MACQUARIE ATLAS ROADS

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

MACQUARIE

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 2012

Financial Report
for the year ended 31 December 2012

Contents

Directors' Report
for the year ended 31 December 2012

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 2012. AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate 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 2012.

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

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.

Directors

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

- Jeffrey Conyers (Chairman)
- Peter Dyer
- David Walsh
- Derek Stapley

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)
- John Roberts
- Richard England
- Marc de Cure

Dividends

No dividend was paid or declared by MARIL or MARL for the year ended 31 December 2012.

Directors' Report
for the year ended 31 December 2012

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	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Revenue and other income from continuing operations	**93,479**	91,889	**1,681**	1,800
Loss for the year	**(124,435)**	(289,489)	**(3,073)**	(62,028)
Loss attributable to:				
Equity holders of the parent – MARIL	**(121,362)**	(227,461)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)	**(3,073)**	(62,028)	**(3,073)**	(62,028)
Stapled security holders	**(124,435)**	(289,489)	**(3,073)**	(62,028)
	Cents	Cents	**Cents**	Cents
Basic loss from continuing operations per MARIL/MARL share	**(25.75)**	(49.84)	**(0.65)**	(13.59)

MQA consolidates the wholly owned M6 Toll's income and expense items into its statutory financial statements. MQA's share of results of its non-controlled toll road assets are disclosed as share of net losses of investments accounted for using the equity method.

MQA's loss from continuing activities after tax for the year ended 31 December 2012 was $124.4 million (2011: $289.5 million). The decrease in the loss for the period reflects the following significant movements:

- Other operating costs of $88.6 million (2011: $206.7 million) have decreased due to no new performance fees being incurred during the year ended 31 December 2012. For the year ended 31 December 2011, total performance fees of $50.1 million (excluding GST) were determined and recognised by MQA. Also, a provision for impairment on non-controlled investments of $67.4 million was created in the previous year. No such provision has been recognised in the current year.

- Share of net losses of investments accounted for using the equity method has decreased to $40.6 million (2011: $90.3 million). MQA's share of net losses comprises the following: Autoroutes Paris-Rhine-Rhône ("APRR") loss of $26.0 million (2011: loss of $21.6 million), Dulles Greenway loss of $14.6 million (2011: loss of $18.2 million), Chicago Skyway loss of $nil (2011: loss of $50.5 million).

  The decrease in the share of net losses of investments accounted for using the equity method is primarily due to the following:

  (i) The results include fair value losses on interest rate swaps of $27.0 million for the year ended 31 December 2012 compared to fair value losses of $70.1 million in the year ended 31 December 2011. The majority of the fair value gains/losses on interest rate swaps are taken through reserves (accounted for as effective hedges) at the non-controlled asset level. Derivative instruments are recorded at fair value which can result in significant volatility in a given period as market expectations of interest rates fluctuate.

  (ii) No further losses have been brought to account with regard to Chicago Skyway (2011: loss of $50.5 million) because the carrying value of this asset has been reduced to nil.

Significant Changes in State of Affairs

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

Directors' Report
for the year ended 31 December 2012

Events Occurring after Balance Sheet Date

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 2012.

Likely Developments and Expected Results of Operations

Further information on likely developments relating to the operations of the Groups in future years and the expected results of those operations have not been included in this report because the directors of MARL and MARIL believe it would be likely to result in unreasonable prejudice to the Groups.

Indemnification and Insurance of Officers and Auditors

During the year, MARL and MARIL paid premiums of $116,991 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 company Constitution or Bye-Laws (as applicable) as well as 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. The following environmental regulation applies to MQA's controlled asset:

Midland Expressway Limited constructed the M6 Toll road under a series of orders made in 1998 by the UK Secretary of State for Transport pursuant to his powers under the Highways Act 1980 and the New Roads and Street Works Act 1991. Prior to that, the M6 Toll had been the subject of a full environmental impact assessment that was considered in detail at a public inquiry held in 1994 and 1995. The public inquiry produced a list of specific environmental commitments and undertakings. There have been no significant breaches of the environmental legislation, commitments or undertakings.

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 05/642 as amended by Class Order 10/655.

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 2012

Information on Directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at 31 Dec 2012	31 Dec 2011
David Walsh LLB Independent Director	***Experience:*** David Walsh is a 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. He established the firm's Hong Kong office and was resident in Hong Kong from 1988 to 1991. David had a wide-ranging corporate and commercial practice which included mergers and acquisitions, cross-border investment and international trade, anti-trust law, industrial property, insurance, telecommunications, civil engineering and construction, and commercial litigation. From 2005-2011 he was a senior legal consultant to Telstra. ***Other current Directorships:*** MARIL ***Former Directorships in last 3 years:*** Templeton Global Growth Fund Limited (Chairman) and Intoll Management Limited, formerly Macquarie Infrastructure Investment Management Limited.	Chairman of Board	**7,000***	7,000*
John Roberts LLB Non-Executive Director	***Experience:*** John Roberts joined Macquarie in 1991 and is Executive Chairman of the Macquarie Funds Group, which has over A$300 billion of capital under management and includes the activity of the Macquarie Infrastructure and Real Assets division ("MIRA"). John serves on the Boards and/or Investment Committees of a number of Macquarie-managed international infrastructure entities to provide oversight and strategic direction to individual fund management executive teams. Previous roles within Macquarie include Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds. ***Other current Directorships:*** Sydney Airports Limited, DUET group entities and Macquarie Infrastructure Company Inc. ***Former Directorships in last 3 years:*** Southern Cross Media Group Limited and Macquarie International Infrastructure Fund Limited.	-	**46,108***	46,108*
Richard England FCA MAICD Independent Director	***Experience:*** Richard England, who is also the Chairman of the Audit and Risk Committee of MARL, is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. Since 1994, in addition to past consulting roles with Ernst & Young and Sims Partners, Richard has held a number of chairmanships and directorships. ***Other current Directorships:*** Other current directorships include Ruralco Holdings Limited, Nanosonics Limited, Chandler Macleod Group Limited. ***Former Directorships in last 3 years:*** Healthscope Limited and Choiseul Investment Limited (delisted).	Chairman of Audit and Risk Committee, Remuneration Committee and Nominations Committee	**40,000**	30,000
Marc de Cure BCom (Hons) MWQ FCA Independent Director	***Experience:*** Marc de Cure is a company director and advisor. He is a member of the Advisory Council of the Australian School of Business at University of New South Wales. He was formerly the Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong during its IPO/listing and was an executive director of a number of AIA group companies including AIA Australia. He was the 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, and also held other senior executive and executive director positions at AMP Limited. He was a Principal Advisor to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers specialising in M&A, initial public offerings/capital raisings, risk management and assurance. ***Other Current Directorships:*** No other listed entities. ***Former Directorships in last 3 years:*** MARL (1 June 2010 to 1 November 2010).	-	**-**	-

***** Acquired on demerger of MIG

Directors' Report
for the year ended 31 December 2012

MARL Company Secretary

The Company Secretary of MARL is Ms Christine Williams, a practising solicitor. Ms Christine Williams is an Executive Director of MGL. Mr Kean Hao Lim who is an Associate Director of MGL was also a Company Secretary of MARL but resigned with effect from 27 April 2012.

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 2012, and the numbers of meetings attended by each director were:

	Board		Audit and Risk Committee		Nominations and Remuneration Committees	
MARL Director	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**
David Walsh (Chairman)	8	8	4	4	1	1
John Roberts	8	4	N/A	N/A	N/A	N/A
Richard England	8	8	4	4	1	1
Marc de Cure	8	8	4	4	1	1

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 2012 independent directors were entitled to director's fees per the remuneration table on page 9.

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 2012

Details of remuneration (audited)

Remuneration of directors

	MARL Group Year ended 31 Dec 2012 Director's fees $	MARL Group Year ended 31 Dec 2011 Director's fees $
MARL Independent Directors		
David Walsh (Chairman)	**185,000**	185,000
Richard England	**140,000**	140,000
Marc de Cure	**125,000**	51,291
Jeffrey Conyers	**-**	28,085
	450,000	404,376

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 nor were granted to directors at 31 December 2012.

Directors' holdings of stapled securities

Refer to the Information on Directors on page 7.

MARL Non-Audit Services

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 10.

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 undermine the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' Report
for the year ended 31 December 2012

MARL Non-Audit Services (continued)

	MARL Group Year ended 31 Dec 2012 $	MARL Group Year ended 31 Dec 2011 $
Taxation services		
PricewaterhouseCoopers Australian firm	**-**	14,600
PricewaterhouseCoopers Overseas firm	**70,869**	154,777
Total remuneration for taxation services	**70,869**	169,377
Other services		
PricewaterhouseCoopers Australian firm	**6,163**	14,500
Total remuneration for other services	**6,163**	14,500
Total	**77,032**	183,877

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 11.

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
21 February 2013

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
21 February 2013

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

David Walsh
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
22 February 2013

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
22 February 2013

Auditor’s Independence Declaration

As lead auditor for the audit of Macquarie Atlas Roads Limited for the year ended 31 December 2012, 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 year.

Wayne Andrews
Partner
PricewaterhouseCoopers

Sydney
22 February 2013

Financial Report
for the year ended 31 December 2012

Consolidated Statements of Comprehensive Income

	Note	**MQA** **Year ended 31 Dec 2012 $'000**	MQA Year ended 31 Dec 2011 $'000	**MARL Group** **Year ended 31 Dec 2012 $'000**	MARL Group Year ended 31 Dec 2011 $'000
Revenue and other income from continuing operations					
Revenue from continuing operations		**93,384**	91,850	**1,681**	1,800
Other income from continuing operations		**95**	39	**-**	-
Total revenue and other income from continuing operations	2(i)	**93,479**	91,889	**1,681**	1,800
Operating expenses from continuing operations					
Finance costs		**(104,629)**	(102,642)	**-**	-
Other operating expenses		**(88,568)**	(206,679)	**(2,742)**	(10,970)
Total operating expenses from continuing operations	2(ii)	**(193,197)**	(309,321)	**(2,742)**	(10,970)
Share of net loss of investments accounted for using the equity method	8	**(40,644)**	(90,331)	**(1,951)**	(52,970)
Loss from continuing operations before income tax benefit		**(140,362)**	(307,763)	**(3,012)**	(62,140)
Income tax benefit	3	**15,927**	18,274	**(61)**	112
Loss for the year		**(124,435)**	(289,489)	**(3,073)**	(62,028)
Other comprehensive income					
Exchange differences on translation of foreign operations		**(48,982)**	(11,400)	**(304)**	(581)
Cash flow hedges, net of tax		**(6,712)**	(315,998)	**-**	-
Other comprehensive income for the year, net of tax		**(55,694)**	(327,398)	**(304)**	(581)
Total comprehensive income for the year		**(180,129)**	(616,887)	**(3,377)**	(62,609)
Loss attributable to:					
Equity holders of the parent entity – MARIL		**(121,362)**	(227,461)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/ parent entity)		**(3,073)**	(62,028)	**(3,073)**	(62,028)
Stapled security holders		**(124,435)**	(289,489)	**(3,073)**	(62,028)
Total comprehensive income attributable to:					
Equity holders of the parent entity – MARIL		**(176,752)**	(554,278)	**-**	-
Equity holder of other stapled entity – MARL (as non-controlling interest/ parent entity)		**(3,377)**	(62,609)	**(3,377)**	(62,609)
Stapled security holders		**(180,129)**	(616,887)	**(3,377)**	(62,609)
Loss per share from continuing operations attributable to MARIL/MARL shareholders					
Basic loss per share from continuing operations attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	21	**(25.75)**	(49.84)	**-**	-
MARL (as parent entity)	21	**-**	-	**(0.65)**	(13.59)

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

Financial Report
for the year ended 31 December 2012

Consolidated Statements of Financial Position

	Note	MQA As at 31 Dec 2012 $'000	MQA As at 31 Dec 2011 $'000	MARL Group As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2011 $'000
Current assets					
Cash and cash equivalents	5	**56,002**	56,114	**2,102**	7,967
Receivables	6	**5,468**	6,966	**29,113**	7,348
Prepayments	7	**913**	953	**30**	31
Total current assets		**62,383**	64,033	**31,245**	15,346
Non-current assets					
Receivables	6	**-**	-	**1,514**	18,917
Investments accounted for using the equity method	8	**702,783**	753,412	**16,470**	18,608
Property, plant and equipment	9	**746,740**	742,209	**-**	-
Tolling concessions	10	**70,775**	70,255	**-**	-
Total non-current assets		**1,520,298**	1,565,876	**17,984**	37,525
Total assets		**1,582,681**	1,629,909	**49,229**	52,871
Current liabilities					
Payables	13	**(50,596)**	(51,054)	**(2,313)**	(2,960)
Interest-bearing financial liabilities	15	**-**	(3,803)	**-**	-
Derivative financial instruments	14	**(42,906)**	(34,094)	**-**	-
Total current liabilities		**(93,502)**	(88,951)	**(2,313)**	(2,960)
Non-current liabilities					
Payables	13	**(175,161)**	(174,891)	**-**	(1,714)
Interest-bearing financial liabilities	15	**(1,872,085)**	(1,760,943)	**-**	-
Derivative financial instruments	14	**(405,974)**	(394,580)	**-**	-
Deferred tax liabilities	16	**(16,545)**	(31,862)	**-**	-
Total non-current liabilities		**(2,469,765)**	(2,362,276)	**-**	(1,714)
Total liabilities		**(2,563,267)**	(2,451,227)	**(2,313)**	(4,674)
Net (liabilities)/assets		**(980,586)**	(821,318)	**46,916**	48,197
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	17	**1,354,159**	1,335,394	**-**	-
Reserves	18	**(1,964,553)**	(1,909,163)	**-**	-
Accumulated losses	19	**(417,108)**	(295,746)	**-**	-
MARIL security holders' interest		**(1,027,502)**	(869,515)	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	17	**198,877**	196,781	**198,877**	196,781
Reserves	18	**(12,657)**	(12,353)	**(12,657)**	(12,353)
Accumulated losses	19	**(139,304)**	(136,231)	**(139,304)**	(136,231)
Other stapled security holders' interest		**46,916**	48,197	**46,916**	48,197
Total equity		**(980,586)**	(821,318)	**46,916**	48,197

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

As required by the Bermuda regulations, the MQA financial information was approved by the Macquarie Atlas Roads International Limited ("MARIL") board of directors on 21 February 2013 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

Consolidated Statements of Changes in Equity

MQA	Attributable to MARIL security holders					
	Contributed equity	Reserves	Accumulated losses	**Total**	Attributable to MARL security holders	**Total equity**
	$'000	$'000	$'000	**$'000**	$'000	**$'000**
Total equity at 1 January 2012	1,335,394	(1,909,163)	(295,746)	**(869,515)**	48,197	**(821,318)**
Loss for the year	-	-	(121,362)	**(121,362)**	(3,073)	**(124,435)**
Exchange differences on translation of foreign operations	-	(48,678)	-	**(48,678)**	(304)	**(48,982)**
Cash flow hedges, net of tax	-	(6,712)	-	**(6,712)**	-	**(6,712)**
Total comprehensive income	-	(55,390)	(121,362)	**(176,752)**	(3,377)	**(180,129)**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	18,765	-	-	**18,765**	2,096	**20,861**
	18,765	-	-	**18,765**	2,096	**20,861**
Total equity at 31 December 2012	1,354,159	(1,964,553)	(417,108)	**(1,027,502)**	46,916	**(980,586)**

MQA	Attributable to MARIL security holders					
	Contributed equity	Reserves	Accumulated losses	**Total**	Attributable to MARL security holders	**Total equity**
	$'000	$'000	$'000	**$'000**	$'000	**$'000**
Total equity at 1 January 2011	1,316,674	(1,582,346)	(68,285)	**(333,957)**	108,665	**(225,292)**
Loss for the year	-	-	(227,461)	**(227,461)**	(62,028)	**(289,489)**
Exchange differences on translation of foreign operations	-	(10,819)	-	**(10,819)**	(581)	**(11,400)**
Cash flow hedges, net of tax	-	(315,998)	-	**(315,998)**	-	**(315,998)**
Total comprehensive income	-	(326,817)	(227,461)	**(554,278)**	(62,609)	**(616,887)**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	18,720	-	-	**18,720**	2,141	**20,861**
	18,720	-	-	**18,720**	2,141	**20,861**
Total equity at 31 December 2011	1,335,394	(1,909,163)	(295,746)	**(869,515)**	48,197	**(821,318)**

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 2012

Consolidated Statements of Changes in Equity (continued)

MARL Group

	Contributed equity	Reserves	Accumulated losses	**Total equity**
	$'000	$'000	$'000	**$'000**
Total equity at 1 January 2012	196,781	(12,353)	(136,231)	**48,197**
Loss for the year	-	-	(3,073)	**(3,073)**
Exchange differences on translation of foreign operations	-	(304)	-	**(304)**
Total comprehensive income	-	(304)	(3,073)	**(3,377)**
Transactions with equity holders in their capacity as equity holders:				
Issue of securities for performance fees to Manager	2,096	-	-	**2,096**
	2,096	-	-	**2,096**
Total equity at 31 December 2012	198,877	(12,657)	(139,304)	**46,916**

MARL Group

	Contributed equity	Reserves	Accumulated losses	**Total equity**
	$'000	$'000	$'000	**$'000**
Total equity at 1 January 2011	194,640	(11,772)	(74,203)	**108,665**
Loss for the year	-	-	(62,028)	**(62,028)**
Exchange differences on translation of foreign operations	-	(581)	-	**(581)**
Total comprehensive income	-	(581)	(62,028)	**(62,609)**
Transactions with equity holders in their capacity as equity holders:				
Issue of securities for performance fees to Manager	2,141	-	-	**2,141**
	2,141	-	-	**2,141**
Total equity at 31 December 2011	196,781	(12,353)	(136,231)	**48,197**

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 2012

Consolidated Statements of Cash Flows

	Note	**MQA** Year ended 31 Dec 2012 $'000	MQA Year ended 31 Dec 2011 $'000	**MARL Group** Year ended 31 Dec 2012 $'000	MARL Group Year ended 31 Dec 2011 $'000
Cash flows from operating activities					
Toll revenue received		**106,336**	105,374	**-**	-
Interest received		**659**	1,226	**264**	1,793
Net indirect taxes (paid)/received		**(16,640)**	(18,163)	**197**	237
Payments to suppliers and employees (inclusive of GST/VAT)		**(17,477)**	(16,335)	**(1,557)**	(1,248)
Manager's and Adviser's base fees paid		**(14,280)**	(14,717)	**(1,639)**	(1,674)
Operating lease rent paid		**(16,982)**	(16,725)	**-**	-
Net Income taxes (paid)/refunded		**(19)**	214	**-**	1,133
Other income received		**3,658**	4,043	**-**	-
Net cash flows from operating activities	22	**45,255**	44,917	**(2,735)**	241
Cash flows from investing activities					
Payment for purchase of investments (including transaction costs)		**(73)**	(328)	**(73)**	(71)
Return on preferred equity certificates		**9,722**	-	**-**	-
Proceeds from sale of property, plant and equipment		**4**	128	**-**	-
Payments for purchase of property, plant and equipment		**(4,330)**	(1,880)	**-**	-
Net cash flows used in investing activities		**5,323**	(2,080)	**(73)**	(71)
Cash flows from financing activities					
Proceeds from bank borrowings		**3,827**	1,980	**-**	-
Repayment of external borrowings		**(2,640)**	-		
Borrowing costs paid		**(56,134)**	(54,933)	**-**	-
Loans advanced to related parties		**-**	-	**(6,285)**	-
Repayment of loans from related parties		**2,801**	-	**3,280**	761
Net cash flows from financing activities		**(52,146)**	(52,953)	**(3,005)**	761
Net (decrease)/increase in cash assets held		**(1,568)**	(10,116)	**(5,813)**	931
Cash and cash equivalents at the beginning of the year		**56,114**	66,047	**7,967**	7,015
Effects of exchange rate movements on cash and cash equivalents		**1,456**	183	**(52)**	21
Cash and cash equivalents at the end of the year	22	**56,002**	56,114	**2,102**	7,967

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

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 2012 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 05/642 as amended by Class Order 10/655, 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 21 February 2013 and 22 February 2013 respectively. The Boards have the power to amend and reissue the Financial Report.

Going concern and deficiency of net assets

The Financial Reports have been prepared on a going concern basis. At 31 December 2012, MQA had a net current liability position of $31.1 million (31 December 2011: net current liability position of $24.9 million). Included within MQA's current payables are performance fees of $16.7 million (31 December 2011: $20.9 million). Included within MQA's current assets is reserved cash not available for use of $37.1 million (31 December 2011: $34.8 million) the majority of which is in relation to the M6 Toll. MQA forecasts indicate that MQA will be able to meet its liabilities as and when they become due and payable, including performance fees which may become payable at 30 June 2013 (subject to performance criteria continuing to be satisfied).

Management forecasts indicate that MQA will be able to meet its liabilities as and when they become due and payable, including current performance fees which may become payable at 30 June 2013, assuming that 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 2012 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.

As at 31 December 2012 MQA also had a deficiency of capital and reserves of $980.6 million (31 December 2011: $821.3 million). This is primarily driven by M6 Toll related balances: its non-recourse liabilities of $2.5 billion exceed the depreciated carrying value of its toll road related assets of $0.8 billion. These project related liabilities are non-recourse beyond the M6 Toll assets and MQA has no commitments to provide further debt or equity funding to the M6 Toll in order to meet these liabilities. It is anticipated that Macquarie Motorways Group Limited's ("MMG") debt will be refinanced by agreement with its lenders during the 2013 calendar year. However, it may be that MMG will need a covenant waiver from its lenders with respect to potential covenant breaches before that agreement is finalised. A covenant waiver was sought and obtained by MMG from its lenders with respect to covenant calculations as at 31 December 2012.

The debt is non-recourse so there are no going concern implications for MQA. Should MQA no longer control the M6 Toll it would be deconsolidated and the M6 Toll related balances referred to above would no longer form part of the MQA Consolidated Statement of Financial Position.

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.

1 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

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 (including derivative financial instruments) 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 and can only be traded as stapled securities.

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

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, has been recognised directly in equity in the other reserve.

(b) Consolidated accounts and stapling arrangements

AASB 3 *Business Combinations* and AASB 127 *Consolidated and Separate 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 2012.

(c) Principles of consolidation

The consolidated financial statements of MQA incorporate the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2012, 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 2012. The effects of all transactions between entities in the consolidated entities are eliminated in full. 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 have the power to govern the financial and operating policies, generally accompanying a shareholding of more than fifty percent of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Groups control another entity.

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.

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation (continued)

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' shares 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.

When the Groups' shares of losses in an associate equals or exceeds their interest in the associate, including any long term interests that, in substance, form part of the Groups' net investments 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' interests 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.

Transactions with Non-Controlling Parties

Equity transactions with non-controlling entities are recognised in the Groups' financial statements using the economic entity method, whereby transactions with non-controlling parties are treated as transactions with equity participants.

(d) Cash, cash equivalents and other financial assets

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.

(e) Intangible Assets - Tolling Concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways. Tolling concessions relating to the non-controlled investments are recognised as a component of the investments accounted for using the equity method.

Tolling concessions have a finite useful life by the terms of the concession arrangement and are carried at cost which represents fair value on acquisition less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of tolling concessions over their estimated useful lives which are as follows:

Asset Description	Estimated Useful Life	Depreciation Basis
M6 Toll	Period to January 2054	Straight line basis
Autoroutes Paris-Rhine-Rhône ("APRR ") *	Period to December 2032	Straight line basis
Indiana Toll Road *	Period to June 2081	Straight line basis
Chicago Skyway *	Period to January 2104	Straight line basis
Dulles Greenway *	Period to February 2056	Straight line basis
Warnow Tunnel *	Period to September 2053	Straight line basis

* The tolling concessions in relation to the non-controlled investments are not recognised in the Statement of Financial Position but instead form part of the investments accounted for using the equity method. The amortisation of tolling concessions in relation to the non-controlled investments is included in the share of net loss of investments accounted for using the equity method.

1 Summary of Significant Accounting Policies (continued)

(f) Property, plant and equipment

Property, plant and equipment is recorded at cost, which represents fair value on acquisition less accumulated depreciation.

Property, plant and equipment comprise of integrated land, buildings, leasehold improvements and plant and equipment used in exercising tolling concession rights.

Leasehold improvements

Costs directly associated with the construction and improvement of the Groups' toll roads have been capitalised.

Borrowing costs

Borrowing costs incurred for the construction of any qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

(g) Depreciation and amortisation of non-current assets

Property, plant and equipment

Depreciation is calculated to write off the net cost of property, plant and equipment over its estimated useful life. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment and depreciation basis for the Groups are as follows:

Asset Description	Asset Classification	Estimated Useful Life	Depreciation Basis
Road Infrastructure	Toll Road	50 years	Vehicle usage over useful life
Roadbase	Toll Road	15 years	Vehicle usage over useful life
Wearing Course	Toll Road	8 years	Vehicle usage over useful life
Road Buildings Infrastructure	Toll Road	50 years	Straight line basis
Non Road Buildings including Motorway Service Area	Leasehold Land and Buildings	50 years	Straight line basis
Masts and Columns	Plant and Machinery	12 years	Straight line basis
Office Furniture and Fittings	Plant and Machinery	3-12 years	Straight line basis
Signage	Plant and Machinery	6 years	Straight line basis
Vehicles and Maintenance Equipment	Plant and Machinery	3-5 years	Straight line basis
IT Equipment	Plant and Machinery	3-5 years	Straight line basis
Toll Collection System/Equipment	Plant and Machinery	3-8 years	Straight line basis

Leasehold improvements

Amounts recorded as leasehold improvements, including expenses and borrowing costs, are amortised over the estimated remaining term of the right granted to operate the relevant road.

The period of amortisation of leasehold improvements is reassessed on a regular basis.

(h) Application of AASB Interpretation 12 – Service Concession Arrangements

The Groups have applied AASB *Interpretation 12 Service Concession Arrangements* which provides guidance on the accounting by operators of public-to-private service concession arrangements under which private sector entities participate in the development, financing, operation and maintenance of infrastructure for the provision of public services. The assets of the Groups' associates are used within the framework of concession arrangements granted by public sector entities. The M6 Toll concession agreement falls outside the scope of Interpretation 12 as the grantor does not control (or regulate) at what price the services are provided. Please refer to Note 1(e) for a summary of the accounting policy in relation to the Tolling concessions.

1 Summary of Significant Accounting Policies (continued)

(i) Impairment of assets

The carrying amount of tolling concessions, non-controlled investments, leasehold improvements and property, plant and equipment 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. 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.

(j) Interest bearing financial liabilities

Subsequent to initial recognition at fair value, net of transaction costs incurred, interest bearing financial liabilities are measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method based on the lesser of the expected or contractual life.

(k) Performance fees

Performance fees recognised as a payable to the Adviser/Manager are accounted for as a financial liability in accordance with AASB 139 *Financial Instruments: Recognition and Measurement*. The financial liability is valued at its fair value upon initial recognition taking into account the performance of the MQA security price and the relevant benchmark. After initial recognition, any performance fee liability is measured at its fair value.

(l) Financial instruments transaction costs

Transaction costs are included in the carrying amounts disclosed in the financial statements, except for financial assets or liabilities that are measured at fair value through profit or loss, where transaction costs directly attributable to the acquisition or issue of the financial asset or liability are recognised immediately in profit or loss.

(m) Dividends

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

(n) Revenue recognition

Interest income on cash balances is brought to account on an accruals basis and toll revenue is recognised when the service is provided. 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. Toll revenue is recognised at the time the journey is completed.

(o) 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.

1 Summary of Significant Accounting Policies (continued)

(o) Income tax (continued)

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 Bermudan 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.

(p) 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, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

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.

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.

(q) Prepayments

Prepayments recognised comprise costs incurred relating to the following financial years.

Financial Report
for the year ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

(r) Derivative financial instruments

The Groups enter into interest rate swap agreements and forward foreign exchange contracts.

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

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

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash flow hedges

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

Amounts accumulated in equity are reclassified to profit or loss in the years when the hedged item will affect profit or loss (for instance when the forecast interest payment that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously deferred in equity are reclassified from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

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

Derivatives that are not designated as hedges or do not qualify for hedge accounting

Certain derivative instruments are not designated as hedges or do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that are not designated as hedges or do not qualify for hedge accounting are recognised immediately in profit or loss.

Fair value estimation

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows. The fair values of forward exchange contracts are determined using forward exchange market rates at the balance date.

(s) 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.

1 Summary of Significant Accounting Policies (continued)

(t) 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.

(u) 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.

(v) Goods and Services Tax ("GST") and Value Added Tax ("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. 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.

(w) Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. 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 ("MQA Boards").

(x) Business combinations

The acquisition method of accounting is used to account for all business combinations other than those under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Groups. The consideration transferred also includes the fair value of any contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. Contingent consideration is subsequently remeasured to its fair value with changes recognised in the statement of comprehensive income. On an acquisition-by-acquisition basis, the Groups recognise any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Groups' share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of the cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange.

Business combinations under common control are accounted for in the consolidated accounts prospectively from the date the Groups obtain the ownership interest. Assets and liabilities are recognised upon consolidation at their carrying amount in the consolidated financial statements of the ultimate parent entity at the time. Any difference between the fair value of the consideration paid and the historical amounts at which the assets and liabilities are recorded is recognised directly in equity in the other reserve.

(y) Leases

Leases of property, plant and equipment where the Groups, as lessee, have substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease

1 Summary of Significant Accounting Policies (continued)

(y) Leases (continued)

payments. The corresponding rental obligations, net of finance charges, are included in other short-term and long-term payables. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease year so as to produce a constant periodic rate of interest on the remaining balance of the liability for each year. The property, plant and equipment acquired under finance lease is depreciated over the asset's useful life or over the shorter of the asset's useful life and the lease term if there is no reasonable certainty that the Groups will obtain ownership at the end of the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to profit or loss on a straight-line basis over the year of the lease.

(z) 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.

(aa) 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 judgements 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:

Derivative financial instruments

The fair values of over-the-counter derivatives are determined using valuation techniques adopted by the directors with assumptions that are based on market conditions existing at each balance date. The fair values of interest rate swaps are calculated as the present values of the estimated future cash flows. Judgements are also made in applying the Groups' financial instrument accounting policies at initial recognition and on an ongoing basis. These judgements are based on historical analysis and forecasts.

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(i) the carrying amount of tolling concessions, non controlled investments, leasehold improvements and property, plant and equipment 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 (refer to Note 8).

1 Summary of Significant Accounting Policies (continued)

(aa) Critical Accounting Estimates and Judgements (continued)

Performance fees

In accordance with the accounting policy stated in Note 1(k) the financial liability in relation to performance fees is calculated at fair value taking into account the performance of the MQA security price and the relevant benchmark. The future performance of both the MQA security price and the relevant benchmark are inherently uncertain and consequently there are judgements involved in determining the financial liability to be recognised.

(bb) 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 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities and revised IAS 27 Separate Financial Statements and IAS 28 Investments in Associates and Joint Ventures (effective for annual reporting periods beginning on or after 1 January 2013)

In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures. The standards applicable to the Groups are detailed below.

AASB10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidation and Separate Financial Statements*, and *Interpretation 12 Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. There is also new guidance on participating and protective rights and on agent/principal relationships. The Groups have assessed the new standard's impact and there is no impact on the Groups' investments.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. While the Groups do not expect the new standard to affect any of the amounts recognised in the financial statements, it is anticipated that the Groups will be required to increase its disclosures relating to its non capital Investments accounted for using the equity method.

The Groups do not expect to early adopt these new standards and would therefore first adopt the new standards from 1 January 2013.

AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015)

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. The Groups are continuing to assess the new standard's impact but do not anticipate a significant impact on the Groups' financial statements. The Groups do not expect to early adopt AASB 9 and would therefore first adopt the new standard from 1 January 2015.

AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. While the Groups do not expect the new standard to affect any of the amounts recognised in the financial statements, it is anticipated that the Groups will be required to increase its disclosures of its financial liabilities measured at fair value. The Groups do not intend to adopt the new standard before its operative date, which means that it would be first applied from 1 January 2013.

1 Summary of Significant Accounting Policies (continued)

(bb) Accounting Standards and Interpretations issued (continued)

Revised AASB 101 Presentation of Financial Statements (effective for annual reporting periods beginning on or after 1 July 2012)

The amendment requires entities to separate items presented in other comprehensive income into two groups, based on whether they may be recycled to profit or loss in the future. It will not affect the measurement of any of the items recognised in the balance sheet or the profit or loss in the current period. The Groups have assessed the new standard's impact and do not anticipate a significant impact on the Groups' financial statements. The Groups do not expect to early adopt and would therefore first adopt the new standard from 1 January 2013.

AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements (effective for annual reporting periods beginning on or after 1 July 2013)

In July 2011 the AASB decided to remove the individual key management personnel (KMP) disclosure requirements from AASB 124 *Related Party Disclosures*, to achieve consistency with the international equivalent standard and remove a duplication of the requirements with the *Corporations Act 2001*. While this will reduce the disclosures that are required in the annual financial statements, it will not affect any of the amounts recognised in the financial statements. The amendments apply from 1 July 2013 and cannot be adopted early. The *Corporations Act 2001* requirements in relation to remuneration reports will remain unchanged for now, but these requirements are currently subject to review and may also be revised in the near future. The Groups have assessed the new standard's impact and do not anticipate a significant impact on the Groups' financial statements. The Groups expect to adopt the new standard from 1 January 2014.

AASB 2012-3 Amendments to Australian Accounting Standard - Offsetting Financial Assets and Financial Liabilities and AASB 2012-2 Disclosures - Offsetting Financial Assets and Financial Liabilities (effective 1 January 2014 and 1 January 2013 respectively)

In June 2012, the AASB made amendments to the application guidance in AASB 132 *Financial Instruments: Presentation*, to clarify some of the requirements for offsetting financial assets and financial liabilities in the balance sheet. These amendments are effective from 1 January 2014. They are unlikely to affect the accounting for any of the Groups current offsetting arrangements. However, the IASB has also introduced more extensive disclosure requirements into AASB 7 which will apply from 1 January 2013. When they become applicable, the Groups will have to provide a number of additional disclosures in relation to its offsetting arrangements. The Groups intend to apply the new rules for the first time in the financial year commencing 1 January 2013.

AASB 2012-5 Amendments to Australian Accounting Standard arising from Annual Improvements 2009-2011 cycle (effective for annual periods beginning on or after 1 January 2013)

In June 2012, the AASB approved a number of amendments to Australian Accounting Standards as a result of the 2009-2011 annual improvements project. The group will apply the amendments from 1 January 2013. On initial application, the entity will need to make adjustments to the interim financial report to include segment liabilities.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27) (effective 1 January 2014)

In October 2012, the IASB made amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 *Disclosure of Interests in Other Entities* and IAS 27 *Separate Financial Statements* which exempt investment entities from consolidating controlled investees. MQA is continuing to assess the amendments to the standards but does not expect to qualify as investment entity under the new definition and hence will continue to consolidate its controlled entities.

(cc) Parent Entity Financial Information

The financial information for MARIL and MARL disclosed in Note 25 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.

Financial Report
for the year ended 31 December 2012

1 Summary of Significant Accounting Policies (continued)

(cc) Parent Entity Financial Information (continued)

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 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.

(dd) Presentation of Financial Reports

The Financial Reports for MARIL and MARL have been presented in this single document, pursuant to ASIC Class Order 05/642 as amended by Class Order 10/655.

(ee) 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 2012

2 Loss for the year

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

(i) Revenue

Consolidated	**MQA Year ended 31 Dec 2012 $'000**	MQA Year ended 31 Dec 2011 $'000	**MARL Group Year ended 31 Dec 2012 $'000**	MARL Group Year ended 31 Dec 2011 $'000
Revenue from continuing operations				
Toll revenue	**89,595**	87,460	**-**	-
Other revenue	**3,130**	3,165	**-**	-
Interest Income:				
Related parties	**76**	183	**1,448**	1,476
Other persons and corporations	**583**	1,042	**233**	324
Total Interest income	**659**	1,225	**1,681**	1,800
Total revenue from continuing operations	**93,384**	91,850	**1,681**	1,800
Other income from continuing operations				
Gain on derivative financial instruments	**95**	39	**-**	-
Total other income from continuing operations	**95**	39	**-**	-
Total revenue and other income from continuing operations	**93,479**	91,889	**1,681**	1,800

Financial Report
for the year ended 31 December 2012

2 Loss for the year (continued)

(ii) Operating expenses

Consolidated	**MQA Year ended 31 Dec 2012 $'000**	MQA Year ended 31 Dec 2011 $'000	**MARL Group Year ended 31 Dec 2012 $'000**	MARL Group Year ended 31 Dec 2011 $'000
Operating expenses				
Finance costs:				
Interest expense:				
Other persons and corporations	**104,629**	102,642	**-**	-
Total Finance Costs	**104,629**	102,642	**-**	-
Other operating expenses:				
Amortisation of tolling concessions	**1,695**	1,698	**-**	-
Depreciation:				
Plant and machinery	**4,148**	3,921	**-**	-
Land and buildings	**703**	714	**-**	-
Toll road	**20,036**	24,230	**-**	-
	24,887	28,865	**-**	-
Cost of operations:				
Employment costs	**6,944**	7,047	**450**	389
Operating expenses	**5,177**	5,168	**-**	-
Operating lease rentals	**29,121**	29,161	**-**	-
	41,242	41,376	**450**	389
Other operating expenses:				
Consulting and administration fees	**3,048**	1,526	**407**	442
Manager's and Adviser's base fees	**14,820**	14,392	**1,468**	1,519
Manager's and Adviser's performance fees	**-**	50,106	**-**	5,196
Net foreign exchange (gain)/loss	**(146)**	254	**32**	(9)
Provision for Impairment*	**-**	67,373	**-**	3,442
Reversal of provision for Impairment	**(62)**	-	**(63)**	(260)
Other expenses	**3,084**	1,089	**448**	251
	20,744	134,740	**2,292**	10,581
Total other operating expenses	**88,568**	206,679	**2,742**	10,970
Total operating expenses	**193,197**	309,321	**2,742**	10,970

* The provision for impairment in MQA for $67.4 million in the year ended 31 December 2011 relates to its investment in Dulles Greenway. The provision for impairment in the MARL Group in the year ended 31 December 2011 also related to its investment in Dulles Greenway for $3.4 million.

Financial Report
for the year ended 31 December 2012

3 Income Tax Benefit

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

Consolidated	Note	**MQA Year ended 31 Dec 2012 $'000**	MQA Year ended 31 Dec 2011 $'000	**MARL Group Year ended 31 Dec 2012 $'000**	MARL Group Year ended 31 Dec 2011 $'000
(a) Reconciliation of income tax benefit to prima facie tax payable					
Loss before income tax benefit		**(140,362)**	(307,763)	**(3,012)**	(62,140)
Loss for the year		**(140,362)**	(307,763)	**(3,012)**	(62,140)
Prima facie income tax on loss at the Australian tax rate of 30%		**(42,109)**	(92,329)	**(904)**	(18,642)
Impact of different tax rates of operations in jurisdictions other than Australia		**8,035**	21,935	**(8)**	(10)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:					
Non-assessable income		**(374)**	(609)	**(19)**	(206)
Non-deductible tolling concession amortisation		**509**	509	**-**	-
Non-deductible expenditure		**1,222**	1,741	**1,204**	1,724
Share of net loss of investments accounted for using the equity method		**12,193**	27,099	**585**	15,891
Provision for impairment current assets		**-**	-	**-**	(78)
Provision for impairment on investments accounted for using the equity method		**-**	20,212	**-**	1,033
Temporary differences not brought to account		**(2,261)**	(1,566)	**(636)**	(51)
Carry back of losses against prior year's tax payments		**-**	(112)	**-**	(112)
Deferred tax asset on taxable losses not brought to account		**10,281**	8,300	**37**	339
Unbooked prior year tax losses utilised in the current year		**(259)**	-	**(259)**	-
Deferred tax assets on prior year tax losses brought to account due to change in tax rates		**(3,204)**	(4,295)	**-**	-
Under/(over) provision in prior year		**27**	834	**61**	-
Other		**13**	7	**-**	-
Aggregate income tax benefit		**(15,927)**	(18,274)	**61**	(112)
(b) Income tax benefit					
Aggregate income tax benefit comprises:					
Current taxation expense		**74**	925	**61**	-
Deferred tax benefit		**(16,001)**	(19,087)	**-**	-
Carry back of losses against prior year's tax payments		**-**	(112)	**-**	(112)
		(15,927)	(18,274)	**61**	(112)
Deferred income tax benefit included in income tax benefit:					
Decrease in deferred tax liabilities	16	**(16,001)**	(19,087)	**-**	-
		(16,001)	(19,087)	**-**	-
(c) Amounts recognised directly in equity					
Aggregate current and deferred tax arising in the reporting year and not recognised in net profit or loss but directly debited or credited to equity		**-**	-	**-**	-
Deferred tax – credited directly to equity		**-**	-	**-**	-
(d) Tax losses					
Unused tax losses for which no deferred tax asset has been recognised		**1,390,396**	1,326,345	**888,595**	769,988
Potential tax benefit of unused tax losses		**465,407**	438,456	**344,948**	299,350

4 Remuneration of Auditors

Consolidated	MQA Year ended 31 Dec 2012 $	MQA Year ended 31 Dec 2011 $	MARL Group Year ended 31 Dec 2012 $	MARL Group Year ended 31 Dec 2011 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	**513,212**	454,570	**234,367**	211,500
Other services:				
Taxation compliance services	**-**	28,000	**-**	14,600
Other services	**12,867**	29,000	**6,163**	14,500
	526,079	511,570	**240,530**	240,600
Amounts paid or payable to Network firms of PricewaterhouseCoopers for:				
Audit services	**152,964**	110,273	**15,173**	-
Other services:				
Taxation compliance services	**249,902**	307,592	**70,869**	154,777
	402,866	417,865	**86,042**	154,777

5 Cash and Cash Equivalents

Consolidated	MQA As at 31 Dec 2012 $'000	MQA As at 31 Dec 2011 $'000	MARL Group As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2011 $'000
Cash at bank	**18,919**	7,164	**2,102**	941
Short term money market investments	**-**	14,140	**-**	7,026
Cash not available for use	**37,083**	34,810	**-**	-
	56,002	56,114	**2,102**	7,967

(a) Short term money market investments

There were no short term money market investments outstanding at 31 December 2012 (2011: money market investments were maturing in 72 days, paying interest of between 0.72% and 5.83% per annum).

During the year the majority of the cash available for use was held in bank accounts earning money market rates of interest between nil - 4.00% (2011: 0.25% - 4.75%) per annum.

(b) Cash not available for use

This includes restricted amounts relating to MMG’s debt service obligations and blocked deposits required under Midland Expressway Limited’s (“MEL”) concession agreement obligations amounting to $35.6 million (2011: $31.8 million). In addition, cash-backed guarantees have been provided in relation to Warnowquerung GmbH & Co. KG (“Warnow Tunnel”) amounting to $1.5 million (2011: $1.5 million).

In the prior year, Macquarie Infrastructure US Pty Limited (“MIUS”) had also provided letters of credit totalling $1.5 million (US$1.5 million) to several agencies which had granted environmental permits for the construction of the South Bay Expressway. These letters of credit were backed by an on-demand guarantee, provided through a secured cash deposit of $1.5 million. These letters of credit have been cancelled during the current year and the cash deposit was released.

Discussion of the Groups’ policies concerning the management of credit risk can be found in Note 24.

6 Receivables

Consolidated	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Current				
GST and VAT recoverable	**101**	94	**88**	76
Receivables from related parties	**519**	3,287	**25,923***	4,063
Tax receivables	**3,102**	3,209	**3,102**	3,209
Other receivables	**1,746**	376	**-**	-
Total current receivables	**5,468**	6,966	**29,113**	7,348
Non-current				
Receivables from related parties	**-**	-	**1,514***	18,917*
Total non-current receivables	**-**	-	**1,514**	18,917

* MARIL had a non collateral associated interest bearing loan with MARL at 31 December 2012 and at 31 December 2011. For further information relating to related party loans please refer to Note 23.

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 24. The fair values of receivables approximate their carrying values.

7 Prepayments

Consolidated	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Current				
Prepaid expenses	**913**	953	**30**	31
Total current prepayments	**913**	953	**30**	31

8 Investments Accounted for Using the Equity Method

	MQA As at 31 Dec 2012 $'000	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Shares in associates – equity method	**702,783**	753,412	**16,470**	18,608
	702,783	753,412	**16,470**	18,608

8 Investments Accounted for using the Equity Method (continued)

Information relating to associates is set out below:

(a) Carrying amounts

Name of Entity	Country of incorporation	Principal Activity	MQA Ownership Interest	MQA	MQA	MARL Ownership Interest	MARL Group	MARL Group
			As at 31 Dec 2012 and 31 Dec 2011 %	As at 31 Dec 2012 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2012 and 31 Dec 2011 %	As at 31 Dec 2012 $'000	As at 31 Dec 2011 $'000
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	**38.9**	**562,156**	596,100	**-**	**-**	-
Dulles Greenway Partnership*	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**140,627**	157,312	**6.7**	**16,470**	18,608
Chicago Skyway Partnership	USA	Investment in toll road located south of Chicago, USA	**50.0**	**-**	-	**50.0**	**-**	-
Indiana Toll Road Partnership	USA	Investment in toll road located in northern Indiana, USA	**49.0**	**-**	-	**49.0**	**-**	-
Warnow-querung GmbH & Co KG (WKG) (limited partnership)**	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	-	**-**	**-**	-
				702,783	753,412		**16,470**	18,608

* The MARL Group holds a 6.7% equity interest in Toll Road Investors Partnership II LP ("TRIP II"), the concessionaire for Dulles Greenway, through its associate 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.

** A subsidiary of MARIL, European Transport Investments (UK) Limited ("ETIUK"), beneficially owns 70% of both the WKG Limited partnership and the General Partner ("GP") of the partnership which have contracted to build, own and operate a tolled tunnel in Rostock, Germany. Per the agreement any decision made in regard to the financial and operational policies requires 75% of the voting members to proceed. As a result MQA does not control WKG.

(b) Movement in carrying amounts

	MQA Year ended 31 Dec 2012 $'000	MQA Year ended 31 Dec 2011 $'000	MARL Group Year ended 31 Dec 2012 $'000	MARL Group Year ended 31 Dec 2011 $'000
Carrying amount at the beginning of the year	**753,412**	931,068	**18,608**	75,499
Associates acquired/equity invested	**73**	71	**73**	71
Share of losses after income tax *	**(40,644)**	(90,331)	**(1,951)**	(52,970)
Distributions received/receivable	**(9,722)**	-	**-**	-
Provision for impairment	**-**	(67,373)	**-**	(3,442)
Foreign exchange movement	**(336)**	(20,023)	**(260)**	(550)
Carrying amount at the end of the year	**702,783**	753,412	**16,470**	18,608

* Included in the share of losses after income tax for MQA and the MARL Group are fair value losses on interest rate swaps of $27.0 million (2011: fair value losses of $70.1 million) and $nil (2011: fair value losses of $33.9 million) respectively for which hedge accounting has not been applied.

Financial Report
for the year ended 31 December 2012

8 Investment Accounted for using the Equity Method (continued)

(c) Share of associates' profits or losses

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Group's share of:				
Revenue	**641,996**	671,430	**66,984**	64,030
Expenses	**(808,686)**	(1,083,906)	**(200,399)**	(448,699)
Loss before income tax	**(166,690)**	(412,476)	**(133,415)**	(384,669)
Income tax (expense)/benefit	**(9,095)**	(13,433)	**857**	857
Loss after income tax	**(175,785)**	(425,909)	**(132,558)**	(383,812)

(d) Share of associates assets and liabilities

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Group's share of:				
Assets	**6,009,742**	6,317,945	**1,513,234**	1,548,853
Liabilities	**(5,807,798)**	(5,935,376)	**(2,046,622)**	(1,956,315)
Net assets/(liabilities)	**201,944**	382,569	**(533,388)**	(407,462)

(e) Share of contingent liabilities of associates

As at 31 December 2012 and at 31 December 2011, there were no share of contingent liabilities incurred jointly with other investors and no contingent liabilities relating to liabilities of the associate for which MARIL and MARL are severally liable. Refer to Note 27 for details of contingent liabilities relating to associates.

(f) Share of associates' losses not brought to account

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Balance at the beginning of the year	**(450,843)**	(115,265)	**(443,292)**	(112,450)
Share of associates' losses not brought to account	**(135,142)**	(335,578)	**(130,607)**	(330,842)
Balance at the end of the year	**(585,985)**	(450,843)	**(573,899)**	(443,292)

9 Property, Plant and Equipment

MQA Consolidated	Plant and machinery $'000	Land and buildings $'000	Toll Road $'000	**Total Property, plant and equipment $'000**
Net book amount at 1 January 2012	14,363	29,180	698,666	**742,209**
Additions	1,781	-	1,827	**3,608**
Depreciation expense	(4,148)	(703)	(20,036)	**(24,887)**
Disposals	(467)	-	-	**(467)**
Exchange differences	877	918	24,482	**26,277**
Net book amount at 31 December 2012	12,406	29,395	704,939	**746,740**
At 31 December 2012				
Cost	63,264	35,897	944,815	**1,043,976**
Accumulated depreciation	(50,858)	(6,502)	(239,876)	**(297,236)**
Net book amount at 31 December 2012	12,406	29,395	704,939	**746,740**

9 Property, Plant and Equipment (continued)

MQA Consolidated	Plant and machinery $'000	Land and buildings $'000	Toll Road $'000	Total Property, plant and equipment $'000
Net book amount at 1 January 2011	16,831	30,039	726,325	**773,195**
Additions	1,506	-	374	**1,880**
Depreciation expense	(3,921)	(714)	(24,230)	**(28,865)**
Disposals	(22)	-	-	**(22)**
Exchange differences	(31)	(145)	(3,803)	**(3,979)**
Net book amount at 31 December 2011	14,363	29,180	698,666	**742,209**
At 31 December 2011				
Cost	60,005	34,785	913,735	**1,008,525**
Accumulated depreciation	(45,642)	(5,605)	(215,069)	**(266,316)**
Net book amount at 31 December 2011	14,363	29,180	698,666	**742,209**

Property, Plant and Equipment pledged as Security

Property, Plant and Equipment as at 31 December 2012 solely relates to MEL. Non recourse loans of MMG are secured by way of debenture over the assets of MEL.

The MARL Group has no property, plant and equipment as at 31 December 2012 and 31 December 2011.

10 Tolling Concessions

	MQA As at 31 Dec 2012 $'000	MQA As at 31 Dec 2011 $'000
M6 Toll	**70,775**	70,255
Total Tolling Concessions	**70,775**	70,255

Tolling concessions are amortised over the remaining life of each concession, expiring in January 2054 for the M6 Toll.

MQA Consolidated	**M6 Toll As at 31 Dec 2012 $'000**
Net book amount at 1 January 2012	**70,255**
Amortisation expense	**(1,695)**
Exchange difference	**2,215**
Net book amount at 31 December 2012	**70,775**
At 31 December 2012	
Cost	**82,645**
Accumulated amortisation	**(11,870)**
Net book amount at 31 December 2012	**70,775**

MQA Consolidated	M6 Toll As at 31 Dec 2011 $'000
Net book amount at 1 January 2011	72,317
Amortisation expense	(1,698)
Exchange difference	(364)
Net book amount at 31 December 2011	70,255
At 31 December 2011	
Cost	80,084
Accumulated amortisation	(9,829)
Net book amount at 31 December 2011	70,255

The MARL Group has no tolling concessions as at 31 December 2012 and 31 December 2011.

Financial Report
for the year ended 31 December 2012

11 Subsidiaries

a) MQA Consolidated

Name of controlled entity	Country of establishment	**2012 voting %**	2011 voting %	Date of Liquidation/ Dissolution
Macquarie Atlas Roads Limited	Australia	**100.0**	100.0	
Macquarie Green Bermudian Holdings Limited	Bermuda	**100.0**	100.0	
MQA Investments Limited	Bermuda	**100.0**	100.0	
Tollway Holdings Limited (formerly known as Macquarie European Infrastructure Limited)	UK	**100.0**	100.0	
Macquarie Motorways Group Limited	UK	**100.0**	100.0	
Midland Expressway Limited	UK	**100.0**	100.0	
Macquarie Infrastructure (UK) Limited	UK	**100.0**	100.0	
European Transport Investments (UK) Limited	UK	**100.0**	100.0	
Macquarie Midland Holdings Limited	UK	**100.0**	100.0	
Tipperhurst Limited	UK	**100.0**	100.0	
MIBL Finance Luxembourg Sarl	Luxembourg	**100.0**	100.0	
Macquarie Infrastructure US Pty Limited	Australia	**100.0**	100.0	
Macquarie 125 Holdings Inc	USA	**100.0**	100.0	
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0	
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0	
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0	
MQA Indiana Holdings LLC	USA	**100.0**	100.0	
MQA Holdings (US) LLC	USA	**100.0**	100.0	
Macquarie Infrastructure Netherlands Investments Cooperatief UA	Netherlands	**Nil**	100.0	12/07/2012
Macquarie Infrastructure Netherlands Tollroads BV	Netherlands	**Nil**	100.0	26/06/2012
M635 Pty Limited	Australia	**Nil**	100.0	05/04/2012
European Transport Investments Pty Limited	Australia	**Nil**	100.0	05/04/2012
Macquarie UK Projects Limited	UK	**Nil**	100.0	15/08/2012
MQA Holdings Limited	Bermuda	**Nil**	100.0	09/11/2012
MIT (II) Holdings Pty Limited	Australia	**Nil**	100.0	01/11/2012
Macquarie Autoroute International Sarl	Luxembourg	**Nil**	100.0	27/12/2012

(b) MARL Consolidated

Name of controlled entity	Country of establishment	**2012 voting %**	2011 voting %	Date of Liquidation/ Dissolution
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0	
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0	
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0	
MQA Indiana Holdings LLC	USA	**100.0**	100.0	
MQA Holdings (US) LLC	USA	**100.0**	100.0	
M635 Pty Limited	Australia	**Nil**	100.0	05/04/2012
European Transport Investments Pty Limited	Australia	**Nil**	100.0	05/04/2012
MIT (II) Holdings Pty Limited	Australia	**Nil**	100.0	01/11/2012

Financial Report
for the year ended 31 December 2012

12 Investment in Associates

(a) MQA Consolidated

Name of associate	Country of establishment	Principal activity	Balance date	**2012 voting %**	2011 voting %
Macquarie Autoroutes de France 2 SA	Luxembourg	Holding company	31 Mar	**38.9**	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
Indiana Toll Road Partnership	USA	Holding company	31 Dec	**49.0**	49.0
Warnowquerung GmbH & Co. KG (WKG) (limited partnership)**	Germany	Investment in toll tunnel	31 Dec	**70.0**	70.0
Warnowquerung Verwaltungsgesellschaft GmbH**	Germany	General Partner of WKG	31 Dec	**70.0**	70.0

(b) MARL Consolidated

Name of associate	Country of establishment	Principal activity	Balance date	**2012 voting %**	2011 voting %
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

* The MARL Group holds a 6.7% equity interest in Toll Road Investors Partnership II LP ("TRIP II"), the concessionaire for Dulles Greenway, through its associate 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.

** A subsidiary of MARIL, European Transport Investments (UK) Limited ("ETIUK"), beneficially owns 70% of both the WKG 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 agreement is structured such that any decision made in regard to the financial and operational policies requires 75% of the voting members to proceed. As a result MQA does not control WKG.

The voting power held in the other associates disclosed above is in proportion to the ownership interest held. The above associates are accounted for using the Equity Method. Refer also to Note 8.

13 Payables

Consolidated	Note	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Current					
VAT payable		**3,290**	3,058	**-**	-
Manager and Adviser base fees payable		**3,949**	3,263	**379**	403
Manager and Adviser performance fees payable	(i)	**16,702**	20,861	**1,714**	2,186
Lease payable	(ii)	**18,027**	17,005	**-**	-
Sundry creditors and accruals		**8,628**	6,867	**220**	371
		50,596	51,054	**2,313**	2,960
Non-current					
Manager and Adviser performance fees payable	(i)	**-**	16,702	**-**	1,714
Lease payable	(ii)	**175,161**	158,189	**-**	-
		175,161	174,891	**-**	1,714

13 Payables (continued)

(i) Manager and Adviser Performance fees payable

In accordance with MARIL and MARL's advisory and management agreements (the "Agreements") with MFA, MFA has the potential to earn a performance fee 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. The performance fees are payable in three equal annual instalments provided MQA meets certain performance criteria at each instalment date.

For the financial year ended 30 June 2012, MQA did not meet the performance criteria for a new performance fee to be incurred.

For the financial year ended 30 June 2011, a total performance fee of $50.1 million (excluding GST) was calculated for MQA. The first and second instalments of $16.7 million each were applied to subscriptions for new MQA securities in August 2011 and July 2012 respectively. The third instalment of $16.7 million will become payable should the performance criteria be met at 30 June 2013.

For the period ended 30 June 2010, a total performance fee of $12.5 million (excluding GST) was calculated for MQA. The first instalment of $4.2 million was paid in July 2010. The second and third instalments of $4.2 million each became payable at 30 June 2011 and 30 June 2012 respectively. These were applied to subscriptions for new MQA securities in August 2011 and July 2012.

Current Manager and Adviser performance fees payable

Current Manager and Adviser performance fees payable of $16.7 million at 31 December 2012 (2011: $20.9 million) comprises solely of the third instalment of the June 2011 fee.

Non-current Manager and Adviser performance fees payable

There are no non-current Manager and Adviser performance fees payable at 31 December 2012 (2011: $16.7 million).

(ii) Lease payable

The current and non-current lease payables are in relation to land leased by MEL, the concessionaire for the M6 Toll, from the Highways Agency in the UK.

Financial Report
for the year ended 31 December 2012

14 Derivative Financial Instruments

Consolidated	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Current liabilities				
Interest rate swap contracts	**42,906**	34,094	**-**	-
Total current derivative financial instrument liabilities	**42,906**	34,094	**-**	-
Non-current liabilities				
Interest rate swap contracts	**405,974**	394,580	**-**	-
Total non-current derivative financial instrument liabilities	**405,974**	394,580	**-**	-

Instruments used by MQA

At 31 December 2012, MQA is party to derivative financial instruments entered into in the normal course of business, in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to Note 24).

Interest rate swap contracts – cash flow hedges

In 2006, MMG entered into a 30 year interest rate hedge, such that all floating rate payments due on the £1.0 billion ($1.6 billion) term loan (refer to Note 15) have been fixed. The swap contracts entered into have structured fixed payments at levels that increase from year to year. The levels of fixed payments start at a low rate and then increase over 20 years until they reach a plateau rate for the remainder of the term. The swap contracts are currently being settled on a six monthly basis.

The interest rate swap contracts have been designated and qualify as a cash flow hedge. The gain or loss arising from re-measuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and re-classified into the profit or loss when the hedged interest expense is recognised.

At 31 December 2012 these contracts were liabilities with a fair value of £287.3 million ($448.9 million) (2011: £283.1 million ($428.7 million)) and have been disclosed as derivative financial instrument liabilities in the Statement of Financial Position. The fair value movement of the swaps in the year was a loss of £4.2 million ($6.6 million) (2011: £208.6 million ($316.0 million)). Of this movement a loss of £4.2 million ($6.7 million) (2011: £208.6 million ($316.0 million)) has been recognised in the Statement of Changes in Equity in the cash flow hedging reserve and a gain of £0.06 million ($0.1 million) (2011: Gain of £0.02 million ($0.04 million)) has been recognised in profit or loss.

An accrued interest rate swap liability of £180.4 million ($281.8 million) (2011: £147.2 million ($222.8 million)) has been recognised in interest bearing financial liabilities (refer to Note 15) to reflect the low rates of fixed payments currently being paid under the swap contracts.

The total fair value of the contracts, combining the fair value of the liability and the swap fair value above is £660.5 million ($1,031.9 million) (2011: £628.0 million ($950.8 million)). The fair value is calculated by combining the independent mark-to-market valuations from the four interest rate swap counterparties as at 31 December.

At 31 December 2012, the notional principal amounts and years of expiry of MMG's interest rate swap contracts are:

Consolidated	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
1 - 5 years	**-**	-	**-**	-
20 - 25 years	**1,562,476**	1,514,067	**-**	-

15 Interest Bearing Financial Liabilities

Consolidated	Note	**MQA As at 31 Dec 2012 $'000**	MQA As at 31 Dec 2011 $'000	**MARL Group As at 31 Dec 2012 $'000**	MARL Group As at 31 Dec 2011 $'000
Current					
Non-recourse loans	(i)	**-**	3,803	**-**	-
		-	3,803	**-**	-
Non-current					
Non-recourse loans	(i)	**1,590,242**	1,538,144	**-**	-
Accrued interest rate swap liability	(ii)	**281,843**	222,799	**-**	-
		1,872,085	1,760,943	**-**	-
The maturity profile of the above interest bearing financial liabilities is:					
Due within one year		**-**	3,803	**-**	-
Due between one and five years		**1,590,242**	1,538,144	**-**	-
Due after five years		**281,843**	222,799	**-**	-
		1,872,085	1,764,746	**-**	-

(i) Non-recourse Loans

The MQA consolidated financial statements incorporate interest bearing financial liabilities raised by controlled project entities to finance the construction of infrastructure assets. These project-related liabilities are non-recourse beyond the M6 Toll assets and MQA has no commitments to provide further debt or equity funding to the M6 Toll in order to meet these liabilities.

The non-recourse loans represent debt facilities of £1.03 billion ($1.6 billion) (31 December 2011: £1.03 billion ($1.5 billion)) of MMG, a subsidiary of MQA, which relate to the M6 Toll.

The facilities are due for repayment in August 2015. They comprise a £1.0 billion ($1.6 billion)) (31 December 2011: £1.0 billion ($1.5 billion)) term loan and a £30.0 million ($46.9 million) (31 December 2011: £30.0 million ($45.4 million)) capital expenditure facility. Interest on the drawn facilities is charged at a margin over the London Inter Bank Offer Rate ("LIBOR"). At 31 December 2012 the interest rate was 2.53% (31 December 2011: 2.73%).

At 31 December 2012, the term loan was drawn up to £998.3 million ($1,559.8 million) (31 December 2011: £1,000.0 million ($1,514.0 million)) and £12.6 million ($19.8 million) (31 December 2011: £10.1 million ($15.4 million)) of the capital expenditure facility had been utilised. The facilities have certain covenants attached and are secured by way of debentures over MEL's assets.

Interest rate hedging has been put in place in relation to 100% of the face value of the term loan and future refinancing to 2036. Interest expense on the term loan is calculated by applying the effective fixed interest rate of 5.82% (31 December 2011: 5.82%).

The MARL Group has no interest bearing liabilities.

(ii) Accrued Interest Rate Swap Liability

The swap liability represents a separate element associated with the MMG 30 year interest rate hedge. This reflects the low rates of fixed payments currently being paid under the swap contracts being less than the effective swap rate over the term of the swap. As at 31 December 2012, this liability incurs fixed interest at 7.12% (31 December 2011: 7.12%) per annum.

Financial Report
for the year ended 31 December 2012

16 Deferred Tax Liabilities

Consolidated	**MQA** **As at** **31 Dec 2012** **$'000**	MQA As at 31 Dec 2011 $'000	**MARL Group** **As at** **31 Dec 2012** **$'000**	MARL Group As at 31 Dec 2011 $'000
Deferred tax liability	**16,545**	31,862	**-**	-
The balance of deferred tax liabilities comprises temporary differences attributable to:				
Amounts recognised in profit or loss				
Temporary differences on property, plant and equipment	**195,169**	211,004	**-**	-
Deferred tax asset in relation to tax losses	**(178,624)**	(179,142)	**-**	-
Net deferred tax liabilities	**16,545**	31,862	**-**	-
Movements:				
Opening balance at beginning of year	**31,862**	51,152	**-**	-
Credited to profit or loss	**(16,001)**	(19,087)	**-**	-
Foreign currency exchange differences	**684**	(203)	**-**	-
Closing balance at end of year	**16,545**	31,862	**-**	-

17 Contributed Equity

	Attributable to MARIL equity holders **As at** **31 Dec 2012** **$'000**	Attributable to MARIL equity holders As at 31 Dec 2011 $'000	**Attributable to MARL equity holders** **As at** **31 Dec 2012** **$'000**	Attributable to MARL equity holders As at 31 Dec 2011 $'000
Ordinary shares	**1,354,159**	1,335,394	**198,877**	196,781
Contributed equity	**1,354,159**	1,335,394	**198,877**	196,781

	Attributable to MARIL equity Holders **Year ended** **31 Dec 2012** **$'000**	Attributable to MARIL equity holders Year ended 31 Dec 2011 $'000	**Attributable to MARL equity holders** **Year ended** **31 Dec 2012** **$'000**	Attributable to MARL equity Holders Year ended 31 Dec 2011 $'000
On issue at the beginning of the year	**1,335,394**	1,316,674	**196,781**	194,640
Issued				
Application of performance fees to subscription for new securities*	**18,765**	18,720	**2,096**	2,141
On issue at the end of the year	**1,354,159**	1,335,394	**198,877**	196,781

	Number of shares **'000**	Number of shares '000	**Number of shares** **'000**	Number of shares '000
On issue at the beginning of the year	**464,280**	452,346	**464,280**	452,346
Issued				
Application of performance fees to subscription for new securities*	**14,251**	11,934	**14,251**	11,934
On issue at the end of the year	**478,531**	464,280	**478,531**	464,280

* During the year ended 31 December 2012, the second instalment of the June 2011 performance fee and the third instalment of the June 2010 performance fee, totalling $18.8 million (31 December 2011: $18.7 million), were applied to a subscription for new MARIL securities. During the year ended 31 December 2012, the second instalment of the June 2011 performance fee and the third instalment of the June 2010 performance fee, totalling $2.1 million (31 December 2011: $2.1 million), were applied to a subscription for new MARL securities.

17 Contributed Equity (continued)

Ordinary shares in MARL and in MARIL

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 MARL and one vote for each fully paid share in respect of MARIL.

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

If MARL and MARIL 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 MARL and MARIL.

18 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 2012 $'000	As at 31 Dec 2011 $'000	**As at 31 Dec 2012 $'000**	As at 31 Dec 2011 $'000
Balance of reserves				
Hedging reserve – cash flow hedges (net of tax)	**(461,767)**	(455,055)	**-**	-
Foreign currency translation reserve	**57,193**	105,871	**(12,657)**	(12,353)
Other reserve	**(1,559,979)**	(1,559,979)	**-**	-
	(1,964,553)	(1,909,163)	**(12,657)**	(12,353)

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity Holders
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Movements of reserves				
Hedging reserve – cash flow hedges (net of tax)				
Balance at the beginning of the year	**(455,055)**	(139,057)	**-**	-
Revaluation (gross) on interest rate swap contracts	**(6,712)**	(315,998)	**-**	-
Balance at the end of the year	**(461,767)**	(455,055)	**-**	-
Foreign currency translation reserve				
Balance at the beginning of the year	**105,871**	116,690	**(12,353)**	(11,772)
Net exchange differences on translation of foreign controlled entities	**(48,678)**	(10,819)	**(304)**	(581)
Balance at the end of the year	**57,193**	105,871	**(12,657)**	(12,353)
Other reserve				
Balance at the beginning of the year	**(1,559,979)**	(1,559,979)	**-**	-
Balance at the end of the year	**(1,559,979)**	(1,559,979)	**-**	-

18 Reserves (continued)

Nature and purpose of reserves

Hedging reserve – cash flow hedges

The hedging reserve is used to record gains or losses on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(r). Amounts are recognised in profit or loss when the associated hedged transaction affects profit or loss.

Foreign currency translation reserve

Exchange differences arising on translation of foreign operations are taken to the foreign currency translation reserve, as described in Note 1(p).

Other reserve

On the demerger from MIG, a reserve has been recognised representing the difference between the fair value of securities issued and the historical carrying values of the interests in the assets acquired.

19 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 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Balance at the beginning of the year	**(295,746)**	(68,285)	**(136,231)**	(74,203)
Loss attributable to shareholders	**(121,362)**	(227,461)	**(3,073)**	(62,028)
Balance at the end of the year	**(417,108)**	(295,746)	**(139,304)**	(136,231)

20 Segment Information

(a) Description of Segments

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

The MQA Boards consider the business from the aspect of each of the toll roads and has identified six and three operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in M6 Toll, APRR, Warnow Tunnel, Indiana Toll Road, Chicago Skyway and Dulles Greenway. The segments of the MARL Group are the investments in Indiana Toll Road, Chicago Skyway and Dulles Greenway.

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2012 and segment assets at 31 December 2012 by individual portfolio asset. The MQA Boards are provided with performance information on each asset, in their capacity as chief operating decision makers, to monitor the operating performance of each asset.

20 Segment Information (continued)

(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 2012, based on MQA's effective ownership interest is as follows:

MQA	Indiana Toll Road Year ended 31 Dec 2012 $'000	Chicago Skyway Year ended 31 Dec 2012 $'000	Dulles Greenway Year ended 31 Dec 2012 $'000	M6 Toll Year ended 31 Dec 2012 $'000	APRR Year ended 31 Dec 2012 $'000	Warnow Tunnel Year ended 31 Dec 2012 $'000	**Total MQA Year ended 31 Dec 2012 $'000**
Segment Revenue	47,116	15,197	34,947	92,928	486,810	7,328	**684,326**
Segment Expenses	(8,762)	(1,847)	(6,828)	(13,532)	(146,252)	(2,559)	**(179,780)**
Segment EBITDA	38,354	13,350	28,119	79,396	340,558	4,769	**504,546**
EBITDA Margin	81%	88%	80%	85%	70%	65%	**74%**
	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	**As at 31 Dec 2012 $'000**
Segment assets	910,075	503,832	816,092	860,837	3,634,779	144,964	**6,870,579**

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 2011 and the segment assets at 31 December 2011, based on MQA's effective ownership interest is as follows:

MQA	Indiana Toll Road Year ended 31 Dec 2011 $'000	Chicago Skyway Year ended 31 Dec 2011 $'000	Dulles Greenway Year ended 31 Dec 2011 $'000	M6 Toll Year ended 31 Dec 2011 $'000	APRR Year ended 31 Dec 2011 $'000	Warnow Tunnel Year ended 31 Dec 2011 $'000	**Total MQA Year ended 31 Dec 2011 $'000**
Segment Revenue	44,482	14,498	32,047	90,591	517,640	8,232	**707,490**
Segment Expenses	(8,264)	(1,915)	(8,081)	(11,540)	(160,331)	(2,680)	**(192,811)**
Segment EBITDA	36,218	12,583	23,966	79,051	357,309	5,552	**514,679**
EBITDA Margin	81%	87%	75%	87%	69%	67%	**73%**
	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	**As at 31 Dec 2011 $'000**
Segment assets	932,870	513,120	844,983	849,515	3,877,454	149,518	**7,167,460**

20 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 year ended 31 December 2012, based on the MARL Group's effective ownership interest is as follows:

MARL Group	Indiana Toll Road	Chicago Skyway	Dulles Greenway	**Total MARL Group**
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2012 $'000**
Segment Revenue	47,116	15,197	4,683	**66,996**
Segment Expenses	(8,762)	(1,847)	(915)	**(11,524)**
Segment EBITDA	38,354	13,350	3,768	**55,472**
EBITDA Margin	81%	88%	80%	**83%**
	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	As at 31 Dec 2012 $'000	**As at 31 Dec 2012 $'000**
Segment assets	910,075	503,832	99,327	**1,513,234**

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 2011 and the segment assets at 31 December 2011, based on the MARL Group's effective ownership interest is as follows:

MARL Group	Indiana Toll Road	Chicago Skyway	Dulles Greenway	**Total MARL Group**
	Year ended 31 Dec 2011 $'000	Year ended 31 Dec 2011 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2011 $'000**
Segment Revenue	44,482	14,498	4,294	**63,274**
Segment Expenses	(8,264)	(1,915)	(1,083)	**(11,262)**
Segment EBITDA	36,218	12,583	3,211	**52,012**
EBITDA Margin	81%	87%	75%	**82%**
	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	As at 31 Dec 2011 $'000	**As at 31 Dec 2011 $'000**
Segment assets	932,870	513,120	102,863	**1,548,853**

Financial Report
for the year ended 31 December 2012

20 Segment Information (continued)

(b) Segment Information provided to the MQA Boards (continued)

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2011 $'000	**Year ended 31 Dec 2012 $'000**	Year ended 31 Dec 2011 $'000
Reconciliation of Segment Revenue to Revenue				
Segment Revenue	**684,326**	707,490	**66,996**	63,274
Revenue attributable to investments accounted for under the equity method*	**(591,398)**	(616,899)	**(66,996)**	(63,274)
Unallocated revenue	**551**	1,298	**1,681**	1,800
Total revenue	**93,479**	91,889	**1,681**	1,800
Reconciliation of Segment EBITDA to Loss Before Income Tax Benefit				
Segment EBITDA	**504,546**	514,679	**55,472**	52,012
EBITDA attributable to investments accounted for under the equity method *	**(425,150)**	(435,628)	**(55,472)**	(52,012)
Other expenses from consolidated toll road assets	**(161,920)**	(162,954)	**-**	-
Unallocated revenue	**551**	1,298	**1,681**	1,800
Unallocated expenses	**(17,745)**	(67,454)	**(2,742)**	(7,528)
Share of net loss of investments accounted for using the equity method	**(40,644)**	(90,331)	**(1,951)**	(52,970)
Impairment provision for investments accounted for using the equity method (Refer to Note 8)	**-**	(67,373)	**-**	(3,442)
Loss from continuing operations before income tax benefit	**(140,362)**	(307,763)	**(3,012)**	(62,140)

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2012 $'000	As at 31 Dec 2011 $'000	**As at 31 Dec 2012 $'000**	As at 31 Dec 2011 $'000
Reconciliation of Segment Assets to Total Assets				
Segment assets	**6,870,579**	7,167,460	**1,513,234**	1,548,853
Other cash assets	**15,258**	20,330	**2,102**	7,967
Other assets	**3,804**	6,653	**30,657**	26,296
Impairment provision for investments accounted for using the equity method	**(66,407)**	(67,373)	**(3,392)**	(3,442)
Liabilities included in investments accounted for using the equity method	**(5,240,553)**	(5,497,161)	**(1,493,372)**	(1,526,803)
Total assets	**1,582,681**	1,629,909	**49,229**	52,871

* Revenue and EBITDA attributable to investments accounted for under the equity method is included within the "Share of net losses 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.

Financial Report
for the year ended 31 December 2012

21 Earnings per Stapled Security/Share

Consolidated	**MARIL** **Year ended 31 Dec 2012** **cents**	MARIL Year ended 31 Dec 2011 cents	**MARL** **Year ended 31 Dec 2012** **cents**	MARL Year ended 31 Dec 2011 cents
Basic loss from continuing operations per MARIL/MARL share	**(25.75)**	(49.84)	**(0.65)**	(13.59)
Basic loss per MARIL/MARL share	**(25.75)**	(49.84)	**(0.65)**	(13.59)
	$'000	$'000	**$'000**	$'000
Earnings used in the calculation of basic loss from continuing operations per MARIL/MARL share*	**(121,362)**	(227,461)	**(3,073)**	(62,028)
Earnings used in the calculation of basic loss per MARIL/MARL share*	**(121,362)**	(227,461)	**(3,073)**	(62,028)
	Number	Number	**Number**	Number
Weighted average number of shares used in calculation of basic loss per MARIL/MARL share*	**471,366,576**	456,400,091	**471,366,576**	456,400,091

* There is no difference in the earnings and weighted average number of shares used in the calculation of basic earnings per stapled security and diluted earnings per stapled security.

The basic loss per MQA stapled security for the year ended 31 December 2012 was 26.40 cents (2011: 63.43 cents) per stapled security using MQA loss attributable to MQA stapled security holders of $124.4 million (2011: $289.5 million).

Financial Report
for the year ended 31 December 2012

22 Cash Flow Information

Consolidated	**MQA** **Year ended 31 Dec 2012 $'000**	MQA Year ended 31 Dec 2011 $'000	**MARL Group** **Year ended 31 Dec 2012 $'000**	MARL Group Year ended 31 Dec 2011 $'000
Reconciliation of loss after income tax benefit to net cash flows from operating activities				
Loss after income tax	**(124,435)**	(289,489)	**(3,073)**	(62,028)
Loss on equity accounted assets	**40,644**	90,331	**1,951**	52,970
Expenses relating to financing activities	**104,629**	102,642	**-**	-
Net unrealised foreign exchange (gain)/loss	**(146)**	254	**32**	(9)
Net gain on derivative contracts	**(95)**	(39)	**-**	-
Net gain on sale of non-current assets	**(4)**	(105)	**-**	-
Depreciation and amortisation	**26,582**	30,563	**-**	-
Application of performance fees to subscription of new securities	**20,861**	20,861	**-**	2,141
Provision for impairment	**(62)**	67,373	**(63)**	3,182
Changes in operating assets and liabilities:				
(Increase)/decrease in receivables	**(1,268)**	263	**(1,417)**	(7)
Decrease in other assets	**2**	215	**-**	109
Decrease/ (Increase) in current tax receivables	**43**	1,021	**61**	1,021
Decrease in deferred tax liability	**(16,001)**	(19,087)	**-**	-
Increase in other liabilities	**12,140**	13,068	**-**	-
(Decrease)/increase in payables	**(17,635)**	27,046	**(226)**	2,862
Net cash flows from operating activities	**45,255**	44,917	**(2,735)**	241
Reconciliation of cash and cash equivalents				
Cash and cash equivalents at the end of the year as shown in the Statements of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:				
Cash at bank	**18,919**	7,164	**2,102**	941
Short term money market investments	**-**	14,140	**-**	7,026
Cash not available for use	**37,083**	34,810	**-**	-
Cash and cash equivalents	**56,002**	56,114	**2,102**	7,967

Non cash financing and investing activities

Application of performance fees to subscription of new securities

During the year ended 31 December 2012, the second instalment of the June 2011 performance fee and the third instalment of the June 2010 performance fee, totalling $18.8 million (31 December 2011: $18.7 million), were applied to a subscription for new MARIL securities. During the year ended 31 December 2012, the second instalment of the June 2011 performance fee and the third instalment of the June 2010 performance fee, totalling $2.1 million (31 December 2011: $2.1 million), were applied to a subscription for new MARL securities.

Financial Report
for the year ended 31 December 2012

23 Related Party Disclosures

Adviser and Manager

The Adviser of MARIL and the Manager of MARL is MFA, a wholly owned subsidiary of MGL.

Directors

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

- Jeffrey Conyers (Chairman)
- Peter Dyer
- David Walsh
- Derek Stapley

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)
- Richard England
- John Roberts
- Marc de Cure

Key Management Personnel

The above directors are the Key Management Personnel of MQA and the MARL Group.

Key Management Personnel 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 Key Management Personnel as they have this authority in relation to the activities of MQA and the MARL Group respectively. There are no other Key Management Personnel of MQA and the MARL Group.

Compensation in the form of directors' fees that were paid to directors is as follows for the year ended 31 December 2012:

	Year ended 31 Dec 2012 Director's fees $	Year ended 31 Dec 2011 Director's fees $
MARIL		
Jeffrey Conyers	**72,277**	71,922
Dr Peter Dyer	**61,540**	63,600
David Walsh	**65,000**	65,000
Derek Stapley	**67,458**	67,127
	266,275	267,649
MARL		
David Walsh	**185,000**	185,000
Richard England	**140,000**	140,000
Marc de Cure	**125,000**	51,291
Jeffrey Conyers	**-**	28,085
	450,000	404,376

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.

Financial Report
for the year ended 31 December 2012

23 Related Party Disclosures (continued)

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

	Directors interests in MQA Stapled Securities At 31 Dec 12	Directors interests in MQA Stapled Securities At 31 Dec 11
Jeffrey Conyers	**40,000**	40,000
Dr Peter Dyer	**-**	-
David Walsh	**7,000**	7,000
Derek Stapley	**-**	-
John Roberts	**46,108**	46,108
Marc de Cure	**-**	-
Richard England	**40,000**	30,000
Total	**133,108**	123,108

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	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2012	Year ended 31 Dec 2011	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011
Consolidated	**$**	$	**$**	$
Base fee	**14,819,881**	14,391,822	**1,467,942**	1,518,773
Performance fee	**-**	50,105,696	**-**	5,195,581
Total	**14,819,881**	64,497,518	**1,467,942**	6,714,354

The base fee is calculated as 2.00% per annum of the first $1.0 billion of MQA market capitalisation, 1.25% per annum for the value between $1.0 billion and $3.0 billion and at 1.00% per annum on MQA market capitalisation value over $3.0 billion at the end of each quarter.

The performance fee is calculated with reference to the performance of the accumulated security price of MQA compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the 12 months ended 30 June 2012 MQA did not meet the performance criteria for a new performance fee to be incurred. For the year ended 30 June 2011, a total performance fee of $50.1 million (excluding GST) was calculated for MQA. This fee is payable in three equal instalments, with the first instalment of $16.7 million settled in August 2011, second instalment settled in July 2012 and a liability recognised for the third instalment. The third instalment of $16.7 million will become payable on 30 June 2013 should the ongoing performance criteria be met and the Manager/Adviser not voluntarily retire. For the period ended 30 June 2010, a total performance fee of $12.5 million (excluding GST) was calculated for MQA. This fee was payable in three equal instalments, with the third and final instalment of $4.2 million settled in July 2012.

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

23 Related Party Disclosures (continued)

Other transactions

MGL and companies within the MGL Group undertake various transactions with, and perform various services for MQA. Fees paid to MGL Group companies 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 2012, Macquarie Capital Group Limited, a subsidiary of MGL beneficially held 90,281,185 (2011: 75,424,460) stapled securities through its principal position in MQA.

At 31 December 2012, entities within the Groups had the following funds on deposit with MBL, a wholly owned subsidiary of MGL:

- MQA $13,318,326 (2011: $2,997,977)
- MARL Group $2,102,024 (2011: $941,015)

During the year entities within the Groups earned the following interest on deposits with MBL. MQA earns interest on deposit at commercial rates:

- MQA $76,127 (2011: $183,259)
- MARL Group $30,789 (2011: $32,618)

During the year entities within the Groups reimbursed MGL Group companies the following, representing out-of-pocket expenses incurred by the Adviser and the Manager in the performance of its duties:

- MQA $914,799 (2011: $657,061)
- MARL Group $619,319 (2011: $475,825)

For the year ended 31 December 2012 and the year ended 31 December 2011, the Group did not incur any advisory fees with MGL.

Other balances and transactions:

At 31 December 2012, MARL had a receivable balance with MARIL of $27,428,291 (2011: $19,779,997) which is made up of an interest bearing loan of $26,628,706 (2011: $18,917,238), accrued interest on this loan of $755,870 (2011: $765,524) and other non-interest bearing receivables of $43,715 (2011: $97,235). The loan owing from MARIL to MARL bears interest at BBSW plus a margin of between 2.5% and 4.0%. Out of the total principal of $26,628,706 (2011: $18,917,238), $25,114,977 is payable in 2013 and the balance of $1,513,729 is payable in 2015. The interest of $755,870 (2011: $765,524) is payable on demand. Related party interest between MARIL and MARL totalled $1,416,814 (2011: $1,443,507) for the year.

At 31 December 2012, MARL had no receivable balances with Macquarie Infrastructure US Pty Ltd (MIUS) (2011: $750,244). MIUS is a wholly owned subsidiary of MARIL.

At 31 December 2012, entities within the Groups had no balances receivable from Transtoll (MQA and the MARL Group lost control of Transtoll on 16 December 2010). As at 31 December 2011, MQA and the MARL Group had a receivable balance of $2.5 million.

At 31 December 2012, entities within the Groups had the following balances receivable from associates:

- MQA $519,270 (2011: $837,049)
- MARL Group $nil (2011: $nil)

During the year entities within the Groups reimbursed associates the following, representing legal fees and other expenses incurred in the performance of their duties:

- MQA $7,315 (2011: $1,044,470)
- MARL Group $7,315 (2011: $76)

23 Related Party Disclosures (continued)

Other balances and transactions (continued)

During the year the associates did not reimburse entities within the Groups for any expenses. In 2011, associates reimbursed MQA $22,516 for expenses incurred in the performance of their duties.

During the year a return on Preferred Equity Certificates was received from one of the assets, APRR, to entities within the Groups:

- MQA $9,721,832 (2011: $nil)
- MARL Group $nil (2011: $nil)

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

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

24 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 and interest rate swaps to hedge certain risk exposures.

The Risk Management Policy and Framework is carried out by management under policies approved by the Board. Senior management of the Groups identify, quantify and qualify financial risks and provide 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.

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.

Financial Report
for the year ended 31 December 2012

24 Financial Risk and Capital Management (continued)

Market risk (continued)

(b) Interest rate risk

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

MQA's main interest rate risk arises from long term borrowings which are taken out at variable interest rates and therefore expose MQA to a cash flow interest rate risk. MQA only has long term borrowings issued at floating interest rates. For floating rate exposures, MQA hedges the exposure by entering into interest rate swaps, whereby the entities within MQA agree with their counterparties to exchange at specified intervals, the difference between the fixed contract rates and floating rate amounts calculated by reference to the agreed notional principal amounts. Refer to Note 14.

Credit risk

Potential areas of credit risk consist of cash and cash equivalents and deposits with banks and financial institutions as well as credit exposures to committed transactions. The Groups limit their exposure in relation to cash balances by only dealing with well established financial institutions of high quality credit standing. The Groups only transact with independently rated parties with appropriate minimum credit ratings of A-1. The Board 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**			
Consolidated	**Financial Institutions $'000**	**Corporates and other $'000**	**Government $'000**	**Total $'000**	**Financial Institutions $'000**	**Corporates and other $'000**	**Government $'000**	**Total $'000**
2012								
Cash and cash equivalents	56,002	-	-	**56,002**	2,102	-	-	**2,102**
Receivables	-	2,265	3,203	**5,468**	-	27,437	3,190	**30,627**
Total	56,002	2,265	3,203	**61,470**	2,102	27,437	3,190	**32,729**

	MQA				MARL Group			
Consolidated	Financial Institutions $'000	Corporates and other $'000	Government $'000	Total $'000	Financial Institutions $'000	Corporates and other $'000	Government $'000	Total $'000
2011								
Cash and cash equivalents	56,114	-	-	**56,114**	7,967	-	-	**7,967**
Receivables	-	3,663	3,303	**6,966**	-	22,980	3,285	**26,265**
Total	56,114	3,663	3,303	**63,080**	7,967	22,980	3,285	**34,232**

Financial institutions

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

Corporates and other and Government

The MQA credit risk relates primarily to trade receivables at the toll road asset level and other receivables from government authorities. The 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.

24 Financial Risk and Capital Management (continued)

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 flows of the liabilities at balance date of MQA and the MARL Group.

MQA Consolidated	**Less than 1 Year $'000**	**1-2 Years $'000**	**2-3 Years $'000**	**3-5 Years $'000**	**Greater than 5 Years $'000**	**Total $'000**
2012						
Non-recourse loans	34,731	30,335	1,604,637	-	-	**1,669,703**
Payables	50,595	4,170	4,170	8,341	158,479	**225,755**
Derivative liability	58,976	58,533	55,842	95,595	236,545	**505,491**
Accrued interest rate swap liability	(26,921)	(19,109)	(11,296)	1,021	953,429	**897,124**
Total	117,381	73,929	1,653,353	104,957	1,348,453	**3,298,073**

MARL Group	**Less than 1 Year $'000**	**1-2 Years $'000**	**2-3 Years $'000**	**3-5 Years $'000**	**Greater than 5 Years $'000**	**Total $'000**
2012						
Payables	2,313	-	-	-	-	**2,313**
Total	2,313	-	-	-	-	**2,313**

MQA Consolidated	Less than 1 Year $'000	1-2 Years $'000	2-3 Years $'000	3-5 Years $'000	Greater than 5 Years $'000	Total $'000
2011						
Non-recourse loans	43,103	36,926	47,425	1,552,134	-	1,679,588
Payables	51,054	20,468	3,766	7,533	143,124	225,945
Derivative liability	50,969	51,364	39,055	79,363	305,925	526,676
Accrued interest rate swap liability	(33,569)	(26,087)	(18,517)	(14,151)	928,084	835,760
Total	111,557	82,671	71,729	1,624,879	1,377,133	3,267,969

MARL Group	Less than 1 Year $'000	1-2 Years $'000	2-3 Years $'000	3-5 Years $'000	Greater than 5 Years $'000	Total $'000
2011						
Payables	2,960	1,714	-	-	-	4,674
Total	2,960	1,714	-	-	-	4,674

Fair value estimation

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement and disclosure purposes.

MQA has adopted the amendment to AASB 7 *Financial Instruments*: *Disclosures* which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;

(b) Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and

(c) Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

24 Financial Risk and Capital Management (continued)

Fair value estimation (continued)

The following tables present MQA's and the MARL Group's assets and liabilities measured and recognised at fair value at 31 December 2012 and 2011.

MQA Consolidated	**Level 1 $'000 2012**	Level 1 $'000 2011	**Level 2 $'000 2012**	Level 2 $'000 2011	**Level 3 $'000 2012**	Level 3 $'000 2011	**Total $'000 2012**	Total $'000 2011
Liabilities								
Financial derivatives	**-**	-	**(448,880)**	(428,674)	**-**	-	**(448,880)**	(428,674)
Total Liabilities	**-**	-	**(448,880)**	(428,674)	**-**	-	**(448,880)**	(428,674)

MARL Group	**Level 1 $'000 2012**	Level 1 $'000 2011	**Level 2 $'000 2012**	Level 2 $'000 2011	**Level 3 $'000 2012**	Level 3 $'000 2011	**Total $'000 2012**	Total $'000 2011
Liabilities								
Financial derivatives	**-**	-	**-**	-	**-**	-	**-**	-
Total Liabilities	**-**	-	**-**	-	**-**	-	**-**	-

The fair value of financial instruments that are not actively traded in an active market is determined using valuation techniques. Discounted cash flows are used to determine the fair value for financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance date.

Foreign exchange risk

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

— AUD/EUR exchange rate increased/decreased by 9 Euro cents (2011: 9 Euro cents)

— AUD/GBP exchange rate increased/decreased by 7 UK pence (2011: 7 UK pence)

— AUD/USD exchange rate increased/decreased by 19 United States cents (2011: 20 United States 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**			
MQA Consolidated	**P&L 2012 $'000**	P&L 2011 $'000	**Equity 2012 $'000**	Equity 2011 $'000	**P&L 2012 $'000**	P&L 2011 $'000	**Equity 2012 $'000**	Equity 2011 $'000
Total financial assets	**(1,515)**	(666)	**-**	-	**1,948**	939	**-**	-
Total financial liabilities	**10**	140	**-**	-	**(14)**	(175)	**-**	-
Total	**(1,505)**	(526)	**-**	-	**1,934**	764	**-**	-

	Foreign exchange risk							
	Appreciation in Australian Dollar				**Depreciation in Australian Dollar**			
MARL Group	**P&L 2012 $'000**	P&L 2011 $'000	**Equity 2012 $'000**	Equity 2011 $'000	**P&L 2012 $'000**	P&L 2011 $'000	**Equity 2012 $'000**	Equity 2011 $'000
Total financial assets	**(245)**	(352)	**-**	-	**353**	520	**-**	-
Total financial liabilities	**-**	1	**-**	-	**-**	(1)	**-**	-
Total	**(245)**	(351)	**-**	-	**353**	519	**-**	-

24 Financial Risk and Capital Management (continued)

Interest rate risk

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 148 bps (2011: 139 bps)
- Bank bill swap reference rate (EUR LIBOR 90 days) increased/decreased by 104 bps (2011: 106 bps)
- Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 80 bps (2011: 86 bps)
- Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 107 bps (2011: 119 bps)
- London interbank offered rate (GBP LIBOR 180 days) increased/decreased by 111 bps (2011: 113 bps)
- Bank bill swap reference rate (AUD BBSW 12 months) increased/decreased by 214 bps (2011: 204 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.

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
	P&L	P&L	**Equity**	Equity	**P&L**	P&L	**Equity**	Equity
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
MQA Consolidated	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total financial assets	**542**	656	**-**	-	**(542)**	(656)	**-**	-
Total financial liabilities	**(219)**	(174)	**283,898**	319,168	**219**	174	**(354,377)**	(409,683)
Total	**323**	482	**283,898**	319,168	**(323)**	(482)	**(354,377)**	(409,683)

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
	P&L	P&L	**Equity**	Equity	**P&L**	P&L	**Equity**	Equity
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
MARL Group	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Total financial assets	**589**	488	**-**	-	**(589)**	(488)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**589**	488	**-**	-	**(589)**	(488)	**-**	-

Financial assets include cash and cash equivalents, receivables, prepayments and derivative financial assets.

Financial liabilities include derivative financial liabilities, payables and interest bearing financial liabilities.

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 2012 the Groups do not have any externally imposed capital requirements.

25 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	MARIL	**MARL**	MARL
	31 Dec 2012 $'000	31 Dec 2011 $'000	**31 Dec 2012 $'000**	31 Dec 2011 $'000
Statement of Financial Position				
Current assets	**11,995**	10,534	**28,130**	11,989
Non-current assets	**749,490**	836,930	**78,587**	117,173
Total assets	**761,485**	847,464	**106,717**	129,162
Current liabilities	**(45,692)**	(23,702)	**(2,284)**	(3,909)
Total liabilities	**(47,206)**	(57,607)	**(2,284)**	(5,623)
Shareholders' equity				
Issued capital	**1,354,159**	1,335,394	**198,877**	196,781
Reserves	**-**	-	**-**	-
Retained earnings	**(639,880)**	(545,537)	**(94,444)**	(73,242)
	714,279	789,857	**104,433**	123,539
Profit/(loss) for the year	**(94,343)**	(493,644)	**(21,202)**	(66,246)
Total comprehensive income	**(94,343)**	(493,644)	**(21,202)**	(66,246)

(b) Guarantees entered into by the parent entities

MARIL and MARL have not provided any financial guarantees in respect of bank overdrafts and loans of subsidiaries as at 31 December 2012 and 31 December 2011. MARIL and MARL have not given any unsecured guarantees at 31 December 2012 and 31 December 2011.

(c) Contingent liabilities of the parent entities

Refer to Note 27 for MARIL and MARL's contingent liabilities as at 31 December 2012 and 31 December 2011.

(d) Contractual commitments for the acquisition of property, plant or equipment

As at 31 December 2012 and 31 December 2011, MARIL and MARL had no contractual commitments.

26 Commitments for Expenditure

Consolidated	**MQA**	MQA
	As at 31 Dec 2012 $'000	As at 31 Dec 2011 $'000
Operating leases commitments		
Commitments in relation to land leased by MEL from the Highways Agency in the UK and other non cancellable operating leases are payable as follows:		
Within one year	**18,087**	17,066
Later than one year but not later than five years	**77,329**	73,356
Later than five years	**1,316,620**	1,304,731
	1,412,036	1,395,153

MQA leases land from the Highways Agency in respect of the M6 Toll. The lease payments are established via a formula set out by the Highways Agency, which settles all costs associated with the purchase by the Highways Agency of that land, and interest on those costs at 6% real per annum. Lease payments commenced in 2010 and will be made through to 2054.

26 Commitments for Expenditure (continued)

Other Commitments

M6 Toll

As part of the debt refinancing of the M6 Toll in August 2006, Tollway Holdings Limited (formerly Macquarie European Infrastructure Limited), a subsidiary of MARIL, made a commitment to procure that one of its subsidiaries would contribute up to a maximum of £70 million ($109 million) (2011: £70 million ($106 million)) towards a road enhancement project which would provide a link to the M6 Toll. This commitment amount is indexed according to the UK Road and Construction Tender Index from May 2006. As this contribution is conditional upon the project being undertaken at a future date, the Group believes that no provisions are necessary in the financial statements at 31 December 2012.

The MARL Group had no commitments for expenditure at 31 December 2012 and 31 December 2011.

27 Contingent Liabilities

MQA had the following contingent liabilities at 31 December 2012 and 31 December 2011. No provisions have been raised against these items unless stated below.

Warnow Tunnel

European Transport Investments (UK) Limited, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.5 million) (31 December 2011: €1.2 million ($1.5 million)), in the event of a senior debt payment event of default by Warnowquerung GmbH & Co. KG, 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 blocked account into which €1.2 million ($1.5 million) (31 December 2011: €1.2 million ($1.5 million)) has been deposited. These funds are restricted and are not accessible.

The MARL Group had no contingent liabilities at 31 December 2012 and 31 December 2011.

28 Events Occurring After Balance Sheet Date

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 results of those operations or the state of affairs of the Groups in period subsequent to the year ended 31 December 2012.

Financial Report
for the year ended 31 December 2012

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 12 to 59:

   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 MQA as at 31 December 2012 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.

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
21 February 2013

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
21 February 2013

Financial Report
for the year ended 31 December 2012

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 12 to 59 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 2012 and of its 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.

David Walsh
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
22 February 2013

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
22 February 2013

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 2012, 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.

Our procedures include reading the other information in the Financial Report to determine whether it contains any material inconsistencies with the financial statements and notes.

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 positions as at 31 December 2012 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); and

(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 in pages 8 to 9 of the directors' report for the year ended 31 December 2012. 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 2012, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Wayne Andrews

Wayne Andrews
Partner

Sydney
22 February 2013