
MQA's share in \$	51,119	72,751	(14,875)	(15,676)
MARL Group's share in \$	-	-	(1,994)	(2,101)
MQA's distributions received	96,606	48,290	-	-
MARL Group's distributions received	-	-	-	-

### (d) Individually immaterial associates and joint arrangements

In addition to the interest in associates disclosed above the group also has interests in a number of individually immaterial associates and joint arrangements that are accounted for using the equity method.

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
<b>Aggregate carrying amount of individually immaterial associates</b>	-	-	-	-
Aggregate amounts of the Group's share of:				
(Loss)/profits from continuing operation	(10,478)	309,150	(10,478)	309,150
Total comprehensive (loss)/ income	(10,478)	309,150	(10,478)	309,150
<b>Aggregate carrying amount of individually immaterial joint arrangements</b>	-	-	-	-
Aggregate amounts of the Group's share of:				
Loss from continuing operation	(3,209)	(3,741)	-	-
Total comprehensive loss	(3,209)	(3,741)	-	-

### (e) Share of contingent liabilities of associates and joint arrangements

As at 31 December 2014 and 31 December 2013, there was no share of contingent liabilities incurred jointly with other investors and no contingent liabilities relating to liabilities of associates or joint arrangements for which MARIL and MARL are severally liable.

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million (\$1.8 million) (31 December 2013: €1.2 million (\$1.8 million)), in the event of a senior debt payment event of default by WQG. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million (\$1.8 million) (31 December 2013: €1.2 million (\$1.8 million)) has been deposited. These funds are restricted.

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for the year ended 31 December 2014

## 10 Investments accounted for using the equity method (continued)

### (f) Share of associates' and joint arrangements' losses not brought to account

	MQA Year ended 31 Dec 2014 \$'000	MQA Year ended 31 Dec 2013 \$'000	MARL Group Year ended 31 Dec 2014 \$'000	MARL Group Year ended 31 Dec 2013 \$'000
<b>Share of associates' losses not brought to account</b>				
Balance at the beginning of the year	(264,749)	(573,899)	(264,749)	(573,899)
Share of (losses)/profits not brought to account	(5,394)	309,150	(5,394)	309,150
Losses relating to ITRP*	264,749	-	264,749	-
Balance at the end of the year	(5,394)	(264,749)	(5,394)	(264,749)
<b>Share of joint arrangements' losses not brought to account</b>				
Balance at the beginning of the year	(15,827)	(12,086)	-	-
Share of losses not brought to account	(3,209)	(3,741)	-	-
Balance at the end of the year	(19,036)	(15,827)	-	-

\* Refer to Note 10(a) for further details.

## 11 Subsidiaries

### (a) MQA

Name of controlled entity	Country of establishment	2014 voting %	2013 voting %
Macquarie Atlas Roads Limited	Australia	100.0	100.0
Macquarie Infrastructure US Pty Limited	Australia	100.0	100.0
Macquarie Infrastructure Australia Pty Limited	Australia	100.0	100.0
MQA Investments Australia Pty Limited	Australia	100.0	100.0
Macquarie Green Bermudian Holdings Limited*	Bermuda	100.0	100.0
MQA Investments Limited	Bermuda	100.0	100.0
MIBL Finance Luxembourg Sarl	Luxembourg	100.0	100.0
Tollway Holdings Limited	UK	100.0	100.0
European Transport Investments (UK) Limited	UK	100.0	100.0
WMTH No.1 Limited (formerly known as Macquarie Midland Holdings Limited)	UK	100.0	100.0
Tipperhurst Limited	UK	100.0	100.0
Greenfinch Motorways Limited	UK	100.0	100.0
Macquarie 125 Holdings Inc	USA	100.0	100.0
MQA Holdings 2 (US) LLC	USA	100.0	100.0
MQA Indiana Holdings LLC	USA	100.0	100.0
MQA Holdings (US) LLC	USA	100.0	100.0

\* Macquarie Green Bermudian Holdings Limited changed its name to Green Bermudian Holdings Limited on 13 January 2015.

### (b) MARL Group

Name of controlled entity	Country of establishment	2014 voting %	2013 voting %
Macquarie Infrastructure Australia Pty Limited	Australia	100.0	100.0
MQA Investments Australia Pty Limited	Australia	100.0	100.0
MQA Holdings 2 (US) LLC	USA	100.0	100.0
MQA Indiana Holdings LLC	USA	100.0	100.0
MQA Holdings (US) LLC	USA	100.0	100.0

# Financial Report

## for the year ended 31 December 2014

### 12 Investments in associates and joint arrangements

#### (a) MQA

Name of associate and joint arrangements	Country of establishment	Principal activity	Balance date	2014 ownership %	2013 ownership %
Macquarie Autoroutes de France 2 SA*	Luxembourg	Holding company	31 Mar	40.3	38.9
Dulles Greenway Partnership	USA	Holding company	31 Dec	50.0	50.0
Chicago Skyway Partnership	USA	Holding company	31 Dec	50.0	50.0
WQG	Germany	Investment in toll tunnel	31 Dec	70.0	70.0
Warnowquerung Verwaltungsgesellschaft GmbH	Germany	General Partner of WQG	31 Dec	70.0	70.0
Indiana Toll Road Partnership*	USA	Holding company	31 Dec	49.0	49.0
Peregrine Motorways Limited*	UK	Investment in M6 Toll	31 Dec	100.0	100.0

#### (b) MARL Group

Name of associate	Country of establishment	Principal activity	Balance date	2014 ownership %	2013 ownership %
Dulles Greenway Partnership	USA	Holding company	31 Dec	50.0	50.0
Chicago Skyway Partnership	USA	Holding company	31 Dec	50.0	50.0
Indiana Toll Road Partnership*	USA	Holding company	31 Dec	49.0	49.0

\* Refer to Note 10(a) for further details.

The voting power held in the associates and joint arrangements disclosed above is in proportion to the ownership interest held except for Peregrine Motorways Limited and Indiana Toll Road Partnership. The above associates and joint arrangements are accounted for using the Equity Method. Refer also to Note 10.

### 13 Payables and provisions

	MQA As at 31 Dec 2014 \$'000	MQA As at 31 Dec 2013 \$'000	MARL Group As at 31 Dec 2014 \$'000	MARL Group As at 31 Dec 2013 \$'000
<b>Current</b>				
Manager and Adviser fees payable	5,814	5,994	397	420
Provision for Manager and Adviser performance fees (i)	19,400	-	1,287	-
Sundry creditors and accruals	721	760	336	297
Payable to related parties	-	-	3	-
<b>Total current payables and provisions</b>	<b>25,935</b>	<b>6,754</b>	<b>2,023</b>	<b>717</b>
<b>Non current</b>				
Provision for Manager and Adviser performance fees (i)	19,400	-	1,287	-
<b>Total non-current payables and provisions</b>	<b>19,400</b>	<b>-</b>	<b>1,287</b>	<b>-</b>

- (i) In accordance with MARIL and MARL's advisory and management agreements (the "Agreements") with MFA, a performance fee calculation is performed for each year ended 30 June. The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. Any performance fee calculated is payable in three equal annual instalments, provided MQA meets certain performance criteria at each instalment date.

For the year ended 30 June 2014, a total performance fee of \$58.2 million (excluding GST) was calculated for MQA (30 June 2013: Nil). The first instalment of \$19.4 million (excluding GST) was applied to a subscription for new MQA securities in September 2014. The second and third instalments of \$19.4 million each will become payable should the performance criteria be met at 30 June 2015 and 30 June 2016 respectively.

# Financial Report

## for the year ended 31 December 2014

### 14 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
Ordinary shares	1,410,130	1,369,408	205,552	200,330
<b>Contributed equity</b>	<b>1,410,130</b>	<b>1,369,408</b>	<b>205,552</b>	<b>200,330</b>
	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
<b>On issue at the beginning of the year</b>	<b>1,369,408</b>	<b>1,354,159</b>	<b>200,330</b>	<b>198,877</b>
Application of performance fees to subscription for new securities*	18,113	15,249	1,287	1,453
Issue of securities (net of transaction costs)	55,348	-	3,935	-
Capital return	(32,739)	-	-	-
<b>On issue at the end of the year</b>	<b>1,410,130</b>	<b>1,369,408</b>	<b>205,552</b>	<b>200,330</b>
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
<b>On issue at the beginning of the year</b>	<b>487,231</b>	<b>478,531</b>	<b>487,231</b>	<b>478,531</b>
Application of performance fees to subscription for new securities*	5,847	8,700	5,847	8,700
Issue of securities	18,461	-	18,461	-
<b>On issue at the end of the year</b>	<b>511,539</b>	<b>487,231</b>	<b>511,539</b>	<b>487,231</b>

\* During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling \$18.1 million (31 December 2013: third instalment of the June 2011 performance fee, totalling \$15.2 million) was applied to a subscription for new MARIL securities. During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling \$1.3 million (31 December 2013: third instalment of the June 2011 performance fee, totalling \$1.5 million) was applied to a subscription for new MARL securities.

#### **Ordinary shares in MARIL and in MARL**

Each fully paid stapled security confers the right to vote at meetings of security holders, subject to any voting restrictions imposed on a security holder under the Corporations Act 2001 in Australia, Companies Act in Bermuda and the ASX Listing Rules. On a show of hands, every security holder present in person or by proxy has one vote.

On a poll, every security holder who is present in person or by proxy has one vote for each fully paid share in respect of MARIL and one vote for each fully paid share in respect of MARL.

The directors of MARIL and MARL may declare distributions which are appropriate given the financial position of MARIL and MARL.

If MARIL and MARL are wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the members in specie or in kind the whole or any part of the assets of MARIL and MARL.

# Financial Report

## for the year ended 31 December 2014

### 15 Reserves

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000	As at 31 Dec 2014 \$'000	As at 31 Dec 2013 \$'000
<b>Balance of reserves</b>				
Foreign currency translation reserve	22,991	38,745	(11,164)	(12,437)
	<b>22,991</b>	<b>38,745</b>	<b>(11,164)</b>	<b>(12,437)</b>
	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
<b>Movements of reserves</b>				
<b>Hedging reserve – cash flow hedges (net of tax)</b>				
Balance at the beginning of the year	-	(461,767)	-	-
Revaluation (gross) on interest rate swap contracts	-	(48,037)	-	-
Cash flow hedge reserve recycled to profit & loss*	-	509,804	-	-
<b>Balance at the end of the year</b>	-	-	-	-
<b>Foreign currency translation reserve</b>				
Balance at the beginning of the year	38,745	57,193	(12,437)	(12,657)
Net exchange differences on translation of foreign controlled entities	(15,754)	114,135	1,273	220
Deconsolidation of subsidiaries	-	(132,583)	-	-
<b>Balance at the end of the year</b>	<b>22,991</b>	<b>38,745</b>	<b>(11,164)</b>	<b>(12,437)</b>
<b>Other reserve**</b>				
Balance at the beginning of the year	-	(1,559,979)	-	-
Transfer of other reserve to accumulated losses	-	1,559,979	-	-
<b>Balance at the end of the year</b>	-	-	-	-

\* Hedge accounting for the M6 Toll swaps was discontinued on 24 April 2013. Fair value gains of \$60.1m between this date and the date from which the M6 Toll group was no longer consolidated have been recorded in the profit and loss account.

\*\* On the demerger from MIG, a reserve was recognised representing the difference between the fair value of securities issued and the historical carrying values of the interests in the assets acquired. For simplified disclosure purposes, the balance of this "other reserve" was transferred to accumulated losses in 2013.

### 16 Accumulated losses

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity holders
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000
<b>Balance at the beginning of the year</b>	(585,267)	(417,108)	(135,219)	(139,304)
(Loss)/profit attributable to shareholders	(38,193)	1,419,384	(12,368)	4,085
Dividends paid	(33,569)	(27,564)	-	-
Other reserve balance transferred	-	(1,559,979)	-	-
<b>Balance at the end of the year</b>	<b>(657,029)</b>	<b>(585,267)</b>	<b>(147,587)</b>	<b>(135,219)</b>

# Financial Report

## for the year ended 31 December 2014

### 17 Segment information

#### (a) Description of segments

Management has determined the operating segments based on the reports reviewed by the chief operating decision maker, being the MQA Boards.

The MQA Boards consider the business from the aspect of each of the toll road portfolio assets and have identified four and two operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in APRR, Dulles Greenway, Chicago Skyway and Warnow Tunnel. The segments of the MARL Group are the investments in Dulles Greenway and Chicago Skyway. Following the deconsolidation of M6 Toll and the restructuring of Indiana Toll Road, these assets are no longer considered operating segments by the MQA Boards (refer to note 5 and 10).

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2014 by individual portfolio asset. The MQA Boards are provided with performance information on each asset, in their capacity as chief operating decision maker, to monitor the operating performance of each asset.

#### (b) Segment information provided to the MQA Boards

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2014, based on MQA's effective ownership interest is as follows:

	APRR	Dulles Greenway	Chicago Skyway	Warnow Tunnel	Total MQA
	Year ended	Year ended	Year ended	Year ended	Year ended
	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 2014	31 Dec 2014
MQA	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	623,693	43,731	20,142	9,778	697,344
Segment expenses	(183,030)	(8,826)	(2,358)	(3,283)	(197,497)
Segment EBITDA	440,663	34,905	17,784	6,495	499,847
EBITDA Margin	71%	80%	88%	66%	72%

The segment revenue disclosed in the table above primarily relates to toll revenue generated by the assets from external customers.

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2013, based on MQA's effective ownership interest is as follows:

	APRR	Dulles Greenway	Chicago Skyway	Warnow Tunnel	Total MQA
	Year ended	Year ended	Year ended	Year ended	Year ended
	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013	31 Dec 2013
MQA	\$'000	\$'000	\$'000	\$'000	\$'000
Segment revenue	562,017	38,808	18,647	8,711	628,183
Segment expenses	(167,218)	(8,327)	(2,122)	(2,986)	(180,653)
Segment EBITDA	394,799	30,481	16,525	5,725	477,530
EBITDA Margin	70%	79%	89%	66%	71%

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for year ended 31 December 2014, based on the MARL Group's effective ownership interest is as follows:

	Dulles Greenway	Chicago Skyway	Total MARL Group
	Year ended	Year ended	Year ended
	31 Dec 2014	31 Dec 2014	31 Dec 2014
MARL Group	\$'000	\$'000	\$'000
Segment revenue	5,860	20,142	26,002
Segment expenses	(1,183)	(2,358)	(3,541)
Segment EBITDA	4,677	17,784	22,461
EBITDA Margin	80%	88%	86%

The segment revenue disclosed in the table above primarily relates to toll revenue generated by the assets from external customers.

# Financial Report

## for the year ended 31 December 2014

### 17 Segment information (continued)

#### (b) Segment information provided to the MQA Boards (continued)

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2013, based on the MARL Group's effective ownership interest is as follows:

	Dulles Greenway	Chicago Skyway	Total MARL Group
	Year ended	Year ended	Year ended
	31 Dec 2013	31 Dec 2013	31 Dec 2013
	\$'000	\$'000	\$'000
MARL Group			
Segment revenue	5,200	18,647	23,847
Segment expenses	(1,116)	(2,122)	(3,238)
Segment EBITDA	4,084	16,525	20,609
EBITDA Margin	79%	89%	86%

A reconciliation of MQA and the MARL Group's segment revenue and EBITDA to its total revenue and (loss)/profit from continuing activities before income tax is provided as follows:

	MQA	MQA	MARL Group	MARL Group
	Year ended	Year ended	Year ended	Year ended
	31 Dec 2014	31 Dec 2013	31 Dec 2014	31 Dec 2013
	\$'000	\$'000	\$'000	\$'000
<b>Reconciliation of segment revenue to revenue</b>				
Segment revenue	697,344	628,183	26,002	23,847
Revenue attributable to investments accounted for under the equity method*	(697,344)	(628,183)	(26,002)	(23,847)
Unallocated revenue	2,139	890	1,412	1,755
<b>Total revenue</b>	<b>2,139</b>	<b>890</b>	<b>1,412</b>	<b>1,755</b>
<b>Reconciliation of segment EBITDA to (loss)/profit before income tax (expense)/benefit</b>				
Segment EBITDA	499,847	477,530	22,461	20,609
EBITDA attributable to investments accounted for under the equity method*	(499,847)	(477,530)	(22,461)	(20,609)
Unallocated revenue	2,139	890	1,412	1,755
Unallocated expenses	(83,855)	(23,529)	(6,702)	(3,037)
Share of net profit/(loss) of investments accounted for using the equity method	31,160	64,543	(7,078)	5,367
<b>(Loss)/Profit from continuing operations before income tax (expense)/benefit</b>	<b>(50,556)</b>	<b>41,904</b>	<b>(12,368)</b>	<b>4,085</b>

\* Revenue and EBITDA attributable to investments accounted for under the equity method is included within the "Share of net profit/(loss) of investments accounted for using the equity method" line in the Statements of Comprehensive Income. Proportionate revenue and EBITDA relating to investments accounted for under the equity method is included in the information reported to the MQA Boards.



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for the year ended 31 December 2014

## 18 Earnings per stapled share

	MARIL	MARIL	MARL	MARL
	Year ended 31 Dec 2014 cents	Year ended 31 Dec 2013 cents	Year ended 31 Dec 2014 cents	Year ended 31 Dec 2013 cents
Basic and diluted (loss)/earnings from continuing operations per MARIL/MARL share	(7.68)	7.86	(2.49)	0.85
Basic and diluted earnings from deconsolidated operation	-	287.09	-	-
Basic and diluted (loss)/earnings per MARIL/MARL share	(7.68)	294.95	(2.49)	0.85
	\$'000	\$'000	\$'000	\$'000
Earnings used in the calculation of basic and diluted (loss)/profit from continuing operations per MARIL/MARL share*	(38,193)	37,841	(12,368)	4,085
Earnings used in the calculation of basic and diluted profit from deconsolidated operations per MARIL/MARL share*	-	1,381,543	-	-
Earnings used in the calculation of basic and diluted (loss)/profit per MARIL/MARL share*	(38,193)	1,419,384	(12,368)	4,085
	Number	Number	Number	Number
Weighted average number of shares used in calculation of basic and diluted (loss)/earnings per MARIL/MARL share*	497,330,637	481,224,583	497,330,637	481,224,583

\* There is no difference in the (loss)/earnings and weighted average number of shares used in the calculation of basic (loss)/earnings per share and diluted (loss)/earnings per share.

The basic and diluted loss per MQA stapled security for the year ended 31 December 2014 was 10.17 cents (2013: profit of 295.80 cents) per stapled security using MQA loss attributable to MQA stapled security holders of \$50.6 million (2013: profit of \$1,423.5 million).

## 19 Cash flow information

	MQA	MQA	Continued Operation	Deconsolidated Operation*
	Year ended 31 Dec 2014 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2013 \$'000	Year ended 31 Dec 2013 \$'000
<b>Reconciliation of profit after income tax to the net cash flows from operating activities</b>				
(Loss)/Profit from continuing activities after income tax	(50,561)	1,423,469	41,926	1,381,543
(Loss)/Gain on equity accounted assets	(31,160)	(64,543)	(64,543)	-
Expenses relating to financing activities	-	30,808	-	30,808
Net foreign exchange differences	(16)	(487)	(487)	-
Net loss on derivative contracts	-	449,688	-	449,688
Gain on deconsolidation of subsidiaries	-	(1,849,055)	-	(1,849,055)
Gain on sale of non-current assets	-	(35)	-	(35)
Depreciation and amortisation	-	11,132	-	11,132
Issue of securities against performance fees payable	19,400	-	-	-
<b>Changes in operating assets and liabilities</b>				
Increase in receivables	(750)	(2,187)	(815)	(1,372)
Decrease in other assets	(49)	2	2	-
Decrease in tax receivables	-	3,049	3,049	-
Decrease in deferred tax liability	-	(5,867)	-	(5,867)
Increase/(decrease) in payables	38,582	2,677	3,519	(842)
Increase in other liabilities	-	12,253	-	12,253
<b>Net cash inflow from operating activities</b>	<b>(24,554)</b>	<b>10,904</b>	<b>(17,349)</b>	<b>28,253</b>

\* Refer to note 5 for further details

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for the year ended 31 December 2014

## 19 Cash flow information (continued)

	MARL Group Year ended 31 Dec 14 \$'000	MARL Group Year ended 31 Dec 13 \$,000
<b>Reconciliation of (loss)/profit after income tax to the net cash flows from operating activities</b>		
<b>(Loss)/profit from continuing activities after income tax</b>	<b>(12,368)</b>	4,085
Loss/(profit) on equity accounted assets	7,078	(5,367)
Net foreign exchange differences	(9)	(76)
Issue of securities against performance fees payable	1,287	-
<b>Changes in operating assets and liabilities</b>		
(Increase)/decrease in receivables	(14)	509
Increase in other assets	(22)	-
Decrease in tax receivables	-	3,052
Increase/(decrease) in payables	2,584	(268)
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(1,464)</b>	1,935

### *Non-cash financing and investing activities*

#### **Application of performance fees to subscription of new securities**

During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling \$18.1 million (31 December 2013: third instalment of the June 2011 performance fee, totalling \$15.2 million) was applied to a subscription for new MARIL securities. During the year ended 31 December 2014, the first instalment of the June 2014 performance fee, totalling \$1.3 million (31 December 2013: third instalment of the June 2011 performance fee, totalling \$1.5 million) was applied to a subscription for new MARL securities.

## 20 Related party disclosures

### **Adviser and Manager**

The Adviser of MARIL and the Manager of MARL is MFA, a wholly owned subsidiary of Macquarie Group Limited ("MGL").

### **Directors**

The following persons were directors of MARIL during the whole of the year and up to the date of this report:

- Jeffrey Conyers (Chairman)
- James Keyes
- Derek Stapley
- David Walsh

The following persons were directors of MARL during the whole of the year and up to the date of this report (unless otherwise stated):

- David Walsh (Chairman)
- Marc de Cure
- Richard England
- John Roberts
- Nora Scheinkestel (appointed 28 August 2014)

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## for the year ended 31 December 2014

### 20 Related party disclosures (continued)

#### Key Management Personnel

Key Management Personnel ("KMP") are defined in AASB 124 Related Party Disclosures as those having authority and responsibility for planning, directing and controlling the activities of the entity. The directors of MARIL and MARL meet the definition of KMP as they have this authority in relation to the activities of MQA and the MARL Group respectively, however they do not manage day to day activities of the business. The directors have appointed MFA to run and manage the ongoing operations of the business and pay a quarterly management fee in return for these services. There are no other KMP of MQA and the MARL Group.

Compensation in the form of directors' fees that were paid to directors is as follows:

	Year ended 31 Dec 2014 Director's fees \$	Year ended 31 Dec 2013 Director's fees \$
<b>MARIL</b>		
Jeffrey Conyers	83,595	78,595
Peter Dyer*	-	8,597
James Keyes	66,876	54,760
Derek Stapley	78,022	73,355
David Walsh	65,000	65,000
	<b>293,493</b>	<b>280,307</b>
<b>MARL</b>		
David Walsh	185,000	185,000
Marc de Cure	125,000	125,000
Richard England	140,000	140,000
John Roberts**	-	-
Nora Scheinkestel***	42,799	-
	<b>492,799</b>	<b>450,000</b>

\* Resigned 21 February 2013.

\*\* John Roberts was originally nominated by Macquarie and is a consultant to and remunerated by the Macquarie Group.

\*\*\* Appointed to Board of Directors on 28 August 2014.

The compensation paid to directors of MARIL and MARL is determined by reference to current market rates for directorships of similar entities. The level of compensation is not related to the performance of MQA.

The number of MQA stapled securities held directly, indirectly or beneficially by the KMP at 31 December is set out below:

	Directors' interests in MQA Stapled Securities At 31 Dec 2014	Directors' interests in MQA Stapled Securities At 31 Dec 2013
Jeffrey Conyers	40,000	40,000
Marc de Cure	-	-
Richard England	40,000	40,000
James Keyes	-	-
John Roberts	46,108	46,108
Nora Scheinkestel	58,603	-
Derek Stapley	-	-
David Walsh	7,000	7,000
<b>Total</b>	<b>191,711</b>	<b>133,108</b>

#### Adviser/Manager fees

Under the terms of the governing documents of the individual entities within the Groups, fees paid or payable (inclusive of non-recoverable GST and VAT) to the Adviser/Manager of MQA and the MARL Group were:

	MQA Year ended 31 Dec 2014 \$	MQA Year ended 31 Dec 2013 \$	MARL Group Year ended 31 Dec 2014 \$	MARL Group Year ended 31 Dec 2013 \$
Base fee	22,921,082	19,985,168	1,552,649	1,614,990
Performance fees	58,206,685	-	3,867,038	-
<b>Total</b>	<b>81,127,767</b>	<b>19,985,168</b>	<b>5,419,687</b>	<b>1,614,990</b>

## Financial Report

for the year ended 31 December 2014

### 20 Related party disclosures (continued)

#### Adviser/Manager fees (continued)

For the year ended 31 December 2014, the base fee was calculated as 1.75% per annum on the first \$1.0 billion of MQA market capitalisation and 1.00% per annum on MQA market capitalisation over \$1.0 billion at the end of each quarter.

For the year ended 31 December 2013, the base fee was calculated as 2.00% per annum on the first \$1.0 billion of MQA market capitalisation, 1.25% per annum on MQA market capitalisation between \$1.0 billion and \$3.0 billion and 1.00% per annum on MQA market capitalisation over \$3.0 billion at the end of each quarter.

The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the period ended 30 June 2014, a total performance fee of \$58.2 million (excluding GST) was calculated for MQA. This fee is payable in three equal annual instalments. The first instalment of the June 2014 performance fee totalling \$19.4 million was applied to a subscription for new MQA securities in September 2014.

For the 12 months ended 30 June 2013 and 30 June 2012, MQA did not meet the performance criteria for new performance fees to be earned. For the 12 months ended 30 June 2011, a total performance fee of \$50.1 million (excluding GST) was calculated for MQA. This fee was paid in three equal instalments, with the instalments of \$16.7 million being applied to subscriptions for new shares in August 2011, July 2012 and September 2013 respectively.

Fees are apportioned between MARL and MARIL based on each entity's share of the net assets of MQA.

#### Other transactions

MGL and companies within the MGL Group undertake various transactions with, and perform various services for MQA. Fees paid to MGL are approved solely by the independent directors on the boards of MARIL and MARL and where appropriate, external advice is sought by the directors to ensure that the fees and terms of engagement are representative of arm's length transactions.

At 31 December 2014, Macquarie Capital Group Limited, a subsidiary of MGL, beneficially held 82,465,523 (2013: 95,080,259) stapled securities through its principal position in MQA.

At 31 December 2014, entities within the Groups had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL:

	MQA As at 31 Dec 2014 \$	MQA As at 31 Dec 2013 \$	MARL Group As at 31 Dec 2014 \$	MARL Group As at 31 Dec 2013 \$
Cash held with MBL	9,044,454	2,272,411	7,968,732	611,823
<b>Total</b>	<b>9,044,454</b>	<b>2,272,411</b>	<b>7,968,732</b>	<b>611,823</b>

During the year, entities within the Groups had the following transactions with related parties:

	MQA Year ended 31 Dec 2014 \$	MQA Year ended 31 Dec 2013 \$	MARL Group Year ended 31 Dec 2014 \$	MARL Group Year ended 31 Dec 2013 \$
Interest earned on deposits with MBL	129,547	81,349	66,503	32,224
Reimbursement of expenses paid by MGL Group Companies on behalf of MQA	800,290	679,760	576,561	449,274
Advisory fees paid to Macquarie Capital (Australia) Limited for issue of securities	626,185	-	45,313	-

# Financial Report

## for the year ended 31 December 2014

### 20 Related party disclosures (continued)

#### *Other balances and transactions*

At 31 December 2014, MARL had a receivable balance with MARIL of \$4,654,851 (2013:\$15,469,564) which is made up of an interest bearing loan of \$4,373,329 (2013: \$15,201,380) accrued interest on this loan of \$284,080 (2013: \$246,810) and other non-interest bearing payable of \$2,558 (2013: receivable of \$21,374). The loan owing from MARIL to MARL bears interest at BBSW plus a margin of 3.0% - 4.0% and the principal of \$4,654,851 (2013: \$15,201,380) is due in 2017, the interest of \$284,080 (2013: \$246,810) is payable in 2015. Related party interest between MARIL and MARL totalled \$809,219 (2013: \$1,324,946) for the year.

At 31 December 2014, entities within the Groups had the following balances receivable from Associates:

	MQA	MQA	MARL Group	MARL Group
	As at 31 Dec 2014	As at 31 Dec 2013	As at 31 Dec 2014	As at 31 Dec 2013
	\$	\$	\$	\$
M6 Toll management fee	743,103	-	-	-
<b>Total</b>	<b>743,103</b>	<b>-</b>	<b>-</b>	<b>-</b>

During the year, entities within the Groups received the following from Associates:

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2014	Year ended 31 Dec 2013	Year ended 31 Dec 2014	Year ended 31 Dec 2013
	\$	\$	\$	\$
Reimbursement of expenses	-	509,990	-	-
M6 Toll management fee	758,355	-	-	-
Principal & interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA	96,605,666	48,290,257	-	-

MQA utilises the services provided by MBL's foreign exchange and treasury departments from time to time on arm's length terms.

All of the above amounts represent payments on normal commercial terms made in relation to the provision of goods and services.

### 21 Financial risk and capital management

#### *Financial risk management*

The Groups' activities expose them to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Groups' overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Groups. The Groups use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

The Risk Management Policy and Framework is carried out by management under policies approved by the Boards. MFA identifies, quantifies and qualifies financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

#### *Market risk*

##### *(a) Foreign exchange risk*

Foreign exchange risk arises when recognised assets and liabilities and future commercial transactions are denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The Groups operate internationally and are exposed to foreign exchange risk mainly arising from currency exposures to the Euro, Pound Sterling and United States Dollar.

# Financial Report

## for the year ended 31 December 2014

### 21 Financial risk and capital management (continued)

#### Market risk (continued)

##### (a) Foreign exchange risk (continued)

The Groups do not hedge the foreign exchange exposure on overseas investments due to their long term horizon. However, commitments to make investments which are denominated in foreign currencies are hedged, by way of forward contracts, with maturities as close as possible to the time of making the commitment or raising the required capital.

Monetary items are converted to the Australian Dollar ("AUD") at the rate of exchange ruling at the financial reporting date. Derivative instruments are valued with reference to forward exchange rates from the year end to settlement date, as provided by independent financial institutions.

In assessing foreign exchange risk, management has assumed the following possible movements in the Australian dollar:

- AUD/EUR exchange rate increased/decreased by 8 Euro cents (2013: 9 Euro cents)
- AUD/GBP exchange rate increased/decreased by 7 UK pence (2013: 8 UK pence)
- AUD/USD exchange rate increased/decreased by 12 US cents (2013: 15 US cents)

The below tables display the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the movements in foreign exchange rates as outlined above occur. The Groups' management have determined the above movements in the Australian dollar to be a reasonably possible shift following analysis of foreign exchange volatility for relevant currencies over the last 5 years.

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000
<b>MQA Group</b>								
Total financial assets	(285)	(383)	(285)	(383)	367	516	367	516
Total financial liabilities	14	18	14	18	(18)	(26)	(18)	(26)
<b>Total</b>	<b>(271)</b>	<b>(365)</b>	<b>(271)</b>	<b>(365)</b>	<b>349</b>	<b>490</b>	<b>349</b>	<b>490</b>

	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000
<b>MARL Group</b>								
Total financial assets	(6)	(10)	(6)	(10)	8	13	8	13
Total financial liabilities	2	1	2	1	(3)	(1)	(3)	(1)
<b>Total</b>	<b>(4)</b>	<b>(9)</b>	<b>(4)</b>	<b>(9)</b>	<b>(5)</b>	<b>12</b>	<b>(5)</b>	<b>12</b>

##### (b) Interest rate risk

The Groups have no significant interest bearing assets and liabilities whose fair value is significantly impacted by changes in market interest rates.

In assessing interest rate risk, management has assumed the following movements in the identified interest rates:

- Bank bill swap reference rate (AUD BBSW 90 days) increased/decreased by 69 bps (2013: 88 bps)
- Bank bill swap reference rate (EURIBOR 90 days) increased/decreased by 49 bps (2013: 76 bps)
- Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 18 bps (2013: 41 bps)
- Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 23 bps (2013: 58 bps)
- Bank bill swap reference rate (AUD BBSW 6 months) increased/decreased by 76 bps (2013: 103 bps)

The below tables display the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the above interest rate movements occur. The Groups' management have determined the above movements in interest rates to be a reasonably possible shift following analysis of the interest spreads of comparable debt instruments over the past 5 years.

# Financial Report

for the year ended 31 December 2014

## 21 Financial risk and capital management (continued)

### Market risk (continued)

#### (b) Interest rate risk (continued)

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000
<b>MQA Group</b>								
Total financial assets	203	150	203	150	(203)	(150)	(203)	(150)
Total financial liabilities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>203</b>	<b>150</b>	<b>203</b>	<b>150</b>	<b>(203)</b>	<b>(150)</b>	<b>(203)</b>	<b>(150)</b>

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000	P&L 2014 \$'000	P&L 2013 \$'000	Equity 2014 \$'000	Equity 2013 \$'000
<b>MARL Group</b>								
Total financial assets	233	330	233	330	(233)	(330)	(233)	(330)
Total financial liabilities	-	-	-	-	-	-	-	-
<b>Total</b>	<b>233</b>	<b>330</b>	<b>233</b>	<b>330</b>	<b>(233)</b>	<b>(330)</b>	<b>(233)</b>	<b>(330)</b>

Financial assets include cash and cash equivalents, cash not available for use, receivables and prepayments.

Financial liabilities include payables.

#### Credit risk

Potential areas of credit risk consist of deposits with banks and financial institutions as well as receivables from associates and Governments. The Groups limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. With the exception of the transactions between MARIL and MARL, the Groups transact with independently rated parties with appropriate minimum short term credit ratings of A-1. The Boards from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis.

Sound credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security.

The following table sets out the counterparties with which the Groups transact and therefore provides an indication of the credit risk exposures.

	MQA				MARL Group			
	Financial Institutions	Corporates and other	Government	Total	Financial Institutions	Corporates and other	Government	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>								
Cash and cash equivalents	30,116	-	-	30,116	28,884	-	-	28,884
Cash not available for use	1,763	-	-	1,763	-	-	-	-
Receivables	-	743	54	797	-	4,667	51	4,718
<b>Total</b>	<b>31,879</b>	<b>743</b>	<b>54</b>	<b>32,676</b>	<b>28,884</b>	<b>4,667</b>	<b>51</b>	<b>33,602</b>

	MQA				MARL Group			
	Financial Institutions	Corporates and other	Government	Total	Financial Institutions	Corporates and other	Government	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2013</b>								
Cash and cash equivalents	17,656	-	-	17,656	15,738	-	-	15,738
Cash not available for use	1,836	-	-	1,836	-	-	-	-
Receivables	-	-	44	44	-	15,479	43	15,522
<b>Total</b>	<b>19,492</b>	<b>-</b>	<b>44</b>	<b>19,536</b>	<b>15,738</b>	<b>15,479</b>	<b>43</b>	<b>31,260</b>

# Financial Report

## for the year ended 31 December 2014

### 21 Financial risk and capital management (continued)

#### Credit risk (continued)

##### Financial institutions

The credit risk to financial institutions relates to cash held by and term deposits due from Australian and OECD banks. In line with the credit risk policies of the Groups these counterparties must meet a minimum short term credit rating of A-1.

##### Corporates and other and Government

The MQA and MARL Group credit risk relates primarily to receivables from related parties and other receivables from government authorities. These counterparties have a range of credit ratings.

##### Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Groups have a liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or highly liquid cash assets, anticipated cash in and outflows and exposure to connected parties.

The below tables display the forecast contractual undiscounted future cash outflows of the liabilities at balance date of MQA and the MARL Group.

2014	MQA	MQA	MQA	MQA	MARL Group	MARL Group	MARL Group	MARL Group
	Less than 1 Year	1-2 Years	Greater than 2 Years	Total	Less than 1 Year	1-2 Years	Greater than 2 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>2014</b>								
<b>Payables</b>	<b>25,935</b>	<b>19,400</b>	<b>-</b>	<b>45,335</b>	<b>2,023</b>	<b>1,287</b>	<b>-</b>	<b>3,310</b>
<b>Total</b>	<b>25,935</b>	<b>19,400</b>	<b>-</b>	<b>45,335</b>	<b>2,023</b>	<b>1,287</b>	<b>-</b>	<b>3,310</b>

2013	MQA	MQA	MQA	MQA	MARL Group	MARL Group	MARL Group	MARL Group
	Less than 1 Year	1-2 Years	Greater than 2 Years	Total	Less than 1 Year	1-2 Years	Greater than 2 Years	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Payables	6,754	-	-	6,754	717	-	-	717
Total	6,754	-	-	6,754	717	-	-	717

##### Fair value estimation

Fair value reflects the amount for which an asset could be exchanged or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Quoted prices or rates are used to determine fair value where an active market exists. If the market for a financial instrument is not active, fair values are estimated using present value or other valuation techniques, using inputs based on market conditions prevailing on the measurement date.

The Group classifies fair value measurement using a fair value hierarchy as outlined below:

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

The appropriate level for an instrument is determined on the basis of the lowest level input that is significant to the fair value measurement.

The fair value of all financial assets (excluding Investments accounted for using the equity method) and financial liabilities approximates their carrying value at balance sheet date.



# Financial Report

## for the year ended 31 December 2014

### 21 Financial risk and capital management (continued)

#### Capital management

The Groups' capital management objectives are to:

- Ensure sufficient capital resources to support the Groups' business and operational requirements; and
- Safeguard the Groups' ability to continue as a going concern.

Annual reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 31 December 2014 the Groups do not have any externally imposed capital requirements.

### 22 Parent entity financial information

#### (a) Summary financial information

In accordance with the *Corporations Act 2001*, the individual financial statements for MARIL and MARL are shown in aggregate amounts below:

	MARIL 31 Dec 2014 \$'000	MARIL 31 Dec 2013 \$'000	MARL 31 Dec 2014 \$'000	MARL 31 Dec 2013 \$'000
<b>Statement of Financial Position</b>				
Current assets	1,113	1,902	29,219	16,097
Non-current assets	714,027	710,667	78,500	91,247
<b>Total assets</b>	<b>715,140</b>	<b>712,569</b>	<b>107,719</b>	<b>107,344</b>
Current liabilities	(23,782)	(7,311)	(1,972)	(681)
Non-current liabilities	(24,662)	(15,201)	(1,290)	-
<b>Total liabilities</b>	<b>(48,444)</b>	<b>(22,512)</b>	<b>(3,262)</b>	<b>(681)</b>
<b>Shareholders' equity</b>				
Issued capital	1,410,129	1,369,407	205,552	200,330
Retained earnings	(743,433)	(679,350)	(101,095)	(93,667)
	<b>666,696</b>	<b>690,057</b>	<b>104,457</b>	<b>106,663</b>
<b>(Loss)/profit for the year</b>	<b>(30,513)</b>	<b>(11,908)</b>	<b>(7,429)</b>	<b>777</b>
<b>Total comprehensive income</b>	<b>(30,513)</b>	<b>(11,908)</b>	<b>(7,429)</b>	<b>777</b>

#### (b) Guarantees entered into by the parent entities

MARIL and MARL have not provided any financial guarantees in respect to bank overdrafts and loans of subsidiaries as at 31 December 2014 and 31 December 2013. MARIL and MARL have not given any unsecured guarantees at 31 December 2014 and 31 December 2013.

#### (c) Contingent liabilities of the parent entities

Refer to Note 23 for MARIL and MARL's contingent liabilities as at 31 December 2014 and 31 December 2013.

# Financial Report

## for the year ended 31 December 2014

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### **23 Contingent liabilities**

MQA had the following contingent liabilities at 31 December 2014 and 31 December 2013. No provisions have been raised against these items unless stated below. The MARL Group had no contingent liabilities at 31 December 2014 and 31 December 2013.

#### ***Warnow Tunnel***

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million (\$1.8 million) (31 December 2013: €1.2 million (\$1.8 million)), in the event of a senior debt payment event of default by WQG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million (\$1.8 million) (31 December 2013: €1.2 million (\$1.8 million)) has been deposited. These funds are restricted.

#### ***Acquisition of Additional Stake in APRR – Contingent Consideration***

Following the July 2014 acquisition of an additional 1.41% interest in Macquarie Autoroutes de France 2 SA (see Directors' Report for further details), further contingent consideration up to a maximum €5.1m (\$7.6 million) may become payable depending on certain operational assumptions being realised by 31 December 2015.

### **24 Events occurring after balance sheet date**

#### ***French Political Update***

In January 2015 the French Government announced the establishment of a working group, comprising members of parliament and government representatives, with the objective of considering options for the renegotiation of the existing toll concession agreements, or in the alternative, the termination of these agreements.

Pending the recommendations of the working group, the government decided to defer the toll increases contractually scheduled for 1 February 2015.

#### ***Eiffarie Debt Refinancing***

On 19 February 2015, completion was reached on the refinancing of the debt facility at Eiffarie SAS, the holding company for APRR. This comprised a €1.5 billion term loan, which together with the proceeds of a distribution from APRR, will be applied towards the full repayment of Eiffarie's existing €2.5 billion debt facility, due to mature in February 2017. In addition, APRR has signed a €1.8 billion revolving credit facility which will replace its existing undrawn €720 million credit facility.

Since balance date, there have been no other matters or circumstances not otherwise dealt with in the Financial Report that has significantly affected or may significantly affect the operations of the groups, the result of those operations or the state of affairs of the Groups in period subsequent to the year ended 31 December 2014.

# Financial Report

## for the year ended 31 December 2014

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### Directors' Declaration – Macquarie Atlas Roads International Limited

The directors of Macquarie Atlas Roads International Limited ("MARIL") declare that:

- a) the Financial Report of MARIL and its controlled entities ("MQA") and Notes set out on pages 13 to 50:
  - i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
  - ii) give a true and fair view of the financial position of the MQA as at 31 December 2014 and of its performance for the year ended on that date; and
- b) there are reasonable grounds to believe that MARIL will be able to pay its debts as and when they become due and payable; and

The Directors confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



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Jeffrey Conyers  
Chairman  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda  
25 February 2015



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Derek Stapley  
Director  
Macquarie Atlas Roads International Limited  
Hamilton, Bermuda  
25 February 2015

# Financial Report

## for the year ended 31 December 2014

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### Directors' Declaration – Macquarie Atlas Roads Limited

The directors of Macquarie Atlas Roads Limited ("MARL") declare that:

- a) the Financial Report of MARL and its controlled entities ("the MARL Group") and Notes set out on pages 13 to 50 are in accordance with the constitution of MARL and the *Corporations Act 2001*, including:
  - i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
  - ii) giving a true and fair view of the financial position of the MARL Group as at 31 December 2014 and of their performance for the year ended as on that date; and
- b) there are reasonable grounds to believe that MARL will be able to pay its debts as and when they become due and payable; and

The Directors confirm that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

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



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David Walsh  
Chairman  
Macquarie Atlas Roads Limited  
Sydney, Australia  
26 February 2015



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Richard England  
Director  
Macquarie Atlas Roads Limited  
Sydney, Australia  
26 February 2015



# **Independent Auditor's Report to the Members of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited**

## ***Report on the Financial Reports***

We have audited the accompanying Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, which comprise the consolidated statements of financial position as at 31 December 2014, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declarations for Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited. Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited and the entities it controlled during the year, and Macquarie Atlas Roads Limited and the entities it controlled during the year. Macquarie Atlas Roads Limited Group ("MARL Group") comprises Macquarie Atlas Roads Limited and the entities it controlled during the year.

### ***Directors' responsibility for the Financial Reports***

The directors of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are responsible for the preparation of Financial Reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* (as applicable) and for such internal control as the directors determine is necessary to enable the preparation of Financial Reports that are free from material misstatement, whether due to fraud or error. In Note 1(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the Financial Reports comply with *International Financial Reporting Standards*.

### ***Auditor's responsibility***

Our responsibility is to express an opinion on the Financial Reports based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the Financial Reports are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Reports. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Financial Reports, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the Financial Reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Financial Reports.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### *Independence*

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001* (as applicable).

### *Auditor's opinion*

In our opinion:

- (a) the Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are in accordance with the *Corporations Act 2001* (as applicable), including:
  - (i) giving a true and fair view of Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial position as at 31 December 2014 and of their performance for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (as applicable)
- (b) the Financial Reports and notes also comply with International Financial Reporting Standards as disclosed in Note 1(a).

### ***Report on the Remuneration Report***

We have audited the Remuneration Report for Macquarie Atlas Roads Limited included on pages 9 to 10 of the Directors' report for the year ended 31 December 2014. The directors of Macquarie Atlas Roads Limited are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

### *Auditor's opinion*

In our opinion, the Remuneration Report of Macquarie Atlas Roads Limited for the year ended 31 December 2014 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

Craig Stafford  
Partner

Sydney  
26 February 2015