MACQUARIE ATLAS ROADS

INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 30 JUNE 2014

MACQUARIE

This report comprises:

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

Interim Financial Report
for the half year ended 30 June 2014

Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited (Registration No. 43828) ("MARIL") and Macquarie Atlas Roads Limited (ACN 141 075 201) ("MARL"). MARIL is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda. MARL is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 11, No 1 Martin Place, Sydney, NSW 2000, Australia. Macquarie Fund Advisers Pty Limited (ACN 127 735 960) (AFS License No.318123) ("MFA") is the adviser/manager of MARIL and MARL. MFA is a wholly owned subsidiary of Macquarie Group Limited (ACN 122 169 279) ("MGL").

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

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

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

Interim Financial Report
for the half year ended 30 June 2014

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Directors' Report
for the half year ended 30 June 2014

Directors' Report

The directors of Macquarie Atlas Roads International Limited ("MARIL") submit the following report together with the Interim Financial Report of Macquarie Atlas Roads ("MQA" or "the Group") for the half year ended 30 June 2014. *AASB 3 Business Combinations* and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Interim 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 half year ended 30 June 2014.

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

Directors

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

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

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

— David Walsh (Chairman)
— John Roberts
— Richard England
— Marc de Cure

Directors' Report
for the half year ended 30 June 2014

Operating and Financial Review

Principal activities

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

Dividends

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

	Half Year ended 30 Jun 2014 $'000	Half Year ended 30 Jun 2013 $'000
Ordinary dividend of 5.0 cents per stapled security paid on 4 April 2014*	**24,362**	-
Ordinary dividend of 2.4 cents per stapled security paid on 19 April 2013*	**-**	11,485
	24,362	11,485

*Paid in full by MARIL

Review and results of operations

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

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Revenue from continuing operations	**1,029**	161	**748**	825
(Loss)/profit from continuing operations after income tax	**(67,898)**	21,442	**(10,674)**	(1,503)
Profit from deconsolidated operation	**-**	1,381,543	**-**	-
(Loss)/profit for the half year	**(67,898)**	1,402,985	**(10,674)**	(1,503)
	Cents	Cents	**Cents**	Cents
(Loss)/profit from continuing operations per MQA stapled security	**(13.93)**	4.48	**(2.19)**	(0.31)
(Loss)/profit per MQA stapled security	**(13.93)**	293.19	**(2.19)**	(0.31)

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

MQA's loss from continuing operations after tax for the half year ended 30 June 2014 was $67.9 million (2013: profit of $21.4 million). The reduction in profits for the period reflects the following significant movements:

- Operating expenses of $70.9 million (2013: $9.4 million) have increased mainly due to an increase in Manager's and Adviser's base fees and performance fees to $69.6 million (2013: $8.4 million). During the half year ended 30 June 2014 MQA has recognised the full 30 June 2014 performance fee ($58.2 million), including instalments that are expected to become payable in future periods;
- Share of net profits of investments accounted for using the equity method of $1.9 million (2013: profit of $30.7 million), comprising:
  - (i) Autoroutes Paris-Rhin-Rhône ("APRR") profit of $15.2 million (2013: profit of $38.4 million), including APRR's fair value loss on interest rate swaps for the half year ended 30 June 2014 of $3.4 million (2013: gain of $21.8 million);
  - (ii) Dulles Greenway loss of $8.2 million (2013: loss of $7.7 million); and
  - (iii) Chicago Skyway loss of $5.1 million (2013: nil).

Directors' Report
for the half year ended 30 June 2014

Significant Changes in State of Affairs

Base Management Fees

Commencing on 1 January 2014 and for subsequent years until further notice, the base management fee rates payable by MQA on market capitalisation up to $3.0 billion have been reduced by 25bps per annum. The revised base management fee rates are as follows:

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

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

Events occurring after balance sheet date

On 2 July 2014, as permitted under MARIL's and MARL's advisory and management agreements with MFA, MFA and MQA's independent directors agreed that the first instalment of the Manager and Adviser performance fees payable at 30 June 2014 of $19.4 million (excluding GST) (total performance fee of $58.2 million) will be applied to a subscription for new MQA securities at a price of $3.32 per security. Accordingly, 5,846,773 MQA securities will be issued to MFA or its assignee. These securities have not yet been issued at the date of this report.

On 16 July 2014, MQA completed a $60 million placement of new MQA stapled securities to institutional and sophisticated investors ("Placement"). The Placement price was $3.25 per security. As a result, 18,461,539 new MQA stapled securities were issued on 23 July 2014. All stapled securities issued under the Placement will rank equally with MQA's existing stapled securities and will be entitled to the final FY2014 distribution.

The Placement was undertaken to fund the acquisition of an additional 1.4% interest in Macquarie Autoroutes de France 2 SA, the company through which MQA holds its indirect investment in APRR. The acquisition was settled on 29 July 2014.

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' Reports 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 periods subsequent to the half year ended 30 June 2014.

Auditor's Independence Declaration

A copy of the auditor's independence declaration for MARL, as required under section 307C of the *Corporations Act 2001,* is set out on page 8.

Rounding of amounts in the Directors' Report and the Interim 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 Interim Financial Report. Amounts in the Directors' Report and Interim Financial Reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Directors' Report
for the half year ended 30 June 2014

Application of class order

The Directors' Reports and Interim 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.

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

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
27 August 2014

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
27 August 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 August 2014

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

Auditor’s Independence Declaration

As lead auditor for the review of Macquarie Atlas Roads Limited for the half year ended 30 June 2014, I declare that to the best of my knowledge and belief there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

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

This declaration is in respect of Macquarie Atlas Roads Limited and the entities it controlled during the half-year ended 30 June 2014.

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
27 August 2014

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Interim Financial Report
for the half year ended 30 June 2014

Consolidated Statements of Comprehensive Income

	Note	**MQA**	MQA	**MARL Group**	MARL Group
		Half year ended 30 Jun 2014 $'000	Half year Ended 30 Jun 2013 $'000	**Half year Ended 30 Jun 2014 $'000**	Half year Ended 30 Jun 2013 $'000
Revenue from continuing operations					
Revenue from continuing operations		**1,029**	161	**748**	825
Total revenue from continuing operations	2(i)	**1,029**	161	**748**	825
Operating expenses from continuing operations					
Operating expenses		**(70,865)**	(9,432)	**(5,240)**	(1,291)
Total operating expenses from continuing operations	2(ii)	**(70,865)**	(9,432)	**(5,240)**	(1,291)
Share of net profits/(losses) of investments accounted for using the equity method	5	**1,943**	30,691	**(6,182)**	(1,037)
(Loss)/profit from continuing operations before income tax		**(67,893)**	21,420	**(10,674)**	(1,503)
Income tax (expense)/benefit		**(5)**	22	**-**	-
(Loss)/profit from continuing operations after income tax		**(67,898)**	21,442	**(10,674)**	(1,503)
Profit from deconsolidated operation	4	**-**	1,381,543	**-**	-
(Loss)/profit for the half year		**(67,898)**	1,402,985	**(10,674)**	(1,503)
(Loss)/profit attributable to:					
Equity holders of the parent entity - MARIL		**(57,224)**	1,404,488	**-**	-
Equity holders of other stapled entity - MARL (as non-controlling interest/parent entity)		**(10,674)**	(1,503)	**(10,674)**	(1,503)
Stapled security holders		**(67,898)**	1,402,985	**(10,674)**	(1,503)
Other comprehensive (loss)/income					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(47,732)**	(74,527)	**(986)**	2,082
Cash flow hedges, net of tax		**-**	461,767	**-**	-
Other comprehensive (loss)/income for the half year, net of tax		**(47,732)**	387,240	**(986)**	2,082
Total comprehensive (loss)/income for the half year		**(115,630)**	1,790,225	**(11,660)**	579
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent entity - MARIL		**(103,970)**	1,789,646	**-**	-
Equity holders of other stapled entity - MARL (as non-controlling interest/parent entity)		**(11,660)**	579	**(11,660)**	579
Stapled security holders		**(115,630)**	1,790,225	**(11,660)**	579
(Loss)/profit per share from continuing operations attributable to MARIL/MARL shareholders					
Basic and diluted (loss)/profit per share from continuing operations attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)		**(11.74)**	4.79	**-**	-
MARL (as non-controlling interest)		**-**	-	**(2.19)**	(0.31)
(Loss)/profit per share attributable to MARIL/MARL shareholders					
Basic and diluted (loss)/profit per share attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)		**(11.74)**	293.50	**-**	-
MARL (as non-controlling interest)		**-**	-	**(2.19)**	(0.31)

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

Consolidated Statements of Financial Position

	Note	**MQA** **As at 30 Jun 2014 $'000**	MQA As at 31 Dec 2013 $'000	**MARL Group** **As at 30 Jun 2014 $'000**	MARL Group As at 31 Dec 2013 $'000
Current assets					
Cash and cash equivalents		**21,992**	19,492	**17,681**	15,738
Receivables		**924**	44	**354**	321
Prepayments		**182**	70	**83**	30
Total current assets		**23,098**	19,606	**18,118**	16,089
Non-current assets					
Receivables		**-**	-	**12,668**	15,201
Investments accounted for using the equity method	5	**777,455**	862,708	**14,933**	22,101
Total non-current assets		**777,455**	862,708	**27,601**	37,302
Total assets		**800,553**	882,314	**45,719**	53,391
Current liabilities					
Payables	6	**(26,896)**	(6,754)	**(2,177)**	(717)
Total current liabilities		**(26,896)**	(6,754)	**(2,177)**	(717)
Non-current liabilities					
Provisions	6	**(38,801)**	-	**(2,575)**	-
Total non-current liabilities		**(38,801)**	-	**(2,575)**	-
Total liabilities		**(65,697)**	(6,754)	**(4,752)**	(717)
Net assets		**734,856**	875,560	**40,967**	52,674
Equity					
Equity attributable to equity holders of the parent - MARIL					
Contributed equity	7	**1,369,408**	1,369,408	**-**	-
Reserves	8	**(8,666)**	38,745	**-**	-
Accumulated losses	9	**(666,853)**	(585,267)	**-**	-
MARIL security holders' interest		**693,889**	822,886	**-**	-
Equity attributable to other stapled security holders - MARL					
Contributed equity	7	**200,330**	200,330	**200,330**	200,330
Reserves	8	**(13,470)**	(12,437)	**(13,470)**	(12,437)
Accumulated losses	9	**(145,893)**	(135,219)	**(145,893)**	(135,219)
Other stapled security holders' interest		**40,967**	52,674	**40,967**	52,674
Total equity		**734,856**	875,560	**40,967**	52,674

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

The financial information was approved by the Board of Directors on 27 August 2014 and was signed on its behalf by:

Jeffrey Conyers
Macquarie Atlas Roads International Limited
Hamilton, Bermuda

Derek Stapley
Macquarie Atlas Roads International Limited
Hamilton, Bermuda

Interim Financial Report
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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 2014	1,369,408	38,745	(585,267)	**822,886**	52,674	**875,560**
Loss for the half year	-	-	(57,224)	**(57,224)**	(10,674)	**(67,898)**
Exchange differences on translation of foreign operations	-	(46,746)	-	**(46,746)**	(986)	**(47,732)**
Total comprehensive loss	-	(46,746)	(57,224)	**(103,970)**	(11,660)	**(115,630)**
Transactions with equity holders in their capacity as equity holders:						
Costs directly attributable to ongoing equity placement	-	(665)	-	**(665)**	(47)	**(712)**
Dividends and distributions paid	-	-	(24,362)	**(24,362)**	-	**(24,362)**
	-	(665)	(24,362)	**(25,027)**	(47)	**(25,074)**
Total equity at 30 June 2014	1,369,408	(8,666)	(666,853)	**693,889**	40,967	**734,856**

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/(loss) for the half year	-	-	1,404,488	**1,404,488**	(1,503)	**1,402,985**
Exchange differences on translation of foreign operations	-	(76,609)	-	**(76,609)**	2,082	**(74,527)**
Cash flow hedges, net of tax*	-	461,767	-	**461,767**	-	**461,767**
Total comprehensive income	-	385,158	1,404,488	**1,789,646**	579	**1,790,225**
Transactions with equity holders in their capacity as equity holders:						
Transfer from other reserve to accumulated losses*	-	1,559,979	(1,559,979)	-	-	**-**
Dividends and distributions paid	-	-	(11,485)	**(11,485)**	-	**(11,485)**
	-	1,559,979	(1,571,464)	**(11,485)**	-	**(11,485)**
Total equity at 30 June 2013	1,354,159	(19,416)	(584,084)	**750,659**	47,495	**798,154**

*Refer to Note 8 for further details.

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 $'000**
Total equity at 1 January 2014	200,330	(12,437)	(135,219)	**52,674**
Loss for the half year	**-**	**-**	(10,674)	**(10,674)**
Exchange differences on translation of foreign operations	-	(986)	-	**(986)**
Total comprehensive loss	-	(986)	(10,674)	**(11,660)**
Transactions with equity holders in their capacity as equity holders:				
Costs directly attributable to ongoing equity placement	-	(47)	-	**(47)**
	-	(47)	-	**(47)**
Total equity at 30 June 2014	200,330	(13,470)	(145,893)	**40,967**

MARL Group

	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	**Total $'000**
Total equity at 1 January 2013	198,877	(12,657)	(139,304)	**46,916**
Loss for the half year	-	-	(1,503)	**(1,503)**
Exchange differences on translation of foreign operations	-	2,082	-	**2,082**
Total comprehensive income/(loss)	-	2,082	(1,503)	**579**
Total equity at 30 June 2013	198,877	(10,575)	(140,807)	**47,495**

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

Interim Financial Report
for the half year ended 30 June 2014

Consolidated Statements of Cash Flows

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Cash flows from operating activities				
Toll revenue received	**-**	45,438	**-**	-
Interest received	**278**	403	**820**	130
Net indirect taxes received/(paid)	**70**	(7,768)	**59**	103
Payments to suppliers and employees (inclusive of GST/VAT)	**(1,469)**	(11,319)	**(656)**	(704)
Manager's and Adviser's base fees paid	**(11,491)**	(7,806)	**(809)**	(759)
Reimbursement from Macquarie Autoroutes de France SAS	**-**	510	**-**	-
Other income received	**-**	685	**-**	-
Income taxes (paid)/refunded	**(6)**	2,716	**-**	3,052
Net cash flows from operating activities	**(12,618)**	22,859	**(586)**	1,822
Cash flows from investing activities				
Return on preferred equity certificates	**39,588**	18,039	**-**	-
Proceeds from sale of property, plant and equipment	-	35	-	-
Payments for purchase of property, plant and equipment	-	(738)	-	-
Deconsolidated cash balance from M6 Toll entities	-	(70,311)	-	-
Net cash flows from investing activities	**39,588**	(52,975)	-	-
Cash flows from financing activities				
Dividends and distributions paid	**(24,362)**	(11,485)	**-**	-
Borrowing costs paid	**-**	(66)	**-**	-
Loan advanced to related party	**-**	-	**(6,700)**	(3,500)
Repayment of loans from related parties	**-**	-	**9,233**	13,000
Net cash flows from financing activities	**(24,362)**	(11,551)	**2,533**	9,500
Net increase/(decrease) in cash and cash equivalents	**2,608**	(41,667)	**1,947**	11,322
Cash and cash equivalents at the beginning of the half year	**19,492**	56,002	**15,738**	2,102
Effects of exchange rate movements on cash and cash equivalents	**(108)**	2,564	**(4)**	92
Cash and cash equivalents at the end of the half year*	**21,992**	16,899	**17,681**	13,516

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 half year is cash not available for use of $1.7 million (30 June 2013: $1.7 million).

Notes to the Consolidated Financial Statements

1 Summary of significant accounting policies

These general purpose Interim Financial Reports for the half year ended 30 June 2014 have been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (where applicable).

These general purpose Interim Financial Reports do not include all the notes of the type normally included in an Annual Financial Report. Accordingly, this report is to be read in conjunction with the Annual Financial Report for the year ended 31 December 2013 and any public announcements made by MQA during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (where applicable).

The accounting policies adopted are consistent with those of previous reporting periods except as disclosed in Note 1(a).

(a) Basis of preparation

As permitted by ASIC Class Order 05/642 as amended by Class Order 10/655, this report consists of the consolidated financial statements of Macquarie Atlas Roads International Limited ("MARIL") and the entities it controlled at the end of and during the half year (collectively referred to as "MQA" or "the Group") and the consolidated financial statements of Macquarie Atlas Roads Limited ("MARL") and the entities it controlled at the end of and during the half year (collectively referred to as "the MARL Group"). The Group and the MARL Group are collectively referred to as "the Groups". Both MARIL and MARL are for-profit entities for the purpose of preparing the financial statements.

The Interim Financial Reports were authorised for issue by the directors of the MARIL and the MARL Boards on 27 August 2014. The Boards have the power to amend and re-issue the Interim Financial Reports.

Going concern

The Interim Financial Reports have been prepared on a going concern basis. At 30 June 2014, MQA had a net current liability position of $3.8 million (31 December 2013: net current asset position of $12.9 million). Included within MQA's current payables are performance fees of $19.4 million (excluding GST) (31 December 2013: nil). On 2 July 2014, as permitted under MARIL and MARL's advisory and management agreements with Macquarie Fund Advisers Pty Limited ("the Adviser/Manager" or "MFA"), MFA and MQA's independent directors agreed that the Manager and Adviser performance fees payable at 30 June 2014 will be applied to a subscription for new MQA securities. Management forecasts indicate that MQA will be able to meet its liabilities as and when they become due and payable.

Compliance with International Financial Reporting Standards ("IFRS")

Compliance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* ensures that the Interim Financial Report complies with *IAS 34 Interim Financial Reporting* ("IAS 34") as issued by the International Accounting Standards Board ("IASB"). Consequently, this Interim Financial Report has also been prepared in accordance with and complies with IAS 34 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 (including derivative financial instruments) at fair value.

Stapled security

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

Comparative figures

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current half 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 historical cost amounts at which the assets and liabilities were recorded in the consolidated MQA financial statements was recognised directly in equity in "Other reserve". In order to simplify the disclosures, this "Other reserve" was transferred to accumulated losses in 2013.

1 Summary of significant accounting policies (continued)

(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 Interim 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 half year ended 30 June 2014.

(c) Principles of consolidation

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

The consolidated financial statements of MQA incorporate the assets and liabilities of the entities controlled by MARIL for the half year ended 30 June 2014, including those deemed to be controlled by MARIL by identifying it as the parent of MQA, and the results of those controlled entities for the half year then ended. The consolidated financial statements of the MARL Group incorporate the assets and liabilities of the entities controlled by MARL for the half year ended 30 June 2014. The effects of all transactions between entities in the consolidated groups 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 are exposed to, or have the right to, variable returns from their involvement with the entity and have the ability to affect those returns through their power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Groups.

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

Associates

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

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

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, and the legal structure of the joint arrangement. The Groups have no joint operations and account for joint ventures using the equity method.

1 Summary of significant accounting policies (continued)

(d) Impairment of assets

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

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

Discounted cash flow analysis is the methodology applied in determining recoverable amount. Discounted cash flow analysis is the process of estimating future cash flows that are expected to be generated by an asset and discounting these to their present value by applying an appropriate discount rate. The discount rate applied to the cash flows of a particular asset is reflective of the uncertainty associated with the future cash flows. Independent traffic forecasting experts provide a view on the most likely level of traffic to use for 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.

(e) Performance fees

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

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

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

(f) Critical accounting estimates and judgements

The preparation of the Interim Financial Reports 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 Interim Financial Reports 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:

Impairment

In accordance with the accounting policy stated in Note 1(d), 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.

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).

1 Summary of significant accounting policies (continued)

(f) Critical accounting estimates and judgements (continued)

Performance fees

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

(g) Accounting standards and interpretations issued

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

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

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

IFRS 15 Revenue from Contracts with Customers

The IASB issued *IFRS 15 Revenue from Contracts with Customers*, which specifies how and when revenue is recognised, as well as requiring enhanced disclosures. When first applied, comparative information will need to be restated. IFRS 15 is effective for annual periods beginning on or after 1 January 2017. The AASB is expected to issue the Australian equivalent of the Standard with the same effective date. Initial application is not expected to result in any material impact for the Groups.

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

(h) Presentation of Financial Reports

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

(i) 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 Interim Financial Report. Amounts in the Interim 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.

Interim Financial Report
for the half year ended 30 June 2014

2 (Loss)/profit for the half year

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

(i) Revenue

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Revenue from continuing operations				
Interest income:				
Related parties	**37**	41	**507**	706
Other persons and corporations	**241**	120	**241**	119
Total interest income	**278**	161	**748**	825
Other Income:				
M6 Toll management fee income	**751**	-	**-**	-
Total other income	**751**	-	**-**	-
Total revenue from continuing operations	**1,029**	161	**748**	825

(ii) Operating expenses

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Operating expenses from continuing operations				
Cost of operations:				
Directors' benefits	**369**	360	**225**	225
	369	360	**225**	225
Other operating expenses:				
Consulting and administration fees	**409**	537	**153**	190
Manager's and Adviser's base fees	**11,366**	8,403	**749**	744
Manager's and Adviser's performance fees	**58,234**	-	**3,894**	-
Net foreign exchange loss/(gain)	**50**	(333)	**1**	(83)
Other expenses	**437**	465	**218**	215
Total other operating expenses	**70,496**	9,072	**5,015**	1,066
Total operating expenses from continuing operations	**70,865**	9,432	**5,240**	1,291

3 Dividends

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Dividends paid during the half year				
Ordinary dividend paid on 4 April 2014*	**24,362**	**-**	**-**	**-**
Ordinary dividend paid on 19 April 2013*	**-**	11,485	**-**	**-**
Total dividends paid during the half year	**24,362**	11,485	**-**	-
	Cents per stapled security	Cents per stapled security	**Cents per stapled security**	Cents per stapled security
Dividends paid during the half year				
Ordinary dividend paid per security on 4 April 2014*	**5.0**	**-**	**-**	**-**
Ordinary dividend paid per security on 19 April 2013*	**-**	2.4	**-**	**-**

*Paid in full by MARIL

4 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.

MQA currently continues to own 100% of the ordinary equity in the M6 Toll and, due to its power to participate in the financial and operating policy decisions, will account for its investment using the equity method (refer to Note 5). The financial performance and cash flow information relating to the deconsolidated operation to 4 June 2013 is presented below.

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Cash flow information				
Net cash flow from operating activities	**-**	28,253	**-**	-
Net cash used in investing activities	**-**	(703)	**-**	-
Net cash used in financing activities	**-**	(66)	**-**	-
Net increase in cash generated from deconsolidated operations	**-**	27,484	**-**	-
Financial performance				
Revenue	**-**	99,192*	**-**	-
Expenses	**-**	(572,571)*	**-**	-
Loss before income tax	**-**	(473,379)	**-**	-
Income tax benefit	**-**	5,867	**-**	-
Loss after income tax of deconsolidated operation	**-**	(467,512)	**-**	-
Gain from deconsolidation	**-**	1,849,055	**-**	-
Total profit from deconsolidated operation	**-**	1,381,543	**-**	-
Total comprehensive income from deconsolidated operation attributable to:				
Equity holders of the parent entity - MARIL	**-**	1,681,440	**-**	-
Equity holders of the parent entity - MARL	**-**	-	**-**	-
Stapled security holder	**-**	1,681,440	**-**	-
Basic profit from deconsolidated operation attributable to MARIL/MARL shareholders	**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	**-**	288.71	**-**	-
MARL (as non-controlling interest)	**-**	-	**-**	-

*Revenue and expenses include one-off items relating to the discontinuation of hedge accounting for the M6 Toll swaps (refer to Note 8).

5 Investments accounted for using the equity method

	MQA	MQA	**MARL Group**	MARL Group
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Shares in associates and joint arrangements – equity method	**777,455**	862,708	**14,933**	22,101
	777,455	862,708	**14,933**	22,101

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

(a) Carrying amounts

Name of Entity*	**Country of Incorporation /Principal Place of Business**	**Principal Activity**	**MQA Economic Ownership Interest**	**MQA**	MQA	**MARL Economic Ownership Interest**	**MARL Group**	MARL Group
			As at 30 Jun 2014 and 31 Dec 2013 %	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 and 31 Dec 2013 %**	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	**38.9**	**646,487**	710,819	**-**	**-**	-
Dulles Greenway Partnership**	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**130,968**	146,681	**6.7**	**14,933**	16,893
Chicago Skyway Partnership	USA	Investment in toll road located south of Chicago, USA	**50.0**	**-**	5,208	**50.0**	**-**	5,208
Indiana Toll Road Partnership	USA	Investment in toll road located in northern Indiana, USA	**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**	**-**	-	**-**	**-**	-
				777,455	862,708		**14,933**	22,101

* All associates and joint arrangements except Macquarie Autoroutes de France 2 SA currently have 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. 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") (the previous holding company for the M6 Toll) and commenced equity accounting for its interest as an investment in an associate. A new entity, Peregrine Motorways Limited ("PML"), was incorporated on 2 August 2013 and inserted as the 100% owner of MMG. MQA legally owns a 100% ordinary equity interest in PML but is not expected to be exposed to any significant variable returns from this investment. As a result, at 30 June 2014 MQA's economic interest in PML is nil. Refer to Note 4.

5 Investment accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Carrying amount at the beginning of the half year	**862,708**	702,783	**22,101**	16,470
Share of profits/(losses) after income tax*	**1,943**	30,691	**(6,182)**	(1,037)
Distributions received/receivable	**(39,588)**	(18,039)	**-**	-
Foreign exchange movement	**(47,686)**	87,585	**(986)**	2,126
Costs directly attributable to ongoing acquisition	**78**	-	**-**	-
Carrying amount at the end of the half year	**777,455**	803,020	**14,933**	17,559

* 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 material 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 entity 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**	
Summarised Statement of Financial Position	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Total current assets	**1,232,355**	867,042	**136,447**	175,769
Total non-current assets	**9,368,501**	10,123,180	**1,593,109**	1,697,302
Total current liabilities	**(1,478,555)**	(1,311,485)	**(70,515)**	(70,424)
Total non-current liabilities	**(7,552,395)**	(7,949,306)	**(1,250,896)**	(1,354,895)
Net assets	**1,569,906**	1,729,431	**408,145**	447,752
Reconciliation to carrying amounts:				
Opening net assets as at 1 January	**1,729,431**	1,364,601	**447,752**	413,922
Profit/(loss) for the period/year	**39,112**	187,019	**(16,374)**	(31,351)
Dividends paid	**-**	-	**-**	-
Foreign exchange movement	**(198,637)**	177,811	**(23,233)**	65,181
Closing net assets	**1,569,906**	1,729,431	**408,145**	447,752
MQA's share in %	**38.9%**	38.9%	**50.0%**	50.0%
MQA's share in $	**610,693**	672,749	**204,072**	223,876
MARL Group's share in %	**-**	-	**6.70%**	6.70%
MARL Group's share in $	**-**	-	**27,346**	29,999
MQA's carrying amount	**646,487**	710,819	**130,968**	146,681
MARL Group's carrying amount	**-**	-	**14,933**	16,893

5 Investments accounted for using the equity method (continued)

(c) Summarised financial information for associates (continued)

	Macquarie Autoroutes de France 2 SA (APRR)		Dulles Greenway Partnership	
Summarised Statement of Comprehensive Income	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Revenue	**853,524**	720,896	**41,744**	36,412
Profit/(loss) for the period	**39,112**	98,796	**(16,374)**	(15,482)
MQA's share in $	**15,215**	38,432	**(8,187)**	(7,741)
MARL Group's share in $	**-**	-	**(1,097)**	(1,037)
MQA's distributions received	**39,588**	18,039	**-**	-
MARL Group's distributions received	**-**	-	**-**	-

(d) Individually immaterial associates and joint arrangements

In addition to the interest in associates disclosed above the Groups also have 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
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Aggregate carrying amount of individually immaterial associates	**-**	**-**	**-**	**-**
Aggregate amounts of the group's share of:				
(Loss)/profit from continuing operation	**(113,265)**	310,830	**(113,265)**	310,830
Total comprehensive (loss)/income	**(113,265)**	310,830	**(113,265)**	310,830
Aggregate carrying amount of individually immaterial joint arrangements	**-**	**-**	**-**	**-**
Aggregate amounts of the group's share of:				
Loss from continuing operation	**(1,637)**	(1,806)	**-**	-
Total comprehensive loss	**(1,637)**	(1,806)	**-**	-

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

At 30 June 2014 and 31 December 2013, there was no share of contingent liabilities incurred jointly with other investors and no contingent liabilities relating to liabilities of associates or joint arrangements for which MARIL and MARL are severally liable. Refer to Note 12 for details of contingent liabilities.

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.7 million) (31 December 2013: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WKG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.7 million) (31 December 2013: €1.2 million ($1.8 million)) has been deposited. These funds are restricted.

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5 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
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Share of associates' losses not brought to account				
Balance at the beginning of the period	**(264,749)**	(573,899)	**(264,749)**	(573,899)
Share of (losses)/profits not brought to account	**(108,180)**	310,830	**(108,180)**	310,830
Balance at the end of the period	**(372,929)**	(263,069)	**(372,929)**	(263,069)
Share of joint arrangements' losses not brought to account				
Balance at the beginning of the period	**(15,827)**	(12,086)	**-**	-
Share of losses not brought to account	**(1,637)**	(1,806)	**-**	-
Balance at the end of the period	**(17,464)**	(13,892)	**-**	-

6 Payables and provisions

	MQA	MQA	**MARL Group**	MARL Group
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Current				
Manager and Adviser base fees payable	**5,940**	5,994	**431**	420
Manager and Adviser performance fees payable (i)	**19,529**	-	**1,416**	-
Sundry creditors and accruals	**1,427**	760	**330**	297
	26,896	6,754	**2,177**	717
Non Current				
Provision for Manager and Adviser performance fees (i)	**38,801**	-	**2,575**	-
	38,801	-	**2,575**	-

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

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7 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Ordinary shares	**1,369,408**	1,369,408	**200,330**	200,330
Contributed equity	**1,369,408**	1,369,408	**200,330**	200,330

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Half year ended 30 Jun 2014 $'000	Year ended 31 Dec 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Year ended 31 Dec 2013 $'000
On issue at the beginning of the period	**1,369,408**	1,354,159	**200,330**	198,877
Issued				
Application of performance fees to subscription for new securities*	**-**	15,249	**-**	1,453
On issue at the end of the period	**1,369,408**	1,369,408	**200,330**	200,330

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

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

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8 Reserves

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Balance of reserves				
Foreign currency translation reserve	**(8,001)**	38,745	**(13,423)**	(12,437)
Other reserve	**(665)**	-	**(47)**	-
	(8,666)	38,745	**(13,470)**	(12,437)

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Half year ended 30 Jun 2014 $'000	Year ended 31 Dec 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Year ended 31 Dec 2013 $'000
Movements of reserves				
Hedging reserve – cash flow hedges (net of tax)				
Balance at the beginning of the period	**-**	(461,767)	**-**	-
Revaluation (gross) on interest rate swap contracts	**-**	(48,037)	**-**	-
Cash flow hedge reserve recycled to profit & loss*	**-**	509,804	**-**	-
Balance at the end of the period	**-**	-	**-**	-
Foreign currency translation reserve				
Balance at the beginning of the period	**38,745**	57,193	**(12,437)**	(12,657)
Net exchange differences on translation of foreign entities	**(46,746)**	114,135	**(986)**	220
Deconsolidation of subsidiaries	**-**	(132,583)	**-**	-
Balance at the end of the period	**(8,001)**	38,745	**(13,423)**	(12,437)
Other reserve				
Balance at the beginning of the period	**-**	(1,559,979)	**-**	-
Costs directly attributable to ongoing equity placement	**(665)**	-	**(47)**	-
Transfer of other reserve to accumulated losses**	**-**	1,559,979	**-**	-
Balance at the end of the period	**(665)**	-	**(47)**	-

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

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

9 Accumulated losses

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Half year ended 30 Jun 2014 $'000	Year ended 31 Dec 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Year ended 31 Dec 2013 $'000
Balance at the beginning of the period	**(585,267)**	(417,108)	**(135,219)**	(139,304)
(Loss)/profit attributable to shareholders	**(57,224)**	1,419,384	**(10,674)**	4,085
Dividends and distributions paid	**(24,362)**	(27,564)	**-**	-
Other reserve balance transferred	**-**	(1,559,979)	**-**	-
Balance at the end of the period	**(666,853)**	(585,267)	**(145,893)**	(135,219)

Interim Financial Report for the half year ended 30 June 2014

10 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, Dulles Greenway, Chicago Skyway, Indiana Toll Road and Warnow Tunnel. The segments of the MARL Group are the investments in Dulles Greenway, Chicago Skyway and Indiana Toll Road. Following deconsolidation, the M6 Toll is no longer considered an operating segment by the MQA Boards (refer to Note 4).

The operating segment note discloses the segment revenue and segment EBITDA for the half year ended 30 June 2014 and segment assets & liabilities at 30 June 2014 by individual portfolio asset. The MQA Boards are provided with performance information on each asset, in their capacity as chief operating decision maker, to monitor the operating performance of each asset.

(b) Segment information provided to the MQA Boards

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the half year ended 30 June 2014, based on MQA's economic ownership interest is as follows:

	APRR	Dulles Greenway	Chicago Skyway	Indiana Toll Road	Warnow Tunnel	**Total MQA**
MQA	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2014 $'000	**Half year ended 30 Jun 2014 $'000**
Segment revenue	299,749	20,872	9,167	27,698	4,667	**362,153**
Segment expenses	(87,035)	(4,579)	(1,157)	(8,070)	(1,391)	**(102,232)**
Segment EBITDA	212,714	16,293	8,010	19,628	3,276	**259,921**
EBITDA margin	71%	78%	87%	71%	70%	**72%**
	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	**As at 30 Jun 2014 $'000**
Segment assets	4,123,733	864,778	548,872	997,487	158,669	**6,693,539**
Segment liabilities	(3,513,040)	(660,706)	(559,287)	(1,366,870)	(181,106)	**(6,281,009)**

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 half year ended 30 June 2013, and the segment assets & liabilities at 31 December 2013, based on MQA's economic ownership interest are as follows:

	APRR	Dulles Greenway	Chicago Skyway	Indiana Toll Road	Warnow Tunnel	**Total MQA**
MQA	Half year ended 30 Jun 2013 $'000	Half year ended 30 Jun 2013 $'000	Half year ended 30 Jun 2013 $'000	Half year ended 30 Jun 2013 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2013 $'000**
Segment revenue	252,049	18,206	8,305	23,777	3,749	**306,086**
Segment expenses	(74,839)	(4,025)	(1,009)	(5,717)	(1,185)	**(86,775)**
Segment EBITDA	177,210	14,181	7,296	18,060	2,564	**219,311**
EBITDA margin	70%	78%	88%	76%	68%	**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 2013 $'000**
Segment assets	4,275,196	936,535	582,486	1,044,253	171,086	**7,009,556**
Segment liabilities	(3,602,448)	(712,659)	(577,278)	(1,334,525)	(192,796)	**(6,419,706)**

10 Segment information (continued)

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

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the half year ended 30 June 2014, based on the MARL Group's economic ownership interests is as follows:

MARL Group	Dulles Greenway Half year ended 30 Jun 2014 $'000	Indiana Toll Road Half year ended 30 Jun 2014 $'000	Chicago Skyway Half year ended 30 Jun 2014 $'000	**Total MARL Group** **Half year ended** **30 Jun 2014** **$'000**
Segment revenue	2,797	27,698	9,167	**39,662**
Segment expenses	(614)	(8,070)	(1,157)	**(9,841)**
Segment EBITDA	2,183	19,628	8,010	**29,821**
EBITDA margin	78%	71%	87%	**75%**
	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	As at 30 Jun 2014 $'000	**As at** **30 Jun 2014** **$'000**
Segment assets	105,142	997,487	548,872	**1,651,501**
Segment liabilities	(86,471)	(1,366,870)	(559,287)	**(2,012,628)**

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 half year ended 30 June 2013, and the segment assets & liabilities at 31 December 2013, based on the MARL Group's economic ownership interest are as follows:

MARL Group	Dulles Greenway Half year ended 30 Jun 2013 $'000	Indiana Toll Road Half year ended 30 Jun 2013 $'000	Chicago Skyway Half year ended 30 Jun 2013 **$'000**	**Total MARL Group** **Half year ended** **30 Jun 2013** **$'000**
Segment revenue	2,440	23,777	8,305	**34,522**
Segment expenses	(539)	(5,717)	(1,009)	**(7,265)**
Segment EBITDA	1,901	18,060	7,296	**27,257**
EBITDA margin	78%	76%	88%	**79%**
	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	114,043	**1,044,253**	**582,486**	**1,740,782**
Segment liabilities	(93,203)	**(1,334,525)**	**(577,278)**	**(2,005,006)**

10 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 profit/(loss) from continuing activities before income tax, and of segment assets and segment liabilities to total assets and total liabilities is provided as follows:

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2014 $'000	Half year ended 30 Jun 2013 $'000	**Half year ended 30 Jun 2014 $'000**	Half year ended 30 Jun 2013 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**362,153**	306,086	**39,662**	34,522
Revenue attributable to investments accounted for under the equity method*	**(362,153)**	(306,086)	**(39,662)**	(34,522)
Unallocated revenue	**1,029**	161	**748**	825
Total revenue from continuing operations	**1,029**	161	**748**	825
Reconciliation of segment EBITDA to (loss)/profit before income tax benefit				
Segment EBITDA	**259,921**	219,311	**29,821**	27,257
EBITDA attributable to investments accounted for under the equity method*	**(259,921)**	(219,311)	**(29,821)**	(27,257)
Unallocated revenue	**1,029**	161	**748**	825
Unallocated expenses	**(70,865)**	(9,432)	**(5,240)**	(1,291)
Share of net profit/(loss) of investments accounted for using the equity method	**1,943**	30,691	**(6,182)**	(1,037)
(Loss)/profit from continuing operations before income tax benefit	**(67,893)**	21,420	**(10,674)**	(1,503)

	MQA	MQA	**MARL Group**	MARL Group
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Reconciliation of segment assets to total assets				
Segment assets	**6,693,539**	7,009,556	**1,651,501**	1,740,782
Other cash assets	**21,992**	19,492	**17,681**	15,738
Other assets	**1,106**	114	**13,105**	15,552
Investments accounted for using the equity method	**777,455**	862,708	**14,933**	22,101
Assets included in investments accounted for using the equity method	**(6,693,539)**	(7,009,556)	**(1,651,501)**	(1,740,782)
Total assets	**800,553**	882,314	**45,719**	53,391

	MQA	MQA	**MARL Group**	MARL Group
	As at 30 Jun 2014 $'000	As at 31 Dec 2013 $'000	**As at 30 Jun 2014 $'000**	As at 31 Dec 2013 $'000
Reconciliation of segment liabilities to total liabilities				
Segment liabilities	**(6,281,009)**	(6,419,706)	**(2,012,628)**	(2,005,006)
Other payable balance	**(65,697)**	(6,754)	**(4,752)**	(717)
Liabilities included in investments accounted for using the equity method	**6,281,009**	6,419,706	**2,012,628**	2,005,006
Total liabilities	**(65,697)**	(6,754)	**(4,752)**	(717)

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

11 Fair value measurement of financial instruments

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

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

(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 or indirectly; and

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

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

The fair value of all financial assets and liabilities approximates their carrying value at balance sheet date.

12 Contingent liabilities and commitments

MQA had the following contingent liabilities and commitments at balance date. No provisions have been raised against these items unless stated below.

Contingent liabilities

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.7 million) (31 December 2013: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WKG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.7 million) (31 December 2013: €1.2 million ($1.8 million)) has been deposited. These funds are restricted.

The MARL Group had no contingent liabilities at 30 June 2014 and 31 December 2013.

13 Events occurring after balance sheet date

On 2 July 2014, as permitted under MARIL's and MARL's advisory and management agreements with MFA, MFA and MQA's independent directors agreed that the first instalment of Manager and Adviser performance fees payable at 30 June 2014 of $19.4 million (excluding GST) (total management fee of $58.2 million) will be applied to a subscription for new MQA securities at a price of $3.32 per security. Accordingly, 5,846,773 MQA securities will be issued to MFA or its assignee. These securities have not yet been issued at the date of this report.

On 16 July 2014, MQA completed a $60 million placement of new MQA stapled securities to institutional investors ("Placement"). The Placement price was $3.25 per security. As a result, 18,461,539 new MQA stapled securities were issued on 23 July 2014. All stapled securities issued under the Placement will rank equally with MQA's existing stapled securities and will be entitled to the final FY2014 distribution.

The Placement was undertaken to fund the acquisition of an additional 1.4% interest in Macquarie Autoroutes de France 2 SA, the company through which MQA holds its indirect investment in APRR. The acquisition was settled on 29 July 2014.

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' Reports 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 periods subsequent to the half year ended 30 June 2014.

Directors' Declaration – Macquarie Atlas Roads International Limited

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

a) the Interim Financial Report of MARIL and its controlled entities ("MQA") and notes set out on pages 9 to 29:

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

  ii) give a true and fair view of the financial position of MQA as at 30 June 2014 and of its performance for the half 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.

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
Pembroke, Bermuda
27 August 2014

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
27 August 2014

Directors' Declaration – Macquarie Atlas Roads Limited

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

a) the Interim Financial Report of MARL and its controlled entities (the "MARL Group") and notes set out on pages 9 to 29 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;

   ii) giving a true and fair view of the financial position of the MARL Group as at 30 June 2014 and of its performance for the half 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.

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.

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

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

Independent auditor's review report to the members of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, which comprise the consolidated statements of financial position as at 30 June 2014 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, selected 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 period, and Macquarie Atlas Roads Limited and the entities it controlled during the period. Macquarie Atlas Roads Limited Group ("MARL Group") comprises Macquarie Atlas Roads Limited and the entities it controlled during the period.

Directors' responsibility for the interim financial report

The directors of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are responsible for the preparation of interim financial reports that give a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* (as applicable) and for such internal control as the directors determine is necessary to enable the preparation of interim financial reports that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the interim financial reports based on our reviews. We conducted our reviews in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial positions as at 30 June 2014 and of their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001* (as applicable). As the auditor of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

PricewaterhouseCoopers, ABN 52 780 433 757

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Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the interim financial reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are not in accordance with the *Corporations Act 2001* (as applicable) including:

(a) giving a true and fair view of Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial positions as at 30 June 2014 and of their performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and IAS 34 *Interim Financial Reporting* as issued by the International Accounting Standards Board and the *Corporations Regulations 2001* (as applicable).

PricewaterhouseCoopers

PricewaterhouseCoopers

C Stafford

Craig Stafford
Partner

Sydney
27 August 2014

PricewaterhouseCoopers, ABN 52 780 433 757

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