MACQUARIE ATLAS ROADS
FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2013

This report comprises:

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

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for the year ended 31 December 2013

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Directors' Report

for the year ended 31 December 2013

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 2013. *AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its controlled entities and Macquarie Atlas Roads Limited ("MARL") and its controlled entities ("the MARL Group"), together comprising MQA.

The directors of MARL submit the following report for the MARL Group for the year ended 31 December 2013.

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

Directors

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

— Jeffrey Conyers (Chairman)
— David Walsh
— Derek Stapley
— James Keyes (appointed 21 February 2013)
— Peter Dyer (resigned 21 February 2013)

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

Directors' Report
for the year ended 31 December 2013

Operating and Financial Review

Principal Activities

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

Dividends

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

	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000
Ordinary dividend of 2.4 cents (2012:nil) per stapled security paid on 19 April 2013*	**11,485**	-
Ordinary dividend of 3.3 cents (2012:nil) per stapled security paid on 4 October 2013*	**16,079**	-
	27,564	-

*Paid in full by MARIL.

Review and Results of Operations

On 4 June 2013, MQA deconsolidated the M6 Toll group. Ongoing discussions with the M6 Toll lender group progressed such that a reassessment of the variable return to which MQA is exposed from its involvement with the M6 Toll group was necessary to be performed as at that date, in accordance with *AASB 10 Consolidated Financial Statements*. This reassessment led to the conclusion that MQA was no longer expected to be exposed to significant variable returns from the asset and should therefore no longer consolidate the M6 Toll group. In December 2013 the debt refinancing was completed.

AASB 5 Non-current Assets Held for Sale and Discontinued Operations requires the deconsolidation to be accounted for as a discontinued operation and consequently, MQA has combined the income and expense items of the M6 Toll group for the period of approximately 5 months up to the date of deconsolidation into one line item. Upon deconsolidation MQA recorded an accounting gain of $1.8 billion which reflects the M6 Toll's net liability position being removed from MQA's consolidated balance sheet. The sum of these M6 Toll items is included within the "profit from deconsolidated operation" in the Statement of Comprehensive Income (refer to note 5). MQA currently continues to legally own 100% of the ordinary equity in the M6 Toll and due to its power to participate in the financial and operating policy decisions, will account for its investment using the equity method.

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 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Revenue from continuing operations	**403**	381	**1,679**	1,681
Profit/(loss) from continuing operations after income tax	**41,926**	(58,083)	**4,085**	(3,073)
Profit/(loss) from deconsolidated operation	**1,381,543**	(66,352)	**-**	-
Profit/(loss) for the year	**1,423,469**	(124,435)	**4,085**	(3,073)
Profit/(loss) attributable to:				
Equity holders of the parent – MARIL	**1,419,384**	(121,362)	**-**	-
Equity holders of other stapled entity – MARL (as non controlling interest/parent entity)	**4,085**	(3,073)	**4,085**	(3,073)
Stapled security holders	**1,423,469**	(124,435)	**4,085**	(3,073)
	Cents	Cents	**Cents**	Cents
Profit/(loss) from continuing operations per MQA stapled security	**8.71**	(12.32)	**0.85**	(0.65)
Profit/(loss) per MQA stapled security	**295.80**	(26.40)	**0.85**	(0.65)

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

Directors' Report
for the year ended 31 December 2013

Operating and Financial Review (continued)

Review and Results of Operations (continued)

MQA's revenue from continuing operations solely reflects interest income due to the fact that, after deconsolidation of the M6 Toll group, MQA no longer has any consolidated toll roads.

MQA's profit from continuing activities after tax for the year ended 31 December 2013 was $41.9 million (2012: loss of $58.1 million). The movement is primarily due to the share of net profits/(losses) of investments accounted for using the equity method increasing to a profit of $64.5 million (2012: loss of $40.6 million), comprising:

- Autoroutes Paris-Rhin-Rhône ("APRR") profit of $72.8 million (2012: loss of $26.0 million);
- Chicago Skyway profit of $7.5 million (2012: $nil); and
- Dulles Greenway loss of $15.7 million (2012: loss of $14.6 million).

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

(i) The inclusion of fair value gains on APRR interest rate swaps of $33.9 million for the year ended 31 December 2013 compared to fair value losses of $27.0 million during the year ended 31 December 2012. 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) MQA's share of APRR profit before tax and fair value gains on interest rate swaps increased to $60.8 million from $14.5 million last year. This was driven by a decrease in the value of the Australian dollar, increase in underlying APRR revenue, a reduction in Finance Costs and the fact that in the comparative period $12.1 million of overlay amortisation was taken in relation to the old Eiffarie debt package. This was the remaining amortisation that was taken to the P&L on refinancing. No Eiffarie debt overlays were required for the 12 months to 31 December 2013; and

(iii) Chicago Skyway was held at $nil historically and there were equity accounted losses not brought to account. In 2013 profits of $7.5 million have been recognised over and above the unrecognised losses of $36.5 million, leaving a positive carrying value at 31 December 2013.

Significant Changes in State of Affairs

As mentioned above, in accordance with *AASB 10 Consolidated Financial Statements,* MQA deconsolidated the M6 Toll on 4 June 2013. Accordingly, approximately 5 months of M6 Toll income and expense items as well as a large gain on deconsolidation are included on one line in the Statement of Comprehensive Income. The large gain on deconsolidation reflects the net liability position of the M6 Toll being removed from MQA's consolidated balance sheet. MQA currently continues to legally own 100% of the ordinary equity in the M6 Toll and, due to its power to participate in the financial and operating policy decisions, will account for its investment using the equity method.

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

Likely Developments and Expected Results of Operations

There is no expectation that MQA will deviate from its stated principal activity of development and operation of toll roads, bridges and tunnels and investment in entities in the same industry sector. Comments on the expected outlook for MQA are included in the annual report within the letter from the Chairman and CEO.

Events Occurring after Balance Sheet Date

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 2013.

Directors' Report
for the year ended 31 December 2013

Indemnification and Insurance of Officers and Auditors

During the year, MARL and MARIL paid premiums of $118,902 each to insure the directors and officers of MARL and MARIL. The liabilities insured are legal and defence costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARL and MARIL and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARL or MARIL. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARL and MARIL act in accordance with the Constitutions and the law, the directors and officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups.

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

Environmental Regulation

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

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

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

Application of Class Order

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

Additional Specific MARL Disclosures

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

Directors' Report
for the year ended 31 December 2013

Information on Directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at 31 Dec 2013	31 Dec 2012
David Walsh LLB Independent Director	***Experience:*** David Walsh is an experienced corporate and commercial lawyer and company director. He was a partner of the law firm Mallesons Stephen Jaques from 1962 to 2004, and the senior partner from 1991. From 2005-2011 he was a senior legal consultant to Telstra. ***Other current listed company directorships:*** MARIL. ***Former listed company directorships in last 3 years:*** Templeton Global Growth Fund Limited, Intoll Management Limited (formerly Macquarie Infrastructure Investment Management Limited) and PaperlinX Limited.	Chairman of Board	**7,000***	7,000*
John Roberts LLB Non-Executive Director	***Experience:*** John Roberts is a Consultant to Macquarie and Chairman of Macquarie Infrastructure and Real Assets (MIRA) (a division of the Macquarie Funds Group) which has approximately $100 billion of assets under management. John was employed by the Macquarie Group for over 22 years, during which time he held various roles within the organisation, including Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds (now MIRA). ***Other current listed company directorships:*** Sydney Airport Limited and DUET group entities. ***Former listed company directorships in last 3 years:*** Macquarie International Infrastructure Fund Limited (SGX) and Macquarie Infrastructure Company (NYSE).	-	**46,108***	46,108*
Richard England FCA MAICD Independent Director	***Experience:*** Richard England, who is also the Chairman of the Audit and Risk, Nominations and Remuneration Committees of MARL, is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. ***Other current listed company directorships:*** Ruralco Holdings Limited, Nanosonics Limited and Chandler Macleod Group Limited. ***Former listed company directorships in last 3 years:*** None	Chairman of Audit and Risk Committee, Remuneration Committee and Nominations Committee	**40,000**	40,000
Marc de Cure BCom (Hons) MWQ FCA Independent Director	***Experience:*** Marc de Cure is a company director and advisor. His former executive roles Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong, Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc. He was a Principal Advisor to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers. ***Other Current listed company directorships:*** None ***Former listed company directorships in last 3 years:*** MARL (1 June 2010 to 1 November 2010).	-	**-**	-

*Acquired on demerger of Macquarie Infrastructure Group ("MIG").

Directors' Report
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MARL Company Secretary

The Company Secretary of MARL is Ms Christine Williams, a practising solicitor. Ms Christine Williams is an Executive Director of Macquarie Group Limited ("MGL").

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 2013, 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	2	2
John Roberts	8	8	N/A	N/A	N/A	N/A
Richard England	8	8	4	4	2	2
Marc de Cure	8	8	4	4	2	2

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 2013 independent directors were entitled to director's fees per the remuneration table on page 10.

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

Executives

MARL has no company executives.

Directors' Report
for the year ended 31 December 2013

Details of remuneration (audited)

Remuneration of directors

	MARL Group Year ended 31 Dec 13 Director's fees $	MARL Group Year ended 31 Dec 12 Director's fees $
MARL Non-executive Directors		
David Walsh (Chairman)	**185,000**	185,000
Richard England	**140,000**	140,000
Marc de Cure	**125,000**	125,000
	450,000	450,000

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 2013.

Directors' holdings of stapled securities

Refer to the Information on Directors on page 8.

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 11.

The board of directors has considered the position and, in accordance with the advice received from the Audit and Risk Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and
- none of the services 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
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MARL Non-Audit Services (continued)

	MARL Group Year ended 31 Dec 13 $	MARL Group Year ended 31 Dec 12 $
Taxation services		
PricewaterhouseCoopers Australian firm	**4,028**	-
PricewaterhouseCoopers Overseas firm	**-**	70,869
Total remuneration for taxation services	**4,028**	70,869
Other services		
PricewaterhouseCoopers Australian firm	**3,663**	6,163
PricewaterhouseCoopers Overseas firm	**1,149**	-
Total remuneration for other services	**4,812**	6,163
Total	**8,840**	77,032

Auditor's Independence Declaration

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

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

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
26 February 2014

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Hamilton, Bermuda
26 February 2014

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

David Walsh
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
27 February 2014

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
27 February 2014

Auditor's Independence Declaration

As lead auditor for the audit of Macquarie Atlas Roads Limited for the year ended 31 December 2013, 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 they controlled during the year.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
27 February 2014

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Financial Report
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Consolidated Statements of Comprehensive Income

	Note	**MQA** **Year ended 31 Dec 2013 $'000**	MQA Year ended 31 Dec 2012 $'000	**MARL Group** **Year ended 31 Dec 2013 $'000**	MARL Group Year ended 31 Dec 2012 $'000
Revenue from continuing operations					
Revenue from continuing operations		**403**	381	**1,679**	1,681
Total revenue from continuing operations	2(i)	**403**	381	**1,679**	1,681
Operating expenses from continuing operations					
Operating expenses		**(23,042)**	(17,746)	**(2,961)**	(2,742)
Total operating expenses from continuing operations	2(ii)	**(23,042)**	(17,746)	**(2,961)**	(2,742)
Share of net profits/(losses) of investments accounted for using the equity method	10	**64,543**	(40,644)	**5,367**	(1,951)
Profit/(loss) from continuing operations before income tax		**41,904**	(58,009)	**4,085**	(3,012)
Income tax benefit/(loss)	4	**22**	(74)	**-**	(61)
Profit/(loss) from continuing operations after income tax		**41,926**	(58,083)	**4,085**	(3,073)
Profit/(loss) from deconsolidated operation	5	**1,381,543**	(66,352)	**-**	-
Profit/(loss) for the year		**1,423,469**	(124,435)	**4,085**	(3,073)
Profit/(loss) attributable to:					
Equity holders of the parent entity – MARIL		**1,419,384**	(121,362)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**4,085**	(3,073)	**4,085**	(3,073)
Stapled security holders		**1,423,469**	(124,435)	**4,085**	(3,073)
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(18,228)**	(48,982)	**220**	(304)
Cash flow hedges, net of tax		**461,767**	(6,712)	**-**	-
Other comprehensive income for the year, net of tax		**443,539**	(55,694)	**220**	(304)
Total comprehensive income for the year		**1,867,008**	(180,129)	**4,305**	(3,377)
Total comprehensive income attributable to:					
Equity holders of the parent entity – MARIL		**1,862,703**	(176,752)	**-**	-
Equity holder of other stapled entity – MARL (as non-controlling interest/parent entity)		**4,305**	(3,377)	**4,305**	(3,377)
Stapled security holders		**1,867,008**	(180,129)	**4,305**	(3,377)
Profit/(loss) per share from continuing operations attributable to MARIL/MARL shareholders					
Basic profit/(loss) per share from continuing operations attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	23	**7.86**	(11.67)	**-**	-
MARL (as non-controlling interest)	23	**-**	-	**0.85**	(0.65)
Profit/(loss) per share attributable to MARIL/MARL shareholders					
Basic profit/(loss) per share attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	23	**294.95**	(25.75)	**-**	-
MARL (as non-controlling interest)	23	**-**	-	**0.85**	(0.65)

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

Financial Report
for the year ended 31 December 2013

Consolidated Statements of Financial Position

	Note	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Current assets					
Cash and cash equivalents	7	**19,492**	56,002	**15,738**	2,102
Receivables	8	**44**	5,468	**321**	29,113
Prepayments	9	**70**	913	**30**	30
Total current assets		**19,606**	62,383	**16,089**	31,245
Non-current assets					
Receivables	8	**-**	-	**15,201**	1,514
Investments accounted for using the equity method	10	**862,708**	702,783	**22,101**	16,470
Property, plant and equipment	11	**-**	746,740	**-**	-
Tolling concessions	12	**-**	70,775	**-**	-
Total non-current assets		**862,708**	1,520,298	**37,302**	17,984
Total assets		**882,314**	1,582,681	**53,391**	49,229
Current liabilities					
Payables	15	**(6,754)**	(50,596)	**(717)**	(2,313)
Derivative financial instruments	16	**-**	(42,906)	**-**	-
Total current liabilities		**(6,754)**	(93,502)	**(717)**	(2,313)
Non-current liabilities					
Payables	15	**-**	(175,161)	**-**	-
Interest-bearing financial liabilities	17	**-**	(1,872,085)	**-**	-
Derivative financial instruments	16	**-**	(405,974)	**-**	-
Deferred tax liabilities	18	**-**	(16,545)	**-**	-
Total non-current liabilities		**-**	(2,469,765)	**-**	-
Total liabilities		**(6,754)**	(2,563,267)	**(717)**	(2,313)
Net assets/(liabilities)		**875,560**	(980,586)	**52,674**	46,916
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	19	**1,369,408**	1,354,159	**-**	-
Reserves	20	**38,745**	(1,964,553)	**-**	-
Accumulated losses	21	**(585,267)**	(417,108)	**-**	-
MARIL security holders' interest		**822,886**	(1,027,502)	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	19	**200,330**	198,877	**200,330**	198,877
Reserves	20	**(12,437)**	(12,657)	**(12,437)**	(12,657)
Accumulated losses	21	**(135,219)**	(139,304)	**(135,219)**	(139,304)
Other stapled security holders' interest		**52,674**	46,916	**52,674**	46,916
Total equity		**875,560**	(980,586)	**52,674**	46,916

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 26 February 2014 and was signed on MARIL's behalf by:

Jeffrey Conyers
Macquarie Atlas Roads International Limited

Derek Stapley
Macquarie Atlas Roads International Limited

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

*Refer to note 20 for further details.

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 loss	-	(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)**

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

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Consolidated Statements of Changes in Equity (continued)

MARL Group

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

MARL Group

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total equity** **$'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**

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

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for the year ended 31 December 2013

Consolidated Statements of Cash Flows

	Note	MQA Year ended 31 Dec 2013 $'000	MQA Year ended 31 Dec 2012 $'000	MARL Group Year ended 31 Dec 2013 $'000	MARL Group Year ended 31 Dec 2012 $'000
Cash flows from operating activities					
Toll revenue received		**45,438**	106,336	**-**	-
Interest received		**645**	659	**2,188**	264
Net indirect taxes (paid)/received		**(7,640)**	(16,640)	**213**	197
Payments to suppliers and employees (inclusive of GST/VAT)		**(13,363)**	(17,477)	**(1,798)**	(1,557)
Manager's and Adviser's base fees paid		**(18,087)**	(14,280)	**(1,720)**	(1,639)
Reimbursement from Macquarie Autoroutes de France SAS		**510**	-	**-**	-
Operating lease rent paid		**-**	(16,982)	**-**	-
Income taxes refunded/(paid)		**2,716**	(19)	**3,052**	-
Other income received		**685**	3,658	**-**	-
Net cash flow from operating activities	24	**10,904**	45,255	**1,935**	(2,735)
Cash flows from investing activities					
Payment for purchase of investments (including transaction costs)		**-**	(73)	**-**	(73)
Return on preferred equity certificates		**48,290**	9,722	**-**	-
Proceeds from sale of property, plant and equipment		**35**	4	**-**	-
Payments for purchase of property, plant and equipment		**(738)**	(4,330)	**-**	-
Deconsolidated cash balance from M6 Toll entities		**(70,311)**	-	**-**	-
Net cash flow from investing activities		**(22,724)**	5,323	**-**	(73)
Cash flows from financing activities					
Dividends and distributions paid		**(27,564)**	-	**-**	-
Proceeds from bank borrowings		**-**	3,827	**-**	-
Repayment of external borrowings		**-**	(2,640)		
Borrowing costs paid		**(66)**	(56,134)	**-**	-
Loans advanced to related parties		**-**	-	**(7,900)**	(6,285)
Repayment of loans from related parties		**-**	2,801	**19,511**	3,280
Net cash flow from financing activities		**(27,630)**	(52,146)	**11,611**	(3,005)
Net (decrease)/increase in cash and cash equivalents		**(39,450)**	(1,568)	**13,546**	(5,813)
Cash and cash equivalents at the beginning of the year		**56,002**	56,114	**2,102**	7,967
Effects of exchange rate movements on cash and cash equivalents		**2,940**	1,456	**90**	(52)
Cash and cash equivalents at the end of the year*	24	**19,492**	56,002	**15,738**	2,102
Non-cash financing and investing activities	24				

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

*Included in the cash and cash equivalents balance at the end of the year is cash not available for use of $1.8 million (2012: $37.1 million).

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 2013 has been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and the *Corporations Act 2001* (where applicable). Both Macquarie Atlas Roads International Limited ("MARIL") and Macquarie Atlas Roads Limited ("MARL") are for-profit entities for the purpose of preparing the financial statements.

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

The Financial Report was authorised for issue by the directors of the MARIL and the MARL Boards on 26 February 2014 and 27 February 2014 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 2013, MQA had a net current asset position of $12.9 million (31 December 2012: net current liability position of $31.1 million). MQA forecasts indicate that MQA will be able to meet its liabilities as and when they become due and payable.

MQA is in a net asset position of $875.6 million at 31 December 2013. At 31 December 2012, MQA had a deficiency of capital and reserves of $980.6 million. This was primarily driven by the M6 Toll related balances; its non-recourse liabilities of $2.5 billion exceeded the depreciated carrying value of its toll road related assets of $0.8 billion. The debt was non-recourse so there were no going concern implications for MQA. At 31 December 2013, MQA no longer consolidates the M6 Toll, thus the M6 Toll related balances referred to above 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.

Historical cost convention

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

Stapled security

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

1 Summary of Significant Accounting Policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policies

The Groups changed one of their accounting policies as a result of new accounting standards which became effective for the reporting period commencing on 1 January 2013. The affected policy is the Principles of consolidation, this was changed for new standards *AASB 10 Consolidated Financial Statements* and *AASB 11 Joint Arrangements*. For further information refer to Note 1 (c).

The Groups' Performance Fee policy was changed such that performance fee instalments that are still subject to future performance are now accounted for in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets*. Also, performance fee liabilities that are no longer subject to future performance are now recognised at amortised cost rather than fair value after initial recognition. The impact of the change is immaterial in the current period but it will provide users of the Financial Report with more relevant and reliable information given that the future instalments are subject to performance criteria which creates uncertainty and the revised treatment will better reflect the amount that will ultimately be paid. For further information refer to Note 1 (k).

Other new standards which are applicable for the first time are *AASB 12 Disclosure of Interest in Other Entities, AASB 13 Fair Value Measurement and AASB 2012-2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*. These standards have introduced new disclosures for the financial statements but did not materially affect the Groups' accounting policies or any of the amounts recognised in the financial statements.

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, was recognised directly in equity in the other reserve. In order to simplify the disclosures, this other reserve has been transferred to accumulated losses in 2013.

(b) Consolidated accounts and stapling arrangements

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

The financial statements of MQA should be read in conjunction with the separate consolidated financial statements of the MARL Group presented in this report for the year ended 31 December 2013.

(c) Principles of consolidation

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in *AASB 127 Consolidated and Separate Financial Statements* and in *Interpretation 112 Consolidation - Special Purpose Entities*. Under the new principles, the Groups control an entity when the Groups are exposed to, or have the right to, variable returns from involvement with the entity and have the ability to affect those returns through power over the entity.

The Groups have reviewed their investments to assess whether the consolidation conclusion in relation to these entities is different under AASB 10. No differences were found and therefore no adjustments to any of the carrying amounts in the financial statements are required as result of the adoption of AASB 10.

Financial Report
for the year ended 31 December 2013

1 Summary of Significant Accounting Policies (continued)

(c) Principles of consolidation (continued)

The consolidated financial statements of MQA incorporate the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2013, 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 2013. The effects of all transactions between entities in the consolidated entities are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Statement of Comprehensive Income and the Statement of Financial Position. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MARL or MARIL.

Subsidiaries

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

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

Associates

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

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

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

Joint Arrangements

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

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.

1 Summary of Significant Accounting Policies (continued)

(e) Intangible Assets - Tolling Concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways.

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	Start Date	Estimated Useful Life	Depreciation basis
M6 Toll	26 January 2001	Period to January 2054	Straight line basis
Autoroutes Paris-Rhine-Rhône (APRR)	02 February 2010	Period to December 2032	Straight line basis
Indiana Toll Road	02 February 2010	Period to June 2081	Straight line basis
Chicago Skyway	02 February 2010	Period to January 2104	Straight line basis
Dulles Greenway	02 February 2010	Period to February 2056	Straight line basis
Warnow Tunnel	02 February 2010	Period to September 2053	Straight line basis

The tolling concessions in relation to 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.

(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

1 Summary of Significant Accounting Policies (continued)

(g) Depreciation and amortisation of non-current assets (continued)

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.

(i) Impairment of assets

The carrying amount of non controlled investments is assessed every reporting year 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

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

Future potential performance fees relating to a performance fee period that has not yet concluded, and hence are contractually determined based on performance in the future, are accounted for in accordance with *AASB 137 Provisions, Contingent Liabilities and Contingent Assets.* Please refer to Note 1 (z).

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

1 Summary of Significant Accounting Policies (continued)

(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.

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

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

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

(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.

1 Summary of Significant Accounting Policies (continued)

(p) Foreign Currency Translation (continued)

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.

(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.

Where embedded derivatives are closely related to their host contract, they are not separated.

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.

1 Summary of Significant Accounting Policies (continued)

(r) Derivative financial instruments (continued)

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.

(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.

(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,

1 Summary of Significant Accounting Policies (continued)

(x) Business Combinations (continued)

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

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

1 Summary of Significant Accounting Policies (continued)

(aa) Critical Accounting Estimates and Judgements (continued)

values of interest rate swaps are calculated as the present values of the estimated future cash flows. Judgements are also made in applying the Group's financial instrument accounting policies at initial recognition and on an ongoing basis.

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 non controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. There are also estimates and judgements involved in assessing impairment indicators and in determining the recoverable amounts of the assets (refer to Note 10).

Provision for performance fees

In accordance with the accounting policy stated in Note 1 (k) the liability in relation to performance fees is determined by taking into account the performance of MQA and the relevant benchmark. The future performance is inherently uncertain and consequently judgement is used in determining any amount to be recognised.

Control assessment

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

(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 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2012-6 Amendments to Australian Accounting Standards arising from AASB 9 - Mandatory Effective Date of AASB 9 and Transition Disclosures (effective for annual reporting periods beginning on or after 1 January 2017)

AASB 9 Financial Instruments addresses the classification, measurement and de-recognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2017 but this application date is subject to review and may be revised upon finalisation. The Groups are assessing the new standard's impact and do not anticipate a significant impact on the Groups' financial statements.

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

1 Summary of Significant Accounting Policies (continued)

(bb) Accounting Standards and Interpretations issued (continued)

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 (effective 1 July 2014)

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 July 2014. They are unlikely to affect the accounting for any of the Groups current offsetting arrangements.

AASB 2013-5 Amendments to Australian Accounting Standards - Investment Entities (effective 1 January 2014)

In August 2013, the AASB made amendments to *AASB 10 Consolidated Financial Statements, AASB 12 Disclosure of Interests in Other Entities and AASB 127 Separate Financial Statements* which exempt investment entities from consolidating controlled investees. MQA does not qualify as an investment entity under the new definition.

AASB 2013-3 Amendments to AASB 136 Recoverable Amount Disclosures for Non-Financial Assets (effective 1 January 2014)

In June 2013, the AASB made amendments to the disclosures required under *AASB 136 Impairment of Assets*. These amendments may result in additional disclosures if the Groups recognise an impairment loss or the reversal of an impairment loss during the period. The Groups have assessed the new standard's impact and do not anticipate a significant impact on the Groups' financial statements. The amendments are effective from 1 July 2014.

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

(cc) Parent Entity Financial Information

The financial information for MARIL and MARL disclosed in Note 27 has been prepared on the same basis as the consolidated financial statements, except as set out below:

Investments in subsidiaries, associates and joint venture entities

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

Tax consolidation legislation

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

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

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

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

1 Summary of Significant Accounting Policies (continued)

(cc) Parent Entity Financial Information (continued)

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 13/1050 as amended by Class Order 13/1644.

(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.

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for the year ended 31 December 2013

2 Profit/(loss) for the year

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

(i) Revenue

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Revenue from continuing operations				
Interest income:				
Related parties	**81**	76	**1,357**	1,448
Other persons and corporations	**322**	305	**322**	233
Total interest income	**403**	381	**1,679**	1,681
Total revenue from continuing operations	**403**	381	**1,679**	1,681

(ii) Operating expenses

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Operating expenses from continuing operations				
Cost of operations:				
Employment costs	**736**	742	**450**	450
	736	742	**450**	450
Operating expenses:				
Consulting and administration fees	**1,474**	1,350	**530**	407
Manager's and Adviser's base fees	**19,985**	14,820	**1,615**	1,468
Net foreign exchange (gain)/loss	**(487)**	(145)	**(76)**	32
Reversal of provision for impairment	**-**	(62)	**-**	(63)
Other expenses	**1,334**	1,041	**442**	448
Total operating expenses	**22,306**	17,004	**2,511**	2,292
Total operating expenses from continuing operations	**23,042**	17,746	**2,961**	2,742

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3 Dividends

	MQA Year ended 31 Dec 2013 $'000	MQA Year ended 31 Dec 2012 $'000	**MARL Group Year ended 31 Dec 2013 $'000**	MARL Group Year ended 31 Dec 2012 $'000
Dividends paid during the year				
Ordinary dividend paid on 19 April 2013*	**11,485**	-	**-**	-
Ordinary dividend paid on 4 October 2013*	**16,079**	-	**-**	-
Total dividends paid during the year	**27,564**	-	**-**	-

	Cents per stapled security	Cents per stapled security	**Cents per stapled security**	Cents per stapled security
Dividends paid during the year				
Ordinary dividend per security paid on 19 April 2013*	**2.4**	**-**	**-**	-
Ordinary dividend per security paid on 4 October 2013*	**3.3**	**-**	**-**	-

*Paid in full by MARIL.

4 Income tax benefit

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

	Note	**MQA**	MQA	**MARL Group**	MARL Group
		Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
(a) Reconciliation of income tax (benefit)/expense to prima facie tax payable					
Profit/(loss) from continuing operations before income tax		**41,904**	(58,009)	**4,085**	(3,012)
Profit/(loss) from for the year*		**41,904**	(58,009)	**4,085**	(3,012)
Prima facie income tax on loss at the Australian tax rate of 30%		**12,571**	(17,403)	**1,226**	(904)
Impact of different tax rates of operations in jurisdictions other than Australia		**7,716**	5,518	**(1)**	(8)
Tax effect of amounts which are not deductible/ (taxable) in calculating taxable income:					
Non-assessable income		**-**	(19)	**-**	(19)
Non-deductible expenditure		**319**	1,205	**319**	1,204
Share of net (gain)/loss of investments accounted for using the equity method		**(19,363)**	12,193	**(1,610)**	585
Temporary differences not brought to account		**(347)**	(623)	**(339)**	(636)
Deferred tax asset on taxable losses not brought to account		**(896)**	(612)	**405**	37
Unbooked prior year tax losses utilised in the current year		**-**	(259)	**-**	(259)
(Over)/under provision in prior year		**(22)**	61	**-**	61
Other		**-**	13	**-**	-
Aggregate income tax (benefit)/expense		**(22)**	74	**-**	61
(b) Income tax (benefit)/expense					
Aggregate income tax (benefit)/expense comprises:					
Current taxation (benefit)/expense		**(22)**	74	**-**	61
		(22)	74	**-**	61
(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		**1,222,976**	889,122	**1,222,217**	888,595
Potential tax benefit of unused tax losses		**471,541**	345,101	**471,334**	344,948

*The profit/(loss) for the year excludes profit from deconsolidated operations of $1,381.5 million. The amount of income tax expense/(benefit) excludes the tax benefit from deconsolidated operations of $5.9 million (2012: $16.0 million) and tax on gain on deconsolidated operation of $nil (2012: $nil); both of these were included in the 'profit/(loss) from deconsolidated operations'.

5 Deconsolidated operation

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

AASB 5 Non-current Assets Held for Sale and Discontinued Operations requires the deconsolidation to be accounted for as a discontinued operation and consequently, MQA has combined the income and expense items of the M6 Toll group for the period of approximately 5 months up to the date of deconsolidation into one line item. Upon deconsolidation MQA recorded an accounting gain of $1.8 billion which reflects the M6 Toll's net liability position being removed from MQA's consolidated balance sheet. The sum of these M6 Toll items is included within "profit/(loss) from deconsolidated operation" in the Statement of Comprehensive Income.

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

	MQA Dec 2013 $'000	MQA Dec 2012 $'000	**MARL Group Dec 2013 $'000**	MARL Group Dec 2012 $'000
Cash flow information				
Net cash flow from operating activities	**28,253**	63,016	**-**	-
Net cash used in investing activities	**(703)**	(4,326)	**-**	-
Net cash used in financing activities	**(66)**	(54,946)	**-**	-
Net increase in cash generated from deconsolidated operations	**27,484**	3,744	**-**	-
Financial performance				
Revenue	**99,192***	93,098	**-**	-
Expenses	**(572,571)***	(175,451)	**-**	-
Loss before income tax	**(473,379)**	(82,353)	**-**	-
Income tax benefit	**5,867**	16,001	**-**	-
Loss after income tax of deconsolidated operation	**(467,512)**	(66,352)	**-**	-
Gain from deconsolidation	**1,849,055**	-	**-**	-
Total profit/(loss) from deconsolidated operation	**1,381,543**	(66,352)	**-**	-
Total comprehensive income from deconsolidated operation attributable to:				
Equity holders of the parent entity - MARIL	**1,681,440**	(121,664)	**-**	-
Equity holders of the parent entity - MARL	**-**	-	**-**	-
Stapled security holder	**1,681,440**	(121,664)	**-**	-
Basic profit/(loss) per share from deconsolidated operation attributable to MARIL/MARL shareholders	**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	**287.09**	(14.08)	**-**	-
MARL (as parent entity)	**-**	-	**-**	-

*Revenue and expenses include one-off items relating to the discontinuation of hedge accounting for the M6 Toll swaps (refer to Note 20).

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5 Deconsolidated operation (continued)

The carrying amounts of assets and liabilities as at the date of deconsolidation on 4 June 2013 were:

	04 June 2013 $'000
Cash and cash equivalents	70,311
Receivables	3,243
Prepayments	845
Property, plant and equipment	749,345
Tolling concessions	71,158
Total assets	**894,902**
Payable	233,005
Derivative financial instruments	446,655
Interest bearing financial liabilities	1,921,086
Deferred tax liability	10,628
Total liabilities	**2,611,374**
Net (liabilities)/assets	**(1,716,472)**

6 Remuneration of auditors

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $	Year ended 31 Dec 2012 $	**Year ended 31 Dec 2013 $**	Year ended 31 Dec 2012 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	**490,387**	513,212	**192,760**	234,367
Other services:				
Other services	**37,325**	12,867	**3,663**	6,163
Taxation compliance services	**4,028**	-	**4,028**	-
	531,740	526,079	**200,451**	240,530
Amounts paid or payable to Network firms of PricewaterhouseCoopers for:				
Audit services	**92,785**	152,964	**21,855**	15,173
Other services:				
Taxation compliance services	**11,435**	249,902	**-**	70,869
Other services	**1,149**	-	**1,149**	-
	105,369	402,866	**23,004**	86,042

7 Cash and cash equivalents

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2013 $'000	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000
Cash at bank	**2,529**	18,919	**611**	2,102
Short term money market investments	**15,127**	-	**15,127**	-
Cash not available for use	**1,836**	37,083	**-**	-
	19,492	56,002	**15,738**	2,102

(a) Short term money market investments

The short term money market investments outstanding at 31 December 2013 matured within 6 days (2012: nil days) and paid interest at 3.50% (2012: nil) per annum.

During the year the majority of the cash available for use is held in bank accounts earning money market rates of interest between nil - 3.00% (2012: nil - 4.00%) per annum.

(b) Cash not available for use

This comprises of cash-backed guarantees provided in relation to Warnowquerung GmbH & Co. KG ("Warnow Tunnel") amounting to $1.8 million (2012: $1.5 million). Prior year also included 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. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 26.

8 Receivables

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Current				
GST and VAT recoverable	**44**	101	**42**	88
Receivables from related parties	**-**	519	**279***	25,923*
Tax receivables	**-**	3,102	**-**	3,102
Other receivables	**-**	1,746	**-**	-
Total current receivables	**44**	5,468	**321**	29,113
Non-current				
Receivables from related parties	**-**	-	**15,201***	1,514*
Total non-current receivables	**-**	-	**15,201**	1,514

*MARIL had a non-collateral associated interest bearing loan with MARL at 31 December 2013 and at 31 December 2012. For further information relating to related party loans please refer to Note 25.

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

9 Prepayments

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Current				
Prepaid expenses	**70**	913	**30**	30
Total current prepayments	**70**	913	**30**	30

10 Investments accounted for using the equity method

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Shares in associates – equity method	**862,708**	702,783	**22,101**	16,470
	862,708	702,783	**22,101**	16,470

10 Investments accounted for using the equity method (continued)

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

(a) Carrying amounts

Name of Entity*	**Country of incorporation**	**Principal Activity**	**MQA Economic Ownership Interest**	**MQA**	MQA	**MARL Economic Ownership Interest**	**MARL Group**	MARL Group
			As at 31 Dec 2013 and 31 Dec 2012 %	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 and 31 Dec 2012 %**	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	**38.9**	**710,819**	562,156	**-**	**-**	-
Dulles Greenway Partnership**	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**146,681**	140,627	**6.7**	**16,893**	16,470
Chicago Skyway Partnership	USA	Investment in toll road located south of Chicago, USA	**50.0**	**5,208**	-	**50.0**	**5,208**	-
Indiana Toll Road Partnership	USA	Investment in toll road located in northern Indiana, USA	**49.0**	**-**	**-**	**49.0**	-	-
Warnowquerung GmbH & Co KG ("WKG") (Limited Partnership)***	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	**-**	**-**	-	-
Peregrine Motorways Limited****	UK	Investment in toll road located in the West Midlands, UK	**0.0**	**-**	**-**	**-**	-	-
				862,708	702,783		**22,101**	16,470

* All associates and joint arrangements except Macquarie Autoroutes de France 2 SA have borrowing restrictions in place on the ability to transfer funds to MQA and the MARL Group.

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

*** 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 balance of 30% is held by Bouygues Travaux Publics SA ("BTP"). Per the agreement any decisions made with regard to the relevant activities requires 75% of the voting members to proceed meaning both partners have to agree. As a result, MQA's investment in WKG is classified as a Joint Venture.

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

10 Investments accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Carrying amount at the beginning of the year	**702,783**	753,412	**16,470**	18,608
Associates acquired/equity invested	**-**	73	**-**	73
Share of profits/(losses) after income tax*	**64,543**	(40,644)	**5,367**	(1,951)
Distributions received/receivable	**(48,290)**	(9,722)	**-**	-
Foreign exchange movement	**143,672**	(336)	**264**	(260)
Carrying amount at the end of the year	**862,708**	702,783	**22,101**	16,470

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

(c) Summarised financial information for associates

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

	Macquarie Autoroutes de France 2 SA (APRR)		**Dulles Greenway Partnership**		**Chicago Skyway Partnership**	
Summarised Statement of Financial Position	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000
Total current assets	**867,042**	749,680	**175,769**	147,550	**13,517**	9,035
Total non-current assets	**10,123,180**	8,543,978	**1,697,302**	1,484,633	**1,151,455**	998,629
Total current liabilities	**(1,311,485)**	(758,635)	**(70,424)**	(55,914)	**(6,725)**	(5,799)
Total non-current liabilities	**(7,949,306)**	(7,170,422)	**(1,354,895)**	(1,162,347)	**(1,147,832)**	(1,074,365)
Net Assets	**1,729,431**	1,364,601	**447,752**	413,922	**10,415**	(72,500)
Reconciliation to carrying amounts:						
Opening net assets as on 1 January	**1,364,601**	1,465,878	**413,922**	449,370	**(72,500)**	(25,433)
Profit/(loss) for the period	**187,019**	(67,054)	**(31,351)**	(29,118)	**87,879**	(47,679)
Dividends paid	**-**	-	**-**	-		
Foreign exchange movement	**177,811**	(34,223)	**65,181**	(6,330)	**(4,964)**	612
Closing net assets	**1,729,431**	1,364,601	**447,752**	413,922	**10,415**	(72,500)
MQA's share in %	**38.9%**	38.9%	**50.0%**	50.0%	**50.0%**	50.0%
MQA's share in $	**672,749**	530,830	**223,876**	206,961	**5,208**	-
MARL Group's share in %	**-**	-	**6.70%**	6.70%	**50.0%**	50.0%
MARL Group's share in $	**-**	-	**29,999**	27,733	**5,208**	-
MQA's carrying amount	**710,819**	562,156	**146,681**	140,627	**5,208**	-
MARL Group's carrying amount	**-**	-	**16,893**	16,470	**5,208**	-

10 Investments accounted for using the equity method (continued)

(c) Summarised financial information for associates (continued)

Summarised Statement of Comprehensive Income	Macquarie Autoroutes de France 2 SA (APRR)		Dulles Greenway Partnership		Chicago Skyway Partnership	
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Revenue	**1,658,072**	1,381,302	**77,627**	69,896	**37,388**	30,389
Profit/(loss) for the period	**187,019**	(67,054)	**(31,351)**	(29,118)	**87,879**	(47,679)
MQA's share in $	**72,751**	(26,084)	**(15,676)**	(14,559)	**43,940**	(23,840)
MARL Group's share in $	**-**	-	**(2,101)**	(1,951)	**43,940**	(23,840)
MQA's distributions received	**48,290**	9,722	**-**	-	-	-
MARL Group's distributions received	**-**	-	**-**	-	-	-

(d) Individually immaterial associates and joint arrangements

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Aggregate carrying amount of individually immaterial associates	**-**	-	**-**	-
Aggregate amounts of the group's share of:				
Profit/(loss) from continuing operation	**272,678**	(130,607)	**272,678**	(130,607)
Total comprehensive income	**272,678**	(130,607)	**272,678**	(130,607)
Aggregate carrying amount of individually immaterial joint arrangements	**-**	-	**-**	-
Aggregate amounts of the group's share of:				
Loss from continuing operation	**(3,741)**	(4,535)	**-**	-
Total comprehensive income	**(3,741)**	(4,535)	**-**	-

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

As at 31 December 2013 and 31 December 2012, there was no share of contingent liabilities incurred jointly with other investors and no contingent liabilities relating to liabilities of associates or joint arrangements for which MARIL and MARL are severally liable.

European Transport Investments (UK) Limited ("ETIUK"), a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2012: €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 ($1.8 million) (31 December 2012: €1.2 million ($1.5 million)) has been deposited. These funds are restricted and are not accessible.

10 Investments accounted for using the equity method (continued)

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Share of associates' losses not brought to account				
Balance at the beginning of the year	**(573,899)**	(443,292)	**(573,899)**	(443,292)
Share of profits/(losses) not brought to account	**309,150**	(130,607)	**309,150**	(130,607)
Balance at the end of the year	**(264,749)**	(573,899)	**(264,749)**	(573,899)
Share of joint arrangements' losses not brought to account				
Balance at the beginning of the year	**(12,086)**	(7,551)	**-**	-
Share of losses not brought to account	**(3,741)**	(4,535)	**-**	-
Balance at the end of the year	**(15,827)**	(12,086)	**-**	-

11 Property, plant and equipment

	Plant and machinery $'000	Land and buildings $'000	Toll road $'000	**Total property, plant and equipment $'000**
Net book amount at 1 January 2013	12,406	29,395	704,939	**746,740**
Additions	451	-	209	**660**
Depreciation expense	(1,753)	(290)	(8,402)	**(10,445)**
Disposals	-	-	-	**-**
Exchange differences	126	445	11,819	**12,390**
Assets relating to deconsolidated operations	(11,230)	(29,550)	(708,565)	**(749,345)**
Net book amount at 31 December 2013	-	-	-	**-**
At 31 December 2013				
Cost	-	-	-	**-**
Accumulated depreciation	-	-	-	**-**
Net book amount at 31 December 2013	-	-	-	**-**

	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**

Property, plant and equipment pledged as security

Property, plant and equipment as at 31 December 2012 were solely related to MEL. Non-recourse loans of MMG were secured by way of debentures over the assets of MEL.

The MARL Group has no property, plant and equipment as at 31 December 2013 and 31 December 2012.

12 Tolling concessions

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000
M6 Toll	**-**	70,775
Total tolling concessions	**-**	70,775

Until the date of deconsolidation, tolling concessions were amortised over the remaining life of each concession, expiring in January 2054 for the M6 Toll.

	M6 Toll **As at** **31 Dec 2013** **$'000**
Net book amount at 1 January 2013	**70,775**
Amortisation expense	**(688)**
Exchange difference	**1,071**
Tolling concession related to deconsolidated operations	**(71,158)**
Net book amount at 31 December 2013	**-**
At 31 December 2013	
Cost	**-**
Accumulated amortisation	**-**
Net book amount at 31 December 2013	**-**

	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

The MARL Group has no tolling concessions as at 31 December 2013 and 31 December 2012.

13 Subsidiaries

(a) MQA

Name of controlled entity	Country of establishment	**2013 voting %**	2012 voting %	Date of Liquidation/ Incorporation/ Deconsolidation
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	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	
Greenfinch Motorways Limited (incorporated)	UK	**100.0**	-	2/08/2013
Macquarie Motorways Group Limited (deconsolidated)	UK	**-**	100.0	04/06/2013
Midland Expressway Limited (deconsolidated)	UK	**-**	100.0	04/06/2013
Potamus Infrastructure (UK) Limited (formerly known as Macquarie Infrastructure (UK) Limited) (liquidated)	UK	**-**	100.0	20/05/2013

13 Subsidiaries (continued)

(b) MARL Group

Name of controlled entity	Country of establishment	**2013 voting %**	2012 voting %
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

14 Investment in associates and joint arrangements

(a) MQA

Name of associate	Country of establishment	Principal activity	Balance date	**2013 voting %**	2012 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
Peregrine Motorways Limited***	UK	Investment in M6 Toll	31 Dec	**-**	100.0

(b) MARL Group

Name of associate	Country of establishment	Principal activity	Balance date	**2013 voting %**	2012 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 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 balance of 30% is held by Bouygues Travaux Publics SA ("BTP"). Per the agreement any decisions made with regard to the relevant activities requires 75% of the voting members to proceed meaning both partners have to agree. As a result, MQA's investment in WKG is classified as a Joint Venture.

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

The voting power held in the other associates and joint arrangements disclosed above is in proportion to the ownership interest held except for PML. The above associates and joint arrangements are accounted for using the Equity Method. Refer also to Note 10.

15 Payables

	Note	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Current					
VAT payable		**-**	3,290	**-**	-
Manager and Adviser fees payable		**5,994**	3,949	**420**	379
Manager and Adviser performance fees payable	(i)	**-**	16,702	**-**	1,714
Lease payable	(ii)	**-**	18,027	**-**	-
Sundry creditors and accruals		**760**	8,628	**297**	220
		6,754	50,596	**717**	2,313
Non current					
Lease payable	(ii)	**-**	175,161	**-**	-
		-	175,161	**-**	-

(i) Manager and Adviser performance fees payable

In accordance with MARIL and MARL's advisory and management agreements (the "Agreements") with MFA, MFA is entitled to 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 2013 and 30 June 2012, MQA did not meet the performance criteria for a new performance fee to be accrued.

For the financial year ended 30 June 2011, a total performance fee of $50.1 million (excluding GST) was calculated for MQA. The first, second and third instalments of $16.7 million each were applied to a subscription for new MQA securities in August 2011, July 2012 and September 2013 respectively.

Current Manager and Adviser performance fees payable

There are no Manager and Adviser performance fees payable at 31 December 2013 (2012: $16.7 million).

(ii) Lease payable

The current and non-current lease payables were in relation to the M6 Toll group which has been deconsolidated.

16 Derivative financial instruments

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	MARL Group As at 31 Dec 2013 $'000	MARL Group As at 31 Dec 2012 $'000
Current liabilities				
Interest rate swap contracts	**-**	42,906	**-**	-
Total current derivative financial instrument liabilities	**-**	42,906	**-**	-
Non-current liabilities				
Interest rate swap contracts	**-**	405,974	**-**	-
Total non-current derivative financial instrument liabilities	**-**	405,974	**-**	-

The derivative financial instruments were in relation to the M6 Toll group which has been deconsolidated.

17 Interest bearing financial liabilities

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	**MARL Group As at 31 Dec 2013 $'000**	MARL Group As at 31 Dec 2012 $'000
Non-current				
Non-recourse loans	**-**	1,590,242	**-**	-
Accrued interest rate swap liability	**-**	281,843	**-**	-
	-	1,872,085	**-**	-
The maturity profile of the above interest bearing financial liabilities is:				
Due within one year	**-**	-	**-**	-
Due between one and five years	**-**	1,590,242	**-**	-
Due after five years	**-**	281,843	**-**	-
	-	1,872,085	**-**	-

All interest bearing financial liabilities were in relation to the M6 Toll group which has been deconsolidated.

18 Deferred tax liabilities

	MQA As at 31 Dec 2013 $'000	MQA As at 31 Dec 2012 $'000	**MARL Group As at 31 Dec 2013 $'000**	MARL Group As at 31 Dec 2012 $'000
Deferred tax liability	**-**	16,545	**-**	-
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	**-**	-
Deferred tax asset in relation to tax losses	**-**	(178,624)	**-**	-
Net deferred tax liabilities	**-**	16,545	**-**	-
Movements:				
Opening balance at beginning of year	**16,545**	31,862	**-**	-
(Credited)/charged to profit or loss	**(5,867)**	(16,001)	**-**	-
Foreign currency exchange differences	**(50)**	684	**-**	-
Deferred tax related to deconsolidated operations	**(10,628)**	-	**-**	-
Closing balance at end of year	**-**	16,545	**-**	-

The deferred tax liability was in relation to the M6 Toll group which has been deconsolidated.

19 Contributed equity

	Attributable to MARIL equity holders As at 31 Dec 2013 $'000	Attributable to MARIL equity holders As at 31 Dec 2012 $'000	**Attributable to MARL equity holders As at 31 Dec 2013 $'000**	Attributable to MARL equity holders As at 31 Dec 2012 $'000
Ordinary shares	**1,369,408**	1,354,159	**200,330**	198,877
Contributed equity	**1,369,408**	1,354,159	**200,330**	198,877

	Attributable to MARIL equity Holders Year ended 31 Dec 2013 $'000	Attributable to MARIL equity holders Year ended 31 Dec 2012 $'000	**Attributable to MARL equity holders Year ended 31 Dec 2013 $'000**	Attributable to MARL equity Holders Year ended 31 Dec 2012 $'000
On issue at the beginning of the year	**1,354,159**	1,335,394	**198,877**	196,781
Issued				
Application of performance fees to subscription for new securities*	**15,249**	18,765	**1,453**	2,096
On issue at the end of the year	**1,369,408**	1,354,159	**200,330**	198,877

	Number of shares '000	Number of shares '000	**Number of shares '000**	Number of shares '000
On issue at the beginning of the year	**478,531**	464,280	**478,531**	464,280
Issued				
Application of performance fees to subscription for new securities*	**8,700**	14,251	**8,700**	14,251
On issue at the end of the year	**487,231**	478,531	**487,231**	478,531

* During the year ended 31 December 2013, the third instalment of the June 2011 performance fee, totalling $15.2 million (31 December 2012: $18.8 million), was applied to a subscription for new MARIL securities. During the year ended 31 December 2013, the third instalment of the June 2011 performance fee totalling $1.5 million (31 December 2012: $2.1million), was applied to a subscription for new MARL securities.

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.

20 Reserves

	Attributable to MARIL equity holders As at 31 Dec 2013 $'000	Attributable to MARIL equity holders As at 31 Dec 2012 $'000	**Attributable to MARL equity holders As at 31 Dec 2013 $'000**	Attributable to MARL equity holders As at 31 Dec 2012 $'000
Balance of reserves				
Hedging reserve – cash flow hedges (net of tax)	**-**	(461,767)	**-**	-
Foreign currency translation reserve	**38,745**	57,193	**(12,437)**	(12,657)
Other reserve	**-**	(1,559,979)	**-**	-
	38,745	(1,964,553)	**(12,437)**	(12,657)

	Attributable to MARIL equity holders Year ended 31 Dec 2013 $'000	Attributable to MARIL equity holders Year ended 31 Dec 2012 $'000	**Attributable to MARL equity holders Year ended 31 Dec 2013 $'000**	Attributable to MARL equity Holders Year ended 31 Dec 2012 $'000
Movements of reserves				
Hedging reserve – cash flow hedges (net of tax)				
Balance at the beginning of the year	**(461,767)**	(455,055)	**-**	-
Revaluation (gross) on interest rate swap contracts	**(48,037)**	(6,712)	**-**	-
Cash flow hedge reserve recycled to profit & loss*	**509,804**	-	**-**	-
Balance at the end of the year	**-**	(461,767)	**-**	-
Foreign currency translation reserve				
Balance at the beginning of the year	**57,193**	105,871	**(12,657)**	(12,353)
Net exchange differences on translation of foreign controlled entities	**114,135**	(48,678)	**220**	(304)
Deconsolidation of subsidiaries	**(132,583)**	-	**-**	-
Balance at the end of the year	**38,745**	57,193	**(12,437)**	(12,657)
Other reserve**				
Balance at the beginning of the year	**(1,559,979)**	(1,559,979)	**-**	-
Transfer of other reserve to accumulated losses	**1,559,979**	-	**-**	-
Balance at the end of the year	**-**	(1,559,979)	**-**	-

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

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

21 Accumulated losses

	Attributable to MARIL equity holders Year ended 31 Dec 2013 $'000	Attributable to MARIL equity holders Year ended 31 Dec 2012 $'000	**Attributable to MARL equity holders Year ended 31 Dec 2013 $'000**	Attributable to MARL equity holders Year ended 31 Dec 2012 $'000
Balance at the beginning of the year	**(417,108)**	(295,746)	**(139,304)**	(136,231)
Profit/(loss) attributable to shareholders	**1,419,384**	(121,362)	**4,085**	(3,073)
Dividends and distributions paid	**(27,564)**	-	**-**	-
Other reserve balance transferred	**(1,559,979)**	-	**-**	-
Balance at the end of the year	**(585,267)**	(417,108)	**(135,219)**	(139,304)

22 Segment information

(a) Description of segments

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

The MQA Boards consider the business from the aspect of each of the toll road portfolio assets and have identified five and three operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in 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. Following deconsolidation, the M6 Toll is no longer considered an operating segment by the MQA Boards (refer to note 10).

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2013 and segment assets & liabilities at 31 December 2013 by individual portfolio asset. The MQA Boards are provided with performance information on each asset, in their capacity as chief operating decision maker, to monitor the operating performance of each asset.

(b) Segment information Provided to the MQA Boards

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

	Indiana Toll Road	Chicago Skyway	Dulles Greenway	APRR	Warnow Tunnel	**Total MQA**
MQA	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2013 $'000**
Segment revenue	53,340	18,647	38,808	562,017	8,711	**681,523**
Segment expenses	(12,233)	(2,122)	(8,327)	(167,218)	(2,986)	**(192,886)**
Segment EBITDA	41,107	16,525	30,481	394,799	5,725	**488,637**
EBITDA Margin	77%	89%	79%	70%	66%	**72%**
	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 013 $'000**
Segment assets	1,044,253	582,486	936,535	4,275,196	171,086	**7,009,556**
Segment liabilities	(1,334,525)	(577,278)	(712,659)	(3,602,448)	(192,796)	**(6,419,706)**

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 2012 and the segment assets & liabilities at 31 December 2012, based on MQA's effective ownership interest is as follows:

	Indiana Toll Road	Chicago Skyway	Dulles Greenway	M6 Toll	APRR	Warnow Tunnel	**Total MQA**
MQA	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000	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	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**
Segment liabilities	(1,427,075)	(540,082)	(609,059)	(2,541,987)	(3,072,623)	(158,959)	**(8,349,785)**

22 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 2013, based on the MARL Group's effective ownership interest is as follows:

	Indiana Toll Road	Chicago Skyway	Dulles Greenway	**Total MARL Group**
MARL Group	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2013 $'000**
Segment revenue	53,340	18,647	5,200	**77,187**
Segment expenses	(12,233)	(2,122)	(1,116)	**(15,471)**
Segment EBITDA	41,107	16,525	4,084	**61,716**
EBITDA Margin	77%	89%	79%	**80%**
	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	As at 31 Dec 2013 $'000	**As at 31 Dec 2013 $'000**
Segment assets	1,044,253	582,486	114,043	**1,740,782**
Segment liabilities	(1,334,525)	(577,278)	(93,203)	**(2,005,006)**

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 2012 and the segment assets & liabilities at 31 December 2012, based on the MARL Group's effective ownership interest is as follows:

	Indiana Toll Road	Chicago Skyway	Dulles Greenway	**Total MARL Group**
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**
Segment liabilities	(1,427,075)	(540,082)	(79,465)	**(2,046,622)**

22 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 2013 $'000	Year ended 31 Dec 2012 $'000	**Year ended 31 Dec 2013 $'000**	Year ended 31 Dec 2012 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**681,523**	684,326	**77,187**	66,996
Revenue attributable to investments accounted for under the equity method*	**(681,523)**	(591,398)	**(77,187)**	(66,996)
Revenue attributable to deconsolidated operation	**-**	(92,928)	**-**	-
Unallocated revenue	**403**	381	**1,679**	1,681
Total revenue	**403**	381	**1,679**	1,681
Reconciliation of segment EBITDA to profit/(loss) before income tax benefit				
Segment EBITDA	**488,637**	504,546	**61,716**	55,472
EBITDA attributable to investments accounted for under the equity method *	**(488,637)**	(425,150)	**(61,716)**	(55,472)
EBITDA attributable to deconsolidated operation	**-**	(79,396)	**-**	-
Unallocated revenue	**403**	381	**1,679**	1,681
Unallocated expenses	**(23,042)**	(17,746)	**(2,961)**	(2,742)
Share of net profit/(loss) of investments accounted for using the equity method	**64,543**	(40,644)	**5,367**	(1,951)
Profit/(loss) from continuing operations before income tax benefit	**41,904**	(58,009)	**4,085**	(3,012)

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2013 $'000	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000
Reconciliation of segment assets to total assets				
Segment assets	**7,009,556**	6,870,579	**1,740,782**	1,513,234
Other cash assets	**19,492**	15,258	**15,738**	2,102
Other assets	**114**	3,804	**15,552**	30,657
Investments accounted for using the equity method	**862,708**	702,783	**22,101**	16,470
Assets included in investments accounted for using the equity method	**(7,009,556)**	(6,009,743)	**(1,740,782)**	(1,513,234)
Total assets	**882,314**	1,582,681	**53,391**	49,229

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2013 $'000	As at 31 Dec 2012 $'000	**As at 31 Dec 2013 $'000**	As at 31 Dec 2012 $'000
Reconciliation of segment liabilities to total liabilities				
Segment liabilities	**(6,419,706)**	(8,349,785)	**(2,005,006)**	(2,046,622)
Other payable balance	**(6,754)**	(21,280)	**(717)**	(2,313)
Liabilities included in investments accounted for using the equity method	**6,419,706**	5,807,798	**2,005,006**	2,046,622
Total liabilities	**(6,754)**	(2,563,267)	**(717)**	(2,313)

* 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.

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23 Earnings per stapled security/share

	MARIL	MARIL	**MARL**	MARL
	Year ended 31 Dec 2013 cents	Year ended 31 Dec 2012 cents	**Year ended 31 Dec 2013 cents**	Year ended 31 Dec 2012 cents
Basic earnings/(loss) from continuing operations per MARIL/MARL share	**7.86**	(11.67)	**0.85**	(0.65)
Basic earnings/(loss) from deconsolidated operation	**287.09**	(14.08)	**-**	-
Basic earnings/(loss) per MARIL/MARL share	**294.95**	(25.75)	**0.85**	(0.65)
	$'000	$'000	**$'000**	$'000
Earnings used in the calculation of basic profit/loss from continuing operations per MARIL/MARL share*	**37,841**	(55,010)	**4,085**	(3,073)
Earnings used in the calculation of basic profit/loss from deconsolidated operations per MARIL/MARL share*	**1,381,543**	(66,352)	**-**	-
Earnings used in the calculation of basic profit/loss per MARIL/MARL share*	**1,419,384**	(121,362)	**4,085**	(3,073)
	Number	Number	**Number**	Number
Weighted average number of shares used in calculation of basic loss per MARIL/MARL share*	**481,224,583**	471,366,576	**481,224,583**	471,366,576

* 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 profit/(loss) per MQA stapled security for the year ended 31 December 2013 was 295.80 cents (2012: loss of 26.40 cents) per stapled security using MQA profit/(loss) attributable to MQA stapled security holders of $1,423.5 million (2012: loss of $124.4 million).

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24 Cash flow information

	MQA	**Continued Operation**	**Deconsolidated Operation**
	Year ended 31 Dec 2013 $'000	**Year ended 31 Dec 2013 $'000**	**Year ended 31 Dec 2013 $'000**
Reconciliation of profit after income tax to the net cash flows from operating activities			
Profit from continuing activities after income tax	**1,423,469**	**41,926**	**1,381,543**
Gain on equity accounted assets	**(64,543)**	**(64,543)**	**-**
Expenses relating to financing activities	**30,808**	**-**	**30,808**
Net foreign exchange differences	**(487)**	**(487)**	**-**
Net loss on derivative contracts	**449,688**	**-**	**449,688**
Gain on deconsolidation of subsidiaries	**(1,849,055)**	**-**	**(1,849,055)**
Gain on sale of non-current assets	**(35)**	**-**	**(35)**
Impairment of investments	**-**	**-**	**-**
Depreciation and amortisation	**11,132**	**-**	**11,132**
Changes in operating assets and liabilities			
Decrease/(increase) in receivables	**(2,187)**	**(815)**	**(1,372)**
Decrease/(increase) in other assets	**2**	**2**	**-**
Decrease/(increase) in tax receivables	**3,049**	**3,049**	**-**
Increase/(decrease) in deferred tax liability	**(5,867)**	**-**	**(5,867)**
Increase/(decrease) in payables	**2,677**	**3,519**	**(842)**
Increase/(decrease) in other liabilities	**12,253**	**-**	**12,253**
Net cash inflow from operating activities	**10,904**	**(17,349)**	**28,253**

	MQA	Continued Operation	Deconsolidated Operation
	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000	Year ended 31 Dec 2012 $'000
Reconciliation of loss after income tax to the net cash flows from operating activities			
Loss from continuing activities after income tax	(124,435)	(58,083)	(66,352)
Loss on Equity accounted assets	40,644	40,644	-
Expenses relating to financing activities	104,629	-	104,629
Net foreign exchange differences	(146)	(145)	(1)
Net gain on derivative contracts	(95)	-	(95)
Gain on deconsolidation of subsidiaries	-	-	-
Gain on sale of non-current assets	(4)	-	(4)
Impairment of investments	(62)	(62)	-
Depreciation and amortisation	26,582	-	26,582
Changes in operating assets and liabilities			
Decrease/(increase) in receivables	(1,268)	-	(1,268)
Decrease/(increase) in other assets	2	2	-
Decrease/(increase) in tax receivables	43	43	-
Increase/(decrease) in deferred tax liability	(16,001)	-	(16,001)
Increase/(decrease) in payables	3,226	(160)	3,386
Increase/(decrease) in other liabilities	12,140	-	12,140
Net cash inflow from operating activities	45,255	(17,761)	63,016

24 Cash flow information (continued)

	MARL Group Year ended 31-Dec-13 $'000	MARL Group Year ended 31-Dec-12 $,000
Reconciliation of profit/(loss) after income tax to the net cash flows from operating activities		
Profit/(loss) from continuing activities after income tax	**4,085**	(3,073)
(Profit)/loss on equity accounted assets	**(5,367)**	1,951
Net foreign exchange differences	**(76)**	32
Impairment of non-current assets	**-**	(63)
Changes in operating assets and liabilities		
Decrease/(increase) in receivables	**509**	(1,417)
Decrease/(increase) in tax receivables	**3,052**	61
Increase/(decrease) in payables	**(268)**	(226)
Net cash inflow from operating activities	**1,935**	(2,735)

Non-cash financing and investing activities

Application of performance fees to subscription of new securities

During the year ended 31 December 2013, the third instalment of the June 2011 performance fee totalling $15.2 million (31 December 2012: $18.8 million), was applied to a subscription for new MARIL securities. During the year ended 31 December 2013, the third instalment of the June 2011 performance fee totalling $1.5 million (31 December 2012: $2.1 million), was applied to a subscription for new MARL securities.

25 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)
- David Walsh
- Derek Stapley
- James Keyes (appointed 21 February 2013)
- Peter Dyer (resigned 21 February 2013)

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.

25 Related Party (continued)

Key Management Personnel (continued)

Compensation in the form of directors' fees that were paid to directors is as follows for the year ended 31 December 2013:

	Year ended 31 Dec 2013 Director's fees $	Year ended 31 Dec 2012 Director's fees $
MARIL		
Jeffrey Conyers	**78,595**	72,277
David Walsh	**65,000**	65,000
Derek Stapley	**73,355**	67,458
Dr Peter Dyer	**8,597**	61,540
James Keyes	**54,760**	-
	280,307	266,275
MARL		
David Walsh	**185,000**	185,000
Richard England	**140,000**	140,000
Marc de Cure	**125,000**	125,000
	450,000	450,000

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

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

	Directors interests in MQA Stapled Securities At 31 Dec 2013	Directors interests in MQA Stapled Securities At 31 Dec 2012
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**	40,000
James Keyes	**-**	-
Total	**133,108**	133,108

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 2013 $	Year ended 31 Dec 2012 $	**Year ended 31 Dec 2013 $**	Year ended 31 Dec 2012 $
Base fee	**19,985,168**	14,819,881	**1,614,990**	1,467,942
Total	**19,985,168**	14,819,881	**1,614,990**	1,467,942

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 ending 30 June 2014, refer to note 29. For the 12 months ended 30 June 2013 and 30 June 2012, MQA did not meet the performance criteria for a new performance fees to be earned. For the period ended 30 June 2011, a total performance fee of $50.1 million (excluding GST) was calculated for MQA. This fee was payable in three equal instalments, with all three instalments of $16.7 million being applied to a subscription for new shares in August 2011, July 2012 and September 2013 respectively.

25 Related party disclosures (continued)

Adviser/Manager fees (continued)

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 being applied to a subscription of new shares in July 2012.

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

Other transactions

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

At 31 December 2013, Macquarie Capital Group Limited, a subsidiary of MGL, beneficially held 95,080,259 (2012: 90,281,185) stapled securities through its principal position in MQA.

At 31 December 2013, entities within the Groups had the following funds on deposit with MBL, a wholly owned subsidiary of MGL:

— MQA $2,272,411 (2012: $13,318,326)

— MARL Group $611,823 (2012: $2,102,024)

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

— MQA $81,349 (2012: $76,127)

— MARL Group $32,224 (2012: $30,789)

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 $679,760 (2012: $914,799)

— MARL Group $449,274 (2012: $619,319)

For the year ended 31 December 2013 and the year ended 31 December 2012, the Group did not incur any advisory fees.

Other balances and transactions

At 31 December 2013, MARL had a receivable balance with MARIL of $15,469,564 (2012: $27,428,291) which is made up of an interest bearing loan of $15,201,380 (2012: $26,628,706), accrued interest on this loan of $246,810 (2012: $755,870) and other non-interest bearing receivables of $21,374 (2012: $43,715). The loan owing from MARIL to MARL bears interest at BBSW plus a margin of 4.0%. The principal of $15,201,380 (2012: $25,114,977) is due in 2016 and the interest of $246,810 (2012: $755,870) is payable in 2014. Related party interest between MARIL and MARL totalled $1,324,946 (2012: $1,416,814) for the year.

At 31 December 2013, entities within the Groups had the following balances receivable from associates:

— MQA $nil (2012: $519,270)

— MARL Group $nil (2012: $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 $nil (2012: $7,315)

— MARL Group $nil (2012: $7,315)

25 Related party disclosures (continued)

Other balances and transactions (continued)

For the year ended 31 December 2013, the associates reimbursed MQA $509,990 (2012: $nil) for expenses incurred on their behalf.

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

- MQA $48,290,257 (2012: $9,721,832)
- MARL Group $nil (2012: $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.

26 Financial risk and capital management

Financial risk management

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

The Risk Management Policy and Framework is carried out by management under policies approved by the 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.

Since the M6 Toll group has been deconsolidated, the assets and liabilities of this group have not been considered for the risk analysis.

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.

26 Financial risk and capital management (continued)

Market risk (continued)

(b) Interest rate risk

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

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 16.

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 short term 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**			
	Financial Institutions $'000	**Corporates and other $'000**	**Government $'000**	**Total $'000**	**Financial Institutions $'000**	**Corporates and other $'000**	**Government $'000**	**Total $'000**
2013								
Cash and cash equivalents	19,492	-	-	**19,492**	15,738	-	-	**15,738**
Receivables	-	-	44	**44**	-	15,479	43	**15,522**
Total	19,492	-	44	**19,536**	15,738	15,479	43	**31,260**

	MQA				MARL Group			
	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**

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 short term credit rating of A-1.

Corporates and other and Government

The MQA credit risk relates primarily to receivables from government authorities (2012: includes balances relating to M6 Toll group which has been deconsolidated on 4 June 2013). 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.

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26 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 outflows of the liabilities at balance date of MQA and the MARL Group.

MQA	**Less than 1 Year $'000**	**1-2 Years $'000**	**2-3 Years $'000**	**3-5 Years $'000**	**Greater than 5 Years $'000**	**Total $'000**
2013						
Non-recourse loans	-	-	-	-	-	**-**
Payables	6,754	-	-	-	-	**6,754**
Derivative liability	-	-	-	-	-	**-**
Accrued interest rate swap liability	-	-	-	-	-	**-**
Total	6,754	-	-	-	-	**6,754**

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**
2013						
Payables	717	-	-	-	-	**717**
Total	717	-	-	-	-	**717**

MQA	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

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).

26 Financial risk and capital management (continued)

Fair value estimation (continued)

The following tables present MQA's and the MARL Group's financial assets and liabilities measured and recognised at fair value at 31 December 2013 and 31 December 2012.

MQA	**Level 1 $'000 2013**	Level 1 $'000 2012	**Level 2 $'000 2013**	Level 2 $'000 2012	**Level 3 $'000 2013**	Level 3 $'000 2012	**Total $'000 2013**	Total $'000 2012
Liabilities								
Financial derivatives	**-**	-	-	(448,880)	**-**	-	**-**	(448,880)
Total Liabilities	**-**	-	-	(448,880)	**-**	-	**-**	(448,880)

MARL Group	**Level 1 $'000 2013**	Level 1 $'000 2012	**Level 2 $'000 2013**	Level 2 $'000 2012	**Level 3 $'000 2013**	Level 3 $'000 2012	**Total $'000 2013**	Total $'000 2012
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 (2012: 9 Euro cents)

— AUD/GBP exchange rate increased/decreased by 8 UK pence (2012: 7 UK pence)

— AUD/USD exchange rate increased/decreased by 15 United States cents (2012: 19 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	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000
Total financial assets	**(383)**	(1,515)	**-**	-	**516**	1,948	**-**	-
Total financial liabilities	**18**	10	**-**	-	**(26)**	(14)	**-**	-
Total	**(365)**	(1,505)	**-**	-	**490**	1,934	**-**	-

	Foreign exchange risk							
	Appreciation in Australian Dollar				**Depreciation in Australian Dollar**			
MARL Group	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000
Total financial assets	**(10)**	(245)	**-**	-	**13**	353	**-**	-
Total financial liabilities	**1**	-	**-**	-	**(1)**	-	**-**	-
Total	**(9)**	(245)	**-**	-	**12**	353	**-**	-

26 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 88 bps (2012: 148 bps)
- Bank bill swap reference rate (EUR LIBOR 90 days) increased/decreased by 76 bps (2012: 104 bps)
- Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 41 bps (2012: 80 bps)
- Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 58 bps (2012: 107 bps)
- London interbank offered rate (LIBOR 180 days) increased/decreased by 63 bps (2012: 111 bps)
- Bank bill swap reference rate (AUD BBSW 12 months) increased/decreased by 126 bps (2012: 214 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			
MQA	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000
Total financial assets	**150**	542	**-**	-	**(150)**	(542)	**-**	-
Total financial liabilities	**-**	(219)	**-**	283,898	**-**	219	**-**	(354,377)
Total	**150**	323	**-**	283,898	**(150)**	(323)	**-**	(354,377)

	Interest rate risk							
	Increase in interest rates				Decrease in interest rates			
MARL Group	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000	**P&L 2013 $'000**	P&L 2012 $'000	**Equity 2013 $'000**	Equity 2012 $'000
Total financial assets	**330**	589	**-**	-	**(330)**	(589)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**330**	589	**-**	-	**(330)**	(589)	**-**	-

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

Financial liabilities include payables.

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 2013 the Groups do not have any externally imposed capital requirements.

27 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 2013 $'000	31 Dec 2012 $'000	**31 Dec 2013 $'000**	31 Dec 2012 $'000
Statement of Financial Position				
Current assets	**1,902**	11,995	**16,097**	28,130
Non-current assets	**710,667**	749,490	**91,247**	78,587
Total assets	**712,569**	761,485	**107,344**	106,717
Current liabilities	**(7,311)**	(45,692)	**(681)**	(2,284)
Non-current liabilities	**(15,201)**	(1,514)	**-**	-
Total liabilities	**(22,512)**	(47,206)	**(681)**	(2,284)
Shareholders' equity				
Issued capital	**1,369,407**	1,354,159	**200,330**	198,877
Reserves	**-**	-	**-**	-
Retained earnings	**(679,350)**	(639,880)	**(93,667)**	(94,444)
	690,057	714,279	**106,663**	104,433
Profit/(loss) for the year	**(39,470)**	(94,343)	**777**	(21,202)
Total comprehensive income	**(39,470)**	(94,343)	**777**	(21,202)

(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 2013 and 31 December 2012. MARIL and MARL have not given any unsecured guarantees at 31 December 2013 and 31 December 2012.

(c) Contingent liabilities of the parent entities

Refer to Note 29 for MARIL and MARL's contingent liabilities as at 31 December 2013 and 31 December 2012.

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

As at 31 December 2013 and 31 December 2012, MARIL and MARL had no contractual commitments.

28 Commitments for expenditure

	MQA	MQA
	As at 31 Dec 2013 $'000	As at 31 Dec 2012 $'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
Later than one year but not later than five years	**-**	77,329
Later than five years	**-**	1,316,620
	-	1,412,036

Operating lease commitments were made by the M6 Toll group which has been deconsolidated.

The MARL Group had no commitments for expenditure at 31 December 2013 and 31 December 2012.

29 Contingent liabilities

MQA and the MARL Group had the following contingent liabilities at 31 December 2013 and 31 December 2012. No provisions have been raised against these items unless stated below.

Warnow Tunnel

European Transport Investments (UK) Limited ("ETIUK"), a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2012: €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 ($1.8 million) (31 December 2012: €1.2 million ($1.5 million)) has been deposited. These funds are restricted and are not accessible.

Performance fee

There is a possible obligation for MQA and the MARL Group to pay a performance fee in relation to the 12 months ended 30 June 2014, the existence of which will only be confirmed by the future performance of both MQA and the benchmark to the calculation date. It is not practicable to disclose an estimate of the possible amount due to the future performance criteria creating significant uncertainty.

30 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 result of those operations or the state of affairs of the Groups in period subsequent to the year ended 31 December 2013.

Directors' Declaration – Macquarie Atlas Roads International Limited

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

a) the Financial Report of MARIL and its controlled entities ("MQA") and Notes set out on pages 13 to 60:

   i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and

   ii) give a true and fair view of the financial position of the MQA as at 31 December 2013 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 26 February 2014	Derek Stapley Director Macquarie Atlas Roads International Limited Hamilton, Bermuda 26 February 2014

Directors’ Declaration – Macquarie Atlas Roads Limited

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

a) the Financial Report of MARL and its controlled entities (“the MARL Group”) and Notes set out on pages 13 to 60 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 2013 and of their performance for the year ended as on that date; and

b) there are reasonable grounds to believe that MARL will be able to pay its debts as and when they become due and payable; and

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

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

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

David Walsh
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
27 February 2014

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
27 February 2014

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 2013, 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 position as at 31 December 2013 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 9 to 10 of the directors' report for the year ended 31 December 2013. 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 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Stafford

Craig Stafford
Partner

Sydney
27 February 2014