MACQUARIE ATLAS ROADS

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2015

MACQUARIE

This report comprises:

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

Financial Reports

for the year ended 31 December 2015

Financial Reports
for the year ended 31 December 2015

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Directors' Reports

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 2015. *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 2015.

Macquarie Fund Advisers Pty Limited 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)
— James Keyes
— Nora Scheinkestel (appointed 17 April 2015)
— Derek Stapley
— David Walsh (resigned 17 April 2015)

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

— Nora Scheinkestel (appointed as Chairman 17 April 2015)
— Marc de Cure
— Richard England
— John Roberts
— David Walsh (resigned as Chairman and as a director 17 April 2015)

Directors' Reports
for the year ended 31 December 2015

Operating and Financial Review

Principal activities

The principal activity of the Group and the MARL Group (together the "Groups") is to invest in infrastructure assets in Organisation for Economic Co-operation and Development ("OECD") and OECD equivalent countries; and non-infrastructure assets where ancillary to a major infrastructure investment but with the current focus on toll road investments, both greenfield and mature. Other than as disclosed elsewhere in these reports, there were no significant changes in the nature of the Groups' activities during the year.

Distributions

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

	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000
Distribution of 10.0 cents per stapled security ("cps") paid on 30 September 2015*	**51,748**	-
Distribution of 6.0 cps paid on 31 March 2015**	**30,692**	-
Distribution of 8.2 cps paid on 8 October 2014***	**-**	41,946
Ordinary dividend of 5.0 cps paid on 4 April 2014	**-**	24,362
	82,440	66,308

All of the distributions were paid in full by MARIL.

* Comprised a capital return of 9.3 cps and an ordinary dividend of 0.7 cps.
** Comprised a capital return of 4.7 cps and an ordinary dividend of 1.3 cps.
*** Comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

Review and results of operations

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
Revenue from operations	**2,597**	2,123	**922**	1,403
Profit/(loss) from operations after income tax	**85,082**	(50,561)	**26,505**	(12,368)
Profit/(loss) attributable to:				
Equity holders of the parent – MARIL	**58,577**	(38,193)	**-**	-
Equity holders of other stapled entity – MARL (as non controlling interest/parent entity)	**26,505**	(12,368)	**26,505**	(12,368)
Stapled security holders	**85,082**	(50,561)	**26,505**	(12,368)
	Cents	Cents	**Cents**	Cents
Profit/(loss) per MQA stapled security	**16.53**	(10.17)	**5.15**	(2.49)

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

MQA's profit after tax for the year ended 31 December 2015 was $85.1 million (2014: loss of $50.6 million). The movement in results for the year reflects the following significant items:

- Revenue from operations of $2.6 million (2014: $2.1 million) has increased due to an increase in service fees and interest income;
- Operating expenses of $30.8 million (2014: $83.8 million) have decreased mainly due to no new performance fees accruing in respect of the 12 months ended 30 June 2015. At 30 June 2014, MQA recognised the full 30 June 2014 performance fee ($58.2 million), including instalments that were expected to become payable in future periods;
- Share of net profit of investments accounted for using the equity method profit of $113.3 million (2014: $31.2 million), primarily comprising:
  (i) Autoroutes Paris-Rhin-Rhône ("APRR") profit of $95.1 million (2014: $51.1 million);
  (ii) Dulles Greenway loss of $14.3 million (2014: loss of $14.9 million); and
  (iii) Distribution proceeds of $32.3 million (2014: $nil) relating to the sale of ITR Concession Company Holdings LLC ("ITRCCH") and undistributed proceeds of $0.2 million (2014: $nil) left in Indiana Toll Road Partnership ("ITRP") for payment of expenses.

Directors' Reports
for the year ended 31 December 2015

Operating and Financial Review (continued)

Review and results of operations (continued)

The change in the share of net profits of investments accounted for using the equity method is primarily due to the receipt of ITRCCH distribution proceeds as well as an increase in profits from APRR. MQA's share of fair value gains on APRR interest rate swaps were $23.7 million for the year ended 31 December 2015 compared to $4.8 million during the year ended 31 December 2014. Derivative instruments are recorded at fair value which can result in significant volatility in a given period as market expectations of interest rates fluctuate.

Significant changes in state of affairs

French political update and additional consideration for acquisition of stake in APRR

In January 2015, the French Government announced the establishment of a working group, comprising members of parliament and government representatives, with the objective of considering options for the renegotiation of the existing toll concession agreements, or in the alternative, the termination of these agreements. Pending the recommendations of the working group, the government decided to defer the toll increases contractually scheduled for 1 February 2015.

In April 2015, APRR and Autoroutes Rhone-Alpes (AREA) together with certain other French motorways companies ("Operators") reached an in-principle agreement with the French Government to amend their existing contractual relationships. The in-principle agreement included the following significant measures:

- A €3.2 billion sector-wide capital investment plan under which APRR and AREA have agreed to perform capital works with a total value of ~€720 million, in return for extensions of the existing concessions
- Compensation for the 2013 land tax increase via supplemental toll increases in the years 2016-2018
- No toll increase in 2015, with compensation via supplemental toll increases over 2019-2023
- A total of ~€1 billion contribution by the Operators towards the funding of infrastructure investment in France over the next 20 years, with estimated contribution averaging €15-16 million per annum (indexed) by APRR/AREA.

On 23 August 2015 the in-principle agreement with the French State was formalised by way of amendments to the APRR and AREA concession contracts. As a result, MQA paid contingent consideration (relating to the July 2014 purchase of its 1.41% interest in Macquarie Autoroutes de France 2 SA) of €2.4 million (A$3.8 million) in October 2015.

Eiffarie debt refinancing

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

Sale of Indiana Toll Road

On 27 May 2015, Indiana Toll Road was sold and subsequently MQA received US$25.0 million in proceeds. A preliminary estimated United States Alternative Minimum Tax ("AMT") liability of US$12.6 million was paid on 15 June 2015. Subsequently, MQA filed a request for an adjustment to the preliminary estimated amount of AMT paid. Upon adjustment, the full amount of AMT paid was received on 29 January 2016.

Sale of Chicago Skyway

On 16 November 2015, MQA announced the signing of a Sale and Purchase Agreement to sell 100% of the Skyway Concession Company LLC, the concession holder of the Chicago Skyway Toll Road in Illinois, USA.

The agreed upon in-principle sales price was US$2,836 million which is due and payable upon closing, which is expected to occur by the end of February 2016. MQA continues to own a 50% equity interest in Chicago Skyway Partnership at 31 December 2015 as the risks and rewards of ownership will transfer to the buyer on financial close. Estimated net sale proceeds to MQA for its 22.5% interest are expected to be approximately US$95 million.

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

Directors' Reports

for the year ended 31 December 2015

Likely developments and expected results of operations

No change is contemplated to the principal activities stated on page 5. Comments on the expected outlook for MQA are included in the annual report within the letter from the Chairman and Chief Executive Officer.

Events occurring after balance sheet date

Tunnel Maurice Lemaire restructure and APRR concession extension

On 31 January 2016 it was published in the Journal officiel de la République française (French Republic Official Journal) that an amendment had been made to the APRR concession contract whereby the Tunnel Maurice Lemaire (TML) concession has been merged with the APRR concession and TML's tolling schedule has been reduced. As a consequence, the APRR concession maturity including TML has been extended by 10 months to 30 November 2035.

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 years subsequent to the year ended 31 December 2015.

Indemnification and insurance of officers and auditors

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

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

Environmental regulation

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

Rounding of amounts in the Directors' Reports 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' Reports and Financial Reports. Amounts in the Directors' Reports 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' Reports

for the year ended 31 December 2015

Information on directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at 31 Dec 2015	31 Dec 2014
Nora Scheinkestel LLB (Hons), PhD, FAICD Independent Non-Executive Chairman (Appointed as Chairman on 17 April 2015)	***Experience:*** Nora Scheinkestel is an experienced company director and advisor, with a background as a senior banking executive in international and project financing. She currently consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance. ***Other current listed company directorships:*** Macquarie Atlas Roads International Limited, Telstra Corporation Limited and Stockland Corporation Limited. ***Former listed company directorships in last 3 years:*** AMP Limited, Insurance Australia Group Limited, Orica Limited and Pacific Brands Limited.	Chairman of Board and Nomination and Governance Committee	**58,603**	58,603
Marc de Cure BCom (Hons) MWQ FCA Independent Non-Executive Director	***Experience:*** Marc de Cure is a company director and advisor. His former executive roles include Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong, Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc. He was a Principal Advisor to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers. ***Other current listed company directorships:*** None. ***Former listed company directorships in last 3 years:*** None.	Chairman of Remuneration Committee	**-**	-
Richard England FCA MAICD Independent Non-Executive Director	***Experience:*** Richard England is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. Richard has more than 20 years' experience as a non-executive director and Chairman of multiple ASX listed and unlisted companies across the financial services, banking, healthcare and insurance industries. ***Other current listed company directorships:*** Ruralco Holdings Limited, Nanosonics Limited, and Japara Healthcare Limited. ***Former listed company directorships in last 3 years:*** Chandler McLeod Group Limited (de-listed in April 2015)	Chairman of Audit and Risk Committee	**40,000**	40,000
John Roberts LLB Non-Executive Director	***Experience:*** John Roberts is a Consultant to Macquarie and Non Executive Chairman of Macquarie Infrastructure and Real Assets ("MIRA") (a division of the Macquarie Asset Management Group) which has approximately $150 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. ***Former listed company directorships in last 3 years:*** DUET Group, Macquarie International Infrastructure Fund Limited and Macquarie Infrastructure Company	-	**46,108**	46,108
David Walsh LLB Independent Chairman (Resigned as Chairman and as a director on 17 April 2015)	***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:*** None ***Former listed company directorships in last 3 years:*** Macquarie Atlas Roads Limited, Macquarie Atlas Roads International Limited and Templeton Global Growth Fund Limited.	-	**-**	7,000

Directors' Reports
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MARL Company Secretary

The Company Secretary of MARL is Ms Christine Williams, an Executive Director of Macquarie Group Limited and Global Head of Legal for Macquarie Infrastructure and Real Assets ("MIRA"). She joined MIRA in 1998. She is a practising solicitor with over 35 years governance and transactional legal experience. She has also performed company secretarial roles for various listed property and infrastructure funds for the past 23 years.

Meetings of MARL directors

The number of meetings of the MARL board of directors, Audit and Risk Committee, Nomination and Governance Committee and Remuneration Committee held during the year ended 31 December 2015, and the numbers of meetings attended by each director were:

	Board		Audit and Risk Committee		Nomination and Governance Committee		Remuneration Committee	
MARL Directors	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**
Nora Scheinkestel	8	8	3	3	2	2	N/A	N/A
Marc de Cure	8	8	4	4	3	3	3	3
Richard England	8	8	4	4	3	3	3	3
John Roberts	8	8	N/A	N/A	2	1	2	0
David Walsh	3	3	1	1	1	1	1	1

MARL Remuneration Report (audited)

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

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

The information provided under the headings listed above includes remuneration disclosures that are required under Accounting Standard *AASB 124 Related Party Disclosures*. These disclosures have been transferred from the Financial Reports 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 is determined by reference to 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 2015 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' Reports
for the year ended 31 December 2015

Details of remuneration (audited)

Remuneration of directors

	MARL Group Year ended 31 Dec 15 Director's fees $	MARL Group Year ended 31 Dec 14 Director's fees $
MARL Non-Executive Directors		
Nora Scheinkestel (Chairman)*	**167,363**	42,799
Marc de Cure	**125,000**	125,000
Richard England	**140,000**	140,000
John Roberts**	**88,255**	-
David Walsh***	**54,890**	185,000
	575,508	492,799

* Appointed as Chairman on 17 April 2015.
** Previously paid by the Macquarie Group; since 17 April 2015 paid by MARL.
*** Resigned as Chairman and as a director on 17 April 2015.

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 appointment letters. Upon termination of the appointment letters, 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 appointment letter and the constitution of MARL.

Loans to directors

There were no loans to directors.

Share options granted to directors

No options over unissued ordinary securities of MQA exist or were granted to directors at 31 December 2015.

Directors' holdings of stapled securities

Refer to the Information on Directors on page 8.

MARL non-audit services

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

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

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

— All non-audit services have been reviewed by the Audit and Risk Committee to ensure they do not impact the impartiality and objectivity of the auditor; and

— None of the services undermines the general principles relating to auditor independence as set out in APES 110: *Code of Ethics for Professional Accountants*, including reviewing or auditing the auditor's own work, acting in a management or a decision-making capacity for the company, acting as advocate for the company or jointly sharing economic risk and rewards.

Directors' Reports
for the year ended 31 December 2015

MARL non-audit services (continued)

	MARL Group Year ended 31 Dec 15 $	MARL Group Year ended 31 Dec 14 $
Other services		
PricewaterhouseCoopers (Australian firm)	**15,039**	4,300
Total	**15,039**	4,300

Audit services of $226,627 were provided during the year (2014: $185,882).

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
Pembroke, Bermuda
24 February 2016

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
24 February 2016

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

Nora Scheinkestel
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
25 February 2016

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
25 February 2016

Auditor's Independence Declaration

As lead auditor for the audits of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited for the year ended 31 December 2015, 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* (as applicable) in relation to the audits; and

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

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

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
25 February 2016

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Consolidated Statements of Comprehensive Income

	Note	**MQA Year ended 31 Dec 2015 $'000**	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Revenue from operations					
Revenue		**2,597**	2,123	**922**	1,403
Total revenue from operations	2(i)	**2,597**	2,123	**922**	1,403
Operating expenses from operations					
Operating expenses		**(30,827)**	(83,839)	**(4,798)**	(6,693)
Total operating expenses from operations	2(ii)	**(30,827)**	(83,839)	**(4,798)**	(6,693)
Share of net profits/(losses) of investments accounted for using the equity method	9(b)	**113,317**	31,160	**30,381**	(7,078)
Profit/(loss) from operations before income tax		**85,087**	(50,556)	**26,505**	(12,368)
Income tax expense	4	**(5)**	(5)	**-**	-
Profit/(loss) for the year		**85,082**	(50,561)	**26,505**	(12,368)
Profit/(loss) attributable to:					
Equity holders of the parent entity – MARIL		**58,577**	(38,193)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**26,505**	(12,368)	**26,505**	(12,368)
Stapled security holders		**85,082**	(50,561)	**26,505**	(12,368)
Other comprehensive income/(loss)					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**26,293**	(14,481)	**3,880**	1,273
Other comprehensive income/(loss) for the year, net of tax		**26,293**	(14,481)	**3,880**	1,273
Total comprehensive income/(loss) for the year		**111,375**	(65,042)	**30,385**	(11,095)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent entity – MARIL		**80,990**	(53,947)	**-**	-
Equity holder of other stapled entity – MARL (as non-controlling interest/parent entity)		**30,385**	(11,095)	**30,385**	(11,095)
Stapled security holders		**111,375**	(65,042)	**30,385**	(11,095)
Profit/(loss) per share attributable to MARIL/MARL shareholders					
Basic and diluted profit/(loss) per share attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	17	**11.38**	(7.68)	**-**	-
MARL (as non-controlling interest)	17	**-**	-	**5.15**	(2.49)
Profit/(loss) per MQA stapled security		**16.53**	(10.17)	**5.15**	(2.49)

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

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Consolidated Statements of Financial Position

	Note	**MQA** **As at 31 Dec 2015 $'000**	MQA As at 31 Dec 2014 $'000	**MARL Group** **As at 31 Dec 2015 $'000**	MARL Group As at 31 Dec 2014 $'000
Current assets					
Cash and cash equivalents	6	**65,381**	30,116	**48,137**	28,884
Receivables	7	**18,073**	797	**17,318**	345
Prepayments	8	**128**	121	**57**	53
Total current assets		**83,582**	31,034	**65,512**	29,282
Non-current assets					
Cash not available for use	6	**1,773**	1,763	**-**	**-**
Receivables	7	**-**	-	**-**	4,373
Investments accounted for using the equity method	9	**807,969**	835,431	**16,448**	16,456
Total non-current assets		**809,742**	837,194	**16,448**	20,829
Total assets		**893,324**	868,228	**81,960**	50,111
Current liabilities					
Payables and provisions	12	**(28,366)**	(25,935)	**(3,302)**	(2,023)
Total current liabilities		**(28,366)**	(25,935)	**(3,302)**	(2,023)
Non-current liabilities					
Provisions	12	**-**	(19,400)	**-**	(1,287)
Total non-current liabilities		**-**	(19,400)	**-**	(1,287)
Total liabilities		**(28,366)**	(45,335)	**(3,302)**	(3,310)
Net assets		**864,958**	822,893	**78,658**	46,801
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	13	**1,355,890**	1,410,130	**-**	-
Reserves	14	**45,404**	22,991	**-**	-
Accumulated losses	15	**(614,994)**	(657,029)	**-**	-
MARIL security holders' interest		**786,300**	776,092	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	13	**207,024**	205,552	**207,024**	205,552
Reserves	14	**(7,284)**	(11,164)	**(7,284)**	(11,164)
Accumulated losses	15	**(121,082)**	(147,587)	**(121,082)**	(147,587)
Other stapled security holders' interest		**78,658**	46,801	**78,658**	46,801
Total equity		**864,958**	822,893	**78,658**	46,801

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

As required by Bermuda regulations, the MQA financial information was approved by the Macquarie Atlas Roads International Limited ("MARIL") board of directors on 24 February 2016 and was signed on MARIL's behalf by:

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Financial Reports

for the year ended 31 December 2015

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 2015	1,410,130	22,991	(657,029)	**776,092**	**46,801**	**822,893**
Adjustment in the opening accumulated losses on account of IFRIC 21	-	-	(6,270)	**(6,270)**	**-**	**(6,270)**
Profit for the year	-	-	58,577	**58,577**	**26,505**	**85,082**
Exchange differences on translation of foreign operations	-	22,413	-	**22,413**	**3,880**	**26,293**
Total comprehensive income	-	22,413	52,307	**74,720**	**30,385**	**105,105**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	17,928	-	-	**17,928**	**1,472**	**19,400**
Capital return*	(72,168)	-	-	**(72,168)**	**-**	**(72,168)**
Dividends paid*	-	-	(10,272)	**(10,272)**	**-**	**(10,272)**
	(54,240)	-	(10,272)	**(64,512)**	**1,472**	**(63,040)**
Total equity at 31 December 2015	1,355,890	45,404	(614,994)	**786,300**	**78,658**	**864,958**

* On 30 September 2015, MQA paid a distribution of 10.0 cents per security ("cps"), comprising a capital return of 9.3 cps and an ordinary dividend of 0.7 cps. On 31 March 2015, MQA paid a distribution of 6.0 cps, comprising a capital return of 4.7 cps and an ordinary dividend of 1.3 cps.

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 year	-	-	(38,193)	(38,193)	(12,368)	(50,561)
Exchange differences on translation of foreign operations	-	(15,754)	-	(15,754)	1,273	(14,481)
Total comprehensive loss	-	(15,754)	(38,193)	(53,947)	(11,095)	(65,042)
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	18,113	-	-	18,113	1,287	19,400
Issue of securities (net of transaction costs)	55,348	-	-	55,348	3,935	59,283
Capital return**	(32,739)	-	-	(32,739)	-	(32,739)
Dividends paid**	-	-	(33,569)	(33,569)	-	(33,569)
	40,722	-	(33,569)	7,153	5,222	12,375
Total equity at 31 December 2014	1,410,130	22,991	(657,029)	776,092	46,801	822,893

** On 8 October 2014, MQA paid a distribution of 8.2 cps, comprising a capital return of 6.4 cps and an ordinary dividend of 1.8 cps. On 4 April 2014, MQA paid a ordinary dividend of 5.0 cps.

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

Consolidated Statements of Changes in Equity (continued)

MARL Group

	Contributed equity $'000	**Reserves $'000**	**Accumulated losses $'000**	**Total MARL Group equity $'000**
Total equity at 1 January 2015	205,552	(11,164)	(147,587)	**46,801**
Profit for the year	-	-	26,505	**26,505**
Exchange differences on translation of foreign operations	-	3,880	-	**3,880**
Total comprehensive income	-	3,880	26,505	**30,385**
Transactions with equity holders in their capacity as equity holders:				
Application of performance fees to subscription for new securities	1,472	-	-	**1,472**
	1,472	-	-	**1,472**
Total equity at 31 December 2015	207,024	(7,284)	(121,082)	**78,658**

MARL Group

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

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

Financial Reports

for the year ended 31 December 2015

Consolidated Statements of Cash Flows

	Note	**MQA** Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group** Year ended 31 Dec 2015 $'000	MARL Group Year ended 31 Dec 2014 $'000
Cash flows from operating activities					
M6 Toll management fees received		**1,494**	758	**-**	-
Interest received		**712**	657	**1,206**	1,365
Other income received		**375**	-	**-**	-
Net indirect taxes received		**204**	155	**195**	143
Manager's and adviser's base fees paid		**(24,726)**	(23,218)	**(2,015)**	(1,692)
Payments to suppliers and employees (inclusive of GST/VAT)		**(3,533)**	(2,901)	**(1,715)**	(1,280)
Estimated US Alternative Minimum Tax ("AMT") paid on distribution proceeds received from sale of ITR Concession Company Holdings LLC ("ITRCCH")		**(16,242)**	-	**(16,242)**	-
Income taxes paid		**(7)**	(5)	**-**	-
Net cash flow from operating activities	18	**(41,723)**	(24,554)	**(18,571)**	(1,464)
Cash flows from investing activities					
Distribution proceeds received from sale of ITRCCH		**32,284**	-	**32,284**	-
Principal and interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA		**130,279**	96,606	**-**	-
Payment for purchase of investments (including transaction costs)		**(3,808)**	(52,708)	**-**	(166)
Net cash flow from investing activities		**158,755**	43,898	**32,284**	(166)
Cash flows from financing activities					
Proceeds from issue of securities		**-**	60,000	**-**	3,985
Capital return		**(72,168)**	(32,739)	**-**	-
Dividends paid		**(10,272)**	(33,569)	**-**	-
Transaction costs on issue of securities		**-**	(721)	**-**	(54)
Loans advanced to related parties		**-**	-	**(10,000)**	(8,200)
Repayment of loans from related parties		**-**	-	**14,552**	19,028
Net cash flow from financing activities		**(82,440)**	(7,029)	**4,552**	14,759
Net increase in cash and cash equivalents		**34,592**	12,315	**18,265**	13,129
Cash and cash equivalents at the beginning of the year		**30,116**	17,656	**28,884**	15,738
Effects of exchange rate movements on cash and cash equivalents		**673**	145	**988**	17
Cash and cash equivalents at the end of the year	6	**65,381**	30,116	**48,137**	28,884
Cash not available for use at the beginning of the year		**1,763**	1,836	**-**	-
Effects of exchange rate movements on cash not available for use		**10**	(73)	**-**	-
Cash not available for use at the end of the year	6	**1,773**	1,763	**-**	-
Non-cash financing and investing activities	18	**19,400**	19,400	**1,472**	1,287

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

Notes to the Financial Reports

1 Summary of significant accounting policies

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

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

(a) Basis of preparation

These general purpose Financial Reports for the reporting year ended 31 December 2015 have 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 Reports.

As permitted by ASIC Class Order 13/1050 as amended by Class Order 13/1644, these reports consist of the Financial Report 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 Financial Report of MARL and the entities it controlled at the end of and during the year (collectively referred to as the "MARL Group").

The Financial Reports were authorised for issue by the directors of the MARIL and the MARL Boards on 24 February 2016 and 25 February 2016 respectively. The Boards have the power to amend and reissue the Financial Reports.

Going concern

Management forecasts indicate that MQA will be able to meet its current liabilities as and when they become due and payable (including current performance fees).

Compliance with International Financial Reporting Standards ("IFRS")

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

Historical cost convention

These Financial Reports have been prepared under the historical cost convention, as modified by the revaluation of certain assets and liabilities (including derivative 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.

Reclassifications

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

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 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 Report of MQA should be read in conjunction with the separate Financial Report of the MARL Group presented in these reports for the year ended 31 December 2015.

(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 Financial Report of MQA incorporates the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2015, 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 Financial Report of the MARL Group incorporates the assets and liabilities of the entities controlled by MARL for the year ended 31 December 2015. 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 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 deconsolidated 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) Cash, cash equivalents and cash not available for use

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions and other short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Cash not available for use is classified as a non-current asset (refer to Note 6).

(e) Impairment of assets and reversal of impairment

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

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

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

An impairment loss is generally reversed if the recoverable amount of an investment is more than its carrying value. *AASB 136 Impairment of Assets* states that impairment losses shall be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised and the overall service potential of the asset has increased. The impairment loss is not reversed just because of the passage of time, even if the recoverable amount of the asset becomes higher than its carrying value.

(f) Performance fees

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

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

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

(g) Transaction costs

Transaction costs are included in the carrying amounts disclosed in the Financial Reports.

(h) Distributions

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

(i) Revenue recognition

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

1 Summary of significant accounting policies (continued)

(j) Income tax

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

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

(k) Foreign currency translation

Functional and presentation currency

Items included in the Financial Reports 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 Financial Reports are presented in Australian dollars, which is the functional and presentation currency of MARIL and MARL.

Transactions and balances

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

Group companies

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

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

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

(l) Prepayments

Prepayments recognised comprise costs incurred relating to future financial years.

(m) Loans and receivables

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

1 Summary of significant accounting policies (continued)

(m) Loans and receivables (continued)

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

(n) Payables and other liabilities

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

(o) Provisions

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

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

(p) Earnings per stapled security

Basic earnings per stapled security

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

Diluted earnings per stapled security

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

(q) GST and VAT

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

(r) Segment reporting

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

(s) Critical accounting estimates and judgements

The preparation of the 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 Financial Reports are reasonable. Actual results in the future may differ from those reported.

1 Summary of significant accounting policies (continued)

(s) Critical accounting estimates and judgements (continued)

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

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 and reversal of impairment testing

In accordance with the accounting policy stated in Note 1(e) the carrying amount of non-controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case an impairment test is performed and an impairment charge is taken against the carrying amount of the assets if the carrying amount 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. Once an impairment has been recorded this impairment is then monitored to assess if any reversal of impairment is required. A sensitivity analysis was undertaken to examine the effect that a change in variables would have on the impairment calculation. This analysis concluded that discount rates would need to increase by more than 50% from the current level in order for the recoverable amounts of assets to be below their carrying amounts.

Provision for performance fees

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

Control assessment

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

(t) Offsetting financial instruments

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

(u) Derivative financial instruments

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

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

1 Summary of significant accounting policies (continued)

(v) Accounting standards and interpretations issued

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

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

AASB 9 Financial Instruments addresses the classification, measurement, de-recognition of financial assets and financial liabilities and 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 Reports on initial application.

AASB 15 Revenue from Contracts with Customers (effective for annual reporting periods beginning on or after 1 January 2018)

The AASB issued *AASB 15 Revenue from Contracts with Customers*, which specifies how and when revenue is recognised, as well as requiring enhanced disclosures. When first applied, comparative information will need to be restated. AASB 15 is effective for annual reporting periods beginning on or after 1 January 2018. The Groups are assessing the new standard's impact and do not anticipate a significant direct impact on the Groups' Financial Reports on initial application.

AASB 2014-3 Amendments to Australian Accounting Standards – Accounting for Acquisitions of Interests in Joint Operations (effective for annual reporting periods beginning on or after 1 January 2016)

The amendments to *AASB 11 Joint Arrangements* clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business. They require an investor to apply the principles of business combination accounting when it acquires an interest in a joint operation that constitutes a business. AASB 2014-3 is effective for annual periods beginning on or after 1 January 2016. The Groups have assessed the impact of the amendment and do not anticipate significant impacts to the Groups' Financial Reports in the future.

AASB 2014-4 Amendments to Australian Accounting Standards – Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual reporting periods beginning on or after 1 January 2016)

The AASB has amended *AASB 116, Property, Plant and Equipment* and *AASB 138, Intangible Assets* to clarify that a revenue-based method should not be used to calculate the depreciation of items of property, plant and equipment and amortisation of intangible assets with certain exceptions. AASB 2014-4 is effective for annual periods beginning on or after 1 January 2016. The Groups have assessed the impact of the amendment and do not anticipate a significant impact on the Groups' Financial Reports in the future.

AASB 2014-9 Amendments to Australian Accounting Standards – Equity Method in Separate Financial Statements (effective for annual reporting periods beginning on or after 1 January 2016)

The AASB has made amendments to *AASB 127 Separate Financial Statements* to allow entities to use equity method in their separate Financial Report to measure investments in subsidiaries, joint ventures and associates. AASB 2014-9 is effective for annual periods beginning on or after 1 January 2016. The Groups have assessed the impact of the amendment and anticipate a reduction in the disclosures required in the Groups' Financial Reports.

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

(w) Parent entity financial information

The financial information for MARIL and MARL disclosed in Note 21 has been prepared on the same basis as the Financial Reports, 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 information of MARIL and MARL.

1 Summary of significant accounting policies (continued)

(w) Parent entity financial information (continued)

Tax consolidation legislation

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

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

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

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

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

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

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

Financial guarantees

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

(x) Presentation of Financial Reports

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

(y) Rounding of amounts

The Groups are of a kind referred to in Class Order 98/100, as amended by Class Order 04/667 and Class Order 05/641, issued by the Australian Securities & Investments Commission, relating to the “rounding off” of amounts in the Financial Reports. 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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2 Profit/(loss) for the year

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

(i) Revenue

	MQA Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Revenue from operations				
Interest income:				
Related parties	**409**	130	**619**	876
Other persons and corporations	**303**	527	**303**	527
Total interest income	**712**	657	**922**	1,403
Other revenue:				
M6 Toll management fee income	**1,538**	1,466	**-**	-
Other income	**347**	-	**-**	-
Total other revenue	**1,885**	1,466	**-**	-
Total revenue from operations	**2,597**	2,123	**922**	1,403

(ii) *Operating expenses*

	MQA Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Cost of operations:				
Directors' fees	**929**	797	**575**	493
	929	797	**575**	493
Other operating expenses:				
Consulting and administration fees	**2,535**	996	**1,605**	316
Manager's and adviser's base fees	**25,873**	22,921	**2,073**	1,553
Manager's and adviser's performance fees	**-**	58,207	**-**	3,867
Net foreign exchange loss/(gain)	**385**	(16)	**4**	(9)
Other expenses	**1,105**	934	**541**	473
Total other operating expenses	**29,898**	83,042	**4,223**	6,200
Total operating expenses	**30,827**	83,839	**4,798**	6,693

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3 Distributions

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
Distributions paid during the year				
Distribution paid on 30 September 2015*	**51,748**	-	-	-
Distribution paid on 31 March 2015**	**30,692**	-	-	-
Distribution paid on 8 October 2014***	-	41,946	-	-
Ordinary dividend paid on 4 April 2014	-	24,362	-	-
Total distributions paid during the year	**82,440**	66,308	-	-

	Cents per stapled security	Cents per stapled security	**Cents per stapled security**	Cents per stapled security
Distributions paid during the year				
Distribution per security paid on 30 September 2015*	**10.0**	-	-	-
Distribution per security paid on 31 March 2015**	**6.0**	-	-	-
Distribution per security paid on 8 October 2014***	-	8.2	-	-
Ordinary dividend per security paid on 4 April 2014	-	5.0	-	-
Total distributions paid during the year	**16.0**	13.2	-	-

All of the distributions were paid in full by MARIL.

* Comprised a capital return of 9.3 cps and an ordinary dividend of 0.7 cps.
** Comprised a capital return of 4.7 cps and an ordinary dividend of 1.3 cps.
*** Comprised a capital return of 6.4 cps and an ordinary dividend of 1.8 cps.

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4 Income tax expense

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
(a) Reconciliation of income tax expense to prima facie tax payable				
Profit/(loss) from operations before income tax	**85,087**	(50,556)	**26,505**	(12,368)
Prima facie income tax on profit/(loss) at the Australian tax rate of 30%	**25,526**	(15,167)	**7,951**	(3,710)
Impact of different tax rates of operations in jurisdictions other than Australia	**9,113**	26,113	**3,076**	(3)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-deductible expenditure	**758**	232	**758**	232
Share of net (gain)/loss of investments accounted for using the equity method	**(33,995)**	(9,348)	**(9,114)**	2,123
Temporary differences not brought to account	**4,601**	525	**(817)**	757
Deferred tax asset on taxable losses not brought to account	**(6,003)**	(2,355)	**(1,854)**	601
Others	**5**	5	**-**	-
Aggregate income tax expense	**5**	5	**-**	-
(b) Income tax expense				
Aggregate income tax expense comprises:				
Current taxation expense	**5**	5	**-**	-
	5	5	**-**	-
(c) Tax losses*				
Unused tax losses for which no deferred tax asset has been recognised	**808,700**	473,232	**807,439**	472,244
Potential tax benefit of unused tax losses	**311,963**	166,846	**311,663**	166,597

* At 31 December 2014, it was determined there was no realistic prospect of future deductibility of the net operating losses ("NOLs") of MQA Indiana Holdings LLC (parent company of Indiana Toll Road Partnership ("ITRP")) against any future gains and therefore the NOLs were not included in Note 4(c). During the current year, it was determined that an historical election was made under the Internal Revenue Code Section 172(b) which allowed MQA to utilise the NOLs to offset the gain on sale of Indiana Toll Road and the remaining balance has been included in the 31 December 2015 unused tax losses for which no deferred tax asset has been recognised.

5 Remuneration of auditors

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $	**Year ended 31 Dec 2015 $**	Year ended 31 Dec 2014 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	**365,811**	340,275	**198,411**	176,475
Taxation services	**52,000**	93,500	**-**	-
Other assurance services	**49,341**	2,100	**4,885**	1,050
Other services	**19,767**	38,000	**10,154**	3,250
	486,919	473,875	**213,450**	180,775
Amounts paid or payable to network firms of PricewaterhouseCoopers for:				
Audit services	**150,557**	105,883	**28,216**	9,407
Taxation compliance services	**59,137**	33,286	**-**	-
	209,694	139,169	**28,216**	9,407

6 Cash and cash equivalents and cash not available for use

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Current				
Cash at bank	**65,381**	9,201	**48,137**	7,969
Short term money market investments (a)	**-**	20,915	**-**	20,915
	65,381	30,116	**48,137**	28,884
Non-current				
Cash not available for use (b)	**1,773**	1,763	**-**	-
	1,773	1,763	**-**	-

(a) Short term money market investments

There is no short term money market investment outstanding at 31 December 2015 (2014: matured within 30 days and paid interest at 3.10% per annum).

During the year the majority of the cash available for use is held in bank accounts earning money market rates of interest between nil% to 2.50% (2014: nil - 2.67%) per annum.

(b) Cash not available for use

This comprises cash-backed guarantees provided in relation to Warnowquerung GmbH & Co. KG ("WQG"), the owner of the Rostock Fixed Crossing Concession. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 20.

7 Receivables

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Current				
Tax receivable*	**17,241**	-	**17,241**	-
Receivables from related parties	**761**	743	**10**	294**
GST and VAT recoverable	**71**	54	**67**	51
Total current receivables	**18,073**	797	**17,318**	345
Non-current				
Receivables from related parties	**-**	-	**-**	4,373**
Total non-current receivables	**-**	-	**-**	4,373

* AMT receivable, which was received post balance date on 29 January 2016.

** MARIL had a non-collateral associated interest bearing loan with MARL at 31 December 2014. For further information relating to related party loans please refer to Note 19.

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

8 Prepayments

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Current				
Prepaid expenses	**128**	121	**57**	53
Total current prepayments	**128**	121	**57**	53

9 Investments accounted for using the equity method

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Investment in associates and joint arrangements – equity method	**807,969**	835,431	**16,448**	16,456
	807,969	835,431	**16,448**	16,456

9 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[(1)]	Country of incorporation	Principal Activity	MQA Economic Interest	MQA	MQA	MARL Economic Interest	MARL Group	MARL Group
			As at 31 Dec 2015 and 31 Dec 2014 %	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 and 31 Dec 2014 %**	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Macquarie Autoroutes de France 2 SA	Luxembourg	Investment in toll road network located in the east of France (APRR)	**40.3**	**661,219**	691,261	**-**	**-**	-
Dulles Greenway Partnership ("DGP")[(2)]	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**146,514**	144,170	**6.7**	**16,212**	16,456
WQG [(3)]	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	-	**-**	-	-
Chicago Skyway Partnership ("CSP")	USA	Investment in toll road located south of Chicago, USA	**0.0/50.0 [(4)]**	**-**	-	**0.0/50.0 [(4)]**	**-**	-
ITRP	USA	Investment in toll road located in northern Indiana, USA	**0.0[(5)]**	**236**	-	**0.0 [(5)]**	**236**	-
Peregrine Motorways Limited	UK	Investment in toll road located in the West Midlands, UK	**0.0[(6)]**	**-**	-	**-**	**-**	-
				807,969	835,431		**16,448**	16,456

(1) Except for Macquarie Autoroutes de France 2 SA, all associates and joint arrangements are in "lockup" under their debt documents, meaning that they are currently unable to make distributions to MQA and the MARL Group. Dulles Greenway Partnership cannot come out of lockup before 2018 and is not expected to make a distribution to MQA before 2019.

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

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

(4) On 16 November 2015, MQA announced the signing of a Sale and Purchase Agreement on 13 November 2015 to sell 100% of the Skyway Concession Company LLC ("SCC"), the concession holder of the Chicago Skyway Toll Road in Illinois, USA subject to customary conditions precedent and regulatory approvals. At balance date, MQA continues to own a 50% equity interest in CSP, a holding vehicle of SCC and retains exposure to the risks and rewards of ownership. CSP will account for its investment in SCC as a held for sale associate.

(5) In October 2014, the operator of Indiana Toll Road received approval for its debt restructuring plan which permitted the sale of the business. MQA continues to legally own a 49% equity interest in ITRP, the holding vehicle of ITRCCH but was no longer exposed to any variable returns from the ongoing operations of the investment. Accordingly, MQA's economic interest in the ongoing operations of ITRP was nil at 31 December 2014. On 27 May 2015, financial close was reached on the sale of ITRCCH and subsequently, MQA received US$25 million (A$32.3 million) in distribution proceeds. MQA's economic interest continues to be nil at 31 December 2015 and the historic losses of ITRP are no longer disclosed in Notes 9(d) and 9(e). The small residual investment balance represents cash left in ITRP for payment of expenses.

(6) On 4 June 2013, MQA deconsolidated Macquarie Motorways Group Limited ("MMG") (the previous holding company for the M6 Toll) and commenced equity accounting for its interest as an investment in an associate. A new entity, Peregrine Motorways Limited ("PML"), was incorporated on 2 August 2013 and inserted as the 100% owner of MMG. MQA legally owns a 100% ordinary equity interest in PML but was no longer exposed to any variable returns from the ongoing operations of the investment. As a result, at 31 December 2015 MQA's economic interest in the ongoing operations of PML is nil. However, MQA's representation and participation at Board level leads to significant influence over the asset and as such it is accounted for as an associate.

9 Investments accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
Carrying amount at the beginning of the year	**835,431**	862,708	**16,456**	22,101
Impact of adoption of IFRIC 21	**(6,270)**	-	**-**	-
Investment in associates (including transaction costs)	**3,808**	52,708	**-**	166
Share of profits/(losses) after income tax*	**113,317**	31,160	**30,381**	(7,078)
Distributions received/receivable	**(162,563)**	(96,606)	**(32,284)**	-
Foreign exchange movement	**24,246**	(14,539)	**1,895**	1,267
Carrying amount at the end of the year	**807,969**	835,431	**16,448**	16,456

* Included in the share of profits/(losses) after income tax for MQA and the MARL Group are fair value movements on interest rate swaps not subject to hedge accounting.

(c) Summarised financial information for associates

The following tables provide summarised financial information for those associates that are material to the Groups. The information disclosed reflects the amounts presented in the Financial Reports 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**	
Summarised Statement of Financial Position	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Total current assets	**1,358,872**	2,003,634	**224,164**	194,730
Total non-current assets	**9,142,526**	9,436,563	**2,003,876**	1,822,912
Total current liabilities	**(1,518,929)**	(1,586,996)	**(93,942)**	(82,267)
Total non-current liabilities	**(7,518,434)**	(8,305,514)	**(1,651,820)**	(1,478,540)
Net assets	**1,464,035**	1,547,687	**482,278**	456,835
Reconciliation to carrying amounts:				
Opening net assets as on 1 January	**1,547,688**	1,729,431	**456,835**	447,752
Impact of adoption of IFRIC 21	**(15,564)**	-	**-**	-
Profit/(loss) for the year	**236,197**	129,489	**(28,699)**	(29,750)
Foreign exchange movement	**(304,286)**	(311,233)	**54,142**	38,833
Closing net assets	**1,464,035**	1,547,687	**482,278**	456,835
MQA's share in %	**40.3%**	40.3%	**50.0%**	50.0%
MQA's share in $	**589,801**	623,501	**241,139**	228,418
MARL Group's share in %	**-**	-	**6.7%**	6.7%
MARL Group's share in $	**-**	-	**32,313**	30,608
MQA's carrying amount	**661,219**	691,261	**146,514**	144,170
MARL Group's carrying amount	**-**	-	**16,212**	16,456

9 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) Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	Dulles Greenway Partnership Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000
Revenue	**1,761,025**	1,772,826	**113,498**	87,558
Profit/(loss) for the year	**236,197**	129,489	**(28,699)**	(29,750)
MQA's share	**95,153**	51,119	**(14,349)**	(14,875)
MARL Group's share	**-**	-	**(2,133)**	(1,994)
MQA's distributions received	**130,279**	96,606	**-**	-
MARL Group's distributions received	**-**	-	**-**	-

*(d) Individually immaterial joint venture**

In addition to the interest in associates disclosed above the Group also has interest in an immaterial joint venture that is accounted for using the equity method.

	MQA Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Aggregate carrying amount of individually immaterial joint venture				
Aggregate amounts of the Group's share of:				
Loss from operation	**(2,299)**	(3,209)	**-**	**-**
Total comprehensive loss	**(2,299)**	(3,209)	**-**	**-**

*(e) Share of immaterial joint venture's losses not brought to account**

	MQA Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Share of immaterial joint venture's losses not brought to account				
Balance at the beginning of the year	**(19,036)**	(15,827)	**-**	-
Share of losses not brought to account	**(2,299)**	(3,209)	**-**	-
Balance at the end of the year	**(21,335)**	(19,036)	**-**	-

* Accounted for using the equity method.

10 Subsidiaries

(a) MQA

Name of controlled entity	Country of establishment	**2015 voting %**	2014 voting %
Macquarie Atlas Roads Limited	Australia	**100.0**	100.0
Macquarie Infrastructure US Pty Limited	Australia	**100.0**	100.0
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
Green Bermudian Holdings Limited (formerly known as Macquarie Green Bermudian Holdings Limited)	Bermuda	**100.0**	100.0
MQA Investments Limited	Bermuda	**100.0**	100.0
MIBL Finance Luxembourg Sarl	Luxembourg	**100.0**	100.0
Tollway Holdings Limited	UK	**100.0**	100.0
European Transport Investments (UK) Limited	UK	**100.0**	100.0
WMTH No.1 Limited (formerly known as Macquarie Midland Holdings Limited)*	UK	**-**	100.0
Tipperhurst Limited	UK	**100.0**	100.0
Greenfinch Motorways Limited	UK	**100.0**	100.0
Macquarie 125 Holdings Inc	USA	**100.0**	100.0
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

* Approved for strike off on 2 December 2015.

(b) MARL Group

Name of controlled entity	Country of establishment	**2015 voting %**	2014 voting %
Macquarie Infrastructure Australia Pty Limited	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
MQA Holdings 2 (US) LLC	USA	**100.0**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

11 Investments in associates and joint arrangements

(a) MQA

Name of associate and joint arrangements	Country of establishment	Principal activity	Balance date	**2015 ownership %**	2014 ownership %
Macquarie Autoroutes de France 2 SA*	Luxembourg	Holding company	31 Mar	**40.3**	40.3
Dulles Greenway Partnership*	USA	Holding company	31 Dec	**50.0**	50.0
WQG*	Germany	Investment in toll tunnel	31 Dec	**70.0**	70.0
Warnowquerung Verwaltungsgesellschaft GmbH	Germany	General Partner of WQG	31 Dec	**70.0**	70.0
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
Peregrine Motorways Limited*	UK	Investment in M6 Toll	31 Dec	**100.0**	100.0

(b) MARL Group

Name of associate	Country of establishment	Principal activity	Balance date	**2015 ownership %**	2014 ownership %
Dulles Greenway Partnership*	USA	Holding company	31 Dec	**50.0**	50.0
Chicago Skyway Partnership*	USA	Holding company	31 Dec	**50.0**	50.0
Indiana Toll Road Partnership*	USA	Holding company	31 Dec	**49.0**	49.0

* Refer to Note 9(a) for further details.

The voting power held in the associates and joint arrangements disclosed above is in proportion to the ownership interest held except for Peregrine Motorways Limited, Chicago Skyway Partnership and Indiana Toll Road Partnership. The above associates and joint arrangements are accounted for using the equity method. Refer also to Note 9.

12 Payables and provisions

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Current				
Manager and adviser fees payable	**7,131**	5,814	**625**	397
Provision for manager and adviser performance fees (i)	**19,400**	19,400	**1,287**	1,287
Sundry creditors and accruals	**1,835**	721	**1,390**	336
Payable to related parties	**-**	-	**-**	3
Total current payables and provisions	**28,366**	25,935	**3,302**	2,023
Non-current				
Provision for manager and adviser performance fees (i)	**-**	19,400	**-**	1,287
Total non-current payables and provisions	**-**	19,400	**-**	1,287

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

For the year ended 30 June 2015, MQA did not meet the performance criteria for a new performance fee to be incurred.

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

13 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Ordinary shares	**1,355,890**	1,410,130	**207,024**	205,552
Contributed equity	**1,355,890**	1,410,130	**207,024**	205,552

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
On issue at the beginning of the year	**1,410,130**	1,369,408	**205,552**	200,330
Application of performance fees to subscription for new securities*	**17,928**	18,113	**1,472**	1,287
Issue of securities (net of transaction costs)	**-**	55,348	**-**	3,935
Capital return	**(72,168)**	(32,739)	**-**	-
On issue at the end of the year	**1,355,890**	1,410,130	**207,024**	205,552
	Number of shares '000	Number of shares '000	**Number of shares '000**	Number of shares '000
On issue at the beginning of the year	**511,539**	487,231	**511,539**	487,231
Application of performance fees to subscription for new securities*	**5,946**	5,847	**5,946**	5,847
Issue of securities	**-**	18,461	**-**	18,461
On issue at the end of the year	**517,485**	511,539	**517,485**	511,539

* During the year ended 31 December 2015, the second instalment of the June 2014 performance fee, totalling $17.9 million (31 December 2014: first instalment of the June 2014 performance fee, totalling $18.1 million) was applied to a subscription for new MARIL securities and the second instalment of the June 2014 performance fee, totalling $1.5 million (31 December 2014: first instalment of the June 2014 performance fee, totalling $1.3 million) was applied to a subscription for new MARL securities.

Ordinary shares in MARIL and in MARL

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

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

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

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

14 Reserves

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 31 Dec 2015 $'000	As at 31 Dec 2014 $'000	**As at 31 Dec 2015 $'000**	As at 31 Dec 2014 $'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the year	**22,991**	38,745	**(11,164)**	(12,437)
Net exchange differences on translation of foreign controlled entities	**22,413**	(15,754)	**3,880**	1,273
Balance at the end of the year	**45,404**	22,991	**(7,284)**	(11,164)

15 Accumulated losses

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 2015 $'000**	Year ended 31 Dec 2014 $'000
Balance at the beginning of the year	**(657,029)**	(585,267)	**(147,587)**	(135,219)
Adjustment to opening accumulated losses due to adoption of IFRIC 21	**(6,270)**	-	**-**	-
Profit/(loss) attributable to shareholders	**58,577**	(38,193)	**26,505**	(12,368)
Dividends paid	**(10,272)**	(33,569)	**-**	-
Balance at the end of the year	**(614,994)**	(657,029)	**(121,082)**	(147,587)

16 Segment information

(a) Description of segments

Management has determined the operating segments based on the reports reviewed by the MQA Boards in their capacity as chief operating decision makers. However, the MQA Boards do not manage the day-to-day activities of the business. The directors have appointed MFA to run and manage the ongoing operations of the business and pay a quarterly management fee in return for these services.

The MQA Boards consider the business from the aspect of each of the portfolio assets and have identified three and one operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in APRR, Dulles Greenway and Warnow Tunnel. The only segment of the MARL Group is the investment in Dulles Greenway. Following the deconsolidation of M6 Toll, the sale of Indiana Toll Road and the agreed upon in-principle sale of Chicago Skyway, these assets are no longer considered operating segments by the MQA Boards (refer to note 9).

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2015 by individual portfolio asset. The MQA Boards are provided with performance information on each asset 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 2015, based on MQA's economic ownership interest was as follows:

	APRR	**Dulles Greenway**	**Warnow Tunnel**	**Total MQA**
MQA	**Year ended 31 Dec 2015 $'000**	**Year ended 31 Dec 2015 $'000**	**Year ended 31 Dec 2015 $'000**	**Year ended 31 Dec 2015 $'000**
Segment revenue	**659,807**	**56,760**	**10,587**	**727,154**
Segment expenses	**(187,422)**	**(12,615)**	**(3,410)**	**(203,447)**
Segment EBITDA	**472,385**	**44,145**	**7,177**	**523,707**
EBITDA margin	**72%**	**78%**	**68%**	**72%**

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

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

	APRR	Dulles Greenway	Warnow Tunnel	Total MQA
MQA	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2014 $'000	Year ended 31 Dec 2014 $'000
Segment revenue	623,693	43,731	9,736	677,160
Segment expenses	(183,074)	(8,826)	(3,118)	(195,018)
Segment EBITDA	440,619	34,905	6,618	482,142
EBITDA margin	71%	80%	68%	71%

16 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 2015 and year ended 31 December 2014, based on the MARL Group's economic ownership interest is as follows:

MARL Group	**Dulles Greenway Year ended 31 Dec 2015 $'000**	**Total MARL Group Year ended 31 Dec 2015 $'000**	Dulles Greenway Year ended 31 Dec 2014 $'000	Total MARL Group Year ended 31 Dec 2014 $'000
Segment revenue	**7,606**	**7,606**	5,860	5,860
Segment expenses	**(1,690)**	**(1,690)**	(1,183)	(1,183)
Segment EBITDA	**5,916**	**5,916**	4,677	4,677
EBITDA margin	**78%**	**78%**	80%	80%

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

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

	MQA Year ended 31 Dec 2015 $'000	MQA Year ended 31 Dec 2014 $'000	**MARL Group Year ended 31 Dec 2015 $'000**	MARL Group Year ended 31 Dec 2014 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**727,154**	677,160	**7,606**	5,860
Revenue attributable to investments accounted for under the equity method*	**(727,154)**	(677,160)	**(7,606)**	(5,860)
Unallocated revenue	**2,597**	2,123	**922**	1,403
Total revenue	**2,597**	2,123	**922**	1,403
Reconciliation of segment EBITDA to profit/(loss) before income tax expense				
Segment EBITDA	**523,707**	482,142	**5,916**	4,677
EBITDA attributable to investments accounted for under the equity method*	**(523,707)**	(482,142)	**(5,916)**	(4,677)
Unallocated revenue	**2,597**	2,123	**922**	1,403
Unallocated expenses	**(30,827)**	(83,839)	**(4,798)**	(6,693)
Share of net profit/(loss) of investments accounted for using the equity method	**113,317**	31,160	**30,381**	(7,078)
Profit/(loss) from operations before income tax expense	**85,087**	(50,556)	**26,505**	(12,368)

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

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17 Earnings per stapled share

	MARIL	MARIL	**MARL**	MARL
	Year ended 31 Dec 2015 cents	Year ended 31 Dec 2014 cents	**Year ended 31 Dec 2015 cents**	Year ended 31 Dec 2014 cents
Basic and diluted earnings/(loss) per MARIL/MARL share	**11.38**	(7.68)	**5.15**	(2.49)
	$'000	$'000	**$'000**	$'000
Earnings /(loss) used in the calculation of basic and diluted profit/(loss) per MARIL/MARL share*	**58,577**	(38,193)	**26,505**	(12,368)
	Number	Number	**Number**	Number
Weighted average number of shares used in calculation of basic and diluted earnings/(loss) per MARIL/MARL share*	**514,520,046**	497,330,637	**514,520,046**	497,330,637

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

The basic and diluted profit per MQA stapled security for the year ended 31 December 2015 was 16.53 cents (2014: loss of 10.17 cents) per stapled security using MQA profit attributable to MQA stapled security holders of $85.1 million (2014: loss of $50.6 million).

18 Cash flow information

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $'000	Year ended 31 Dec 2014 $'000	**Year ended 31 Dec 15 $'000**	Year ended 31 Dec 14 $,000
Reconciliation of profit after income tax to the net cash flows from operating activities				
Profit/(loss) from activities after income tax	**85,082**	(50,561)	**26,505**	(12,368)
(Gain)/ loss on equity accounted assets	**(113,317)**	(31,160)	**(30,381)**	7,078
Net foreign exchange differences	**385**	(16)	**4**	(9)
Issue of securities against performance fees payable	**19,400**	19,400	**1,287**	1,287
Changes in operating assets and liabilities				
Increase in receivables	**(16,258)**	(799)	**(15,958)**	(36)
(Decrease)/increase in payables	**(17,015)**	38,582	**(28)**	2,584
Net cash outflow from operating activities	**(41,723)**	(24,554)	**(18,571)**	(1,464)

Non-cash financing and investing activities

Refer to Note 13 for further details on application of performance fees to subscription of new securities.

19 Related party disclosures

Adviser and Manager

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

Directors

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

— Jeffrey Conyers (Chairman)
— James Keyes
— Nora Scheinkestel (appointed 17 April 2015)
— Derek Stapley
— David Walsh (resigned 17 April 2015)

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

— Nora Scheinkestel (appointed as Chairman 17 April 2015)
— Marc de Cure
— Richard England
— John Roberts
— David Walsh (resigned as Chairman and as a director 17 April 2015)

Key Management Personnel

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

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

	Year ended 31 Dec 2015 Director’s fees $	Year ended 31 Dec 2014 Director’s fees $
MARIL		
Jeffrey Conyers	**100,514**	83,595
James Keyes	**80,411**	66,876
Nora Scheinkestel*	**45,893**	-
Derek Stapley	**93,813**	78,022
David Walsh**	**19,286**	65,000
	339,917	293,493
MARL		
Nora Scheinkestel*	**167,363**	42,799
Marc de Cure	**125,000**	125,000
Richard England	**140,000**	140,000
John Roberts***	**88,255**	-
David Walsh**	**54,890**	185,000
	575,508	492,799

* Appointed as a MARIL Director and Chairman of MARL on 17 April 2015.
** Resigned as a MARIL Director and Chairman and director of MARL on 17 April 2015.
*** Previously paid by the Macquarie Group, since 17 April 2015 paid by MARL.

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

19 Related party disclosures (continued)

Key Management Personnel (continued)

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

	Directors' interests in MQA Stapled Securities At 31 Dec 2015	Directors' interests in MQA Stapled Securities At 31 Dec 2014
Jeffrey Conyers	**40,000**	40,000
Marc de Cure	**-**	-
Richard England	**40,000**	40,000
James Keyes	**-**	-
John Roberts	**46,108**	46,108
Nora Scheinkestel	**58,603**	58,603
Derek Stapley	**-**	-
David Walsh*	**N/A**	7,000
Total	**184,711**	191,711

*Resigned as Chairman and as a director 17 April 2015

Adviser and Manager fees

Under the terms of the governing documents of the individual entities within the Groups, fees incurred (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 2015 $	Year ended 31 Dec 2014 $	**Year ended 31 Dec 2015 $**	Year ended 31 Dec 2014 $
Base fee	**25,873,078**	22,921,082	**2,072,960**	1,552,649
Performance fees	**-**	58,206,685	**-**	3,867,038
Total	**25,873,078**	81,127,767	**2,072,960**	5,419,687

The base fee is calculated as 1.75% per annum on the first $1.0 billion of MQA market capitalisation and 1.00% per annum on MQA market capitalisation over $1.0 billion at the end of each quarter.

The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the 12 months ended 30 June 2015, MQA did not meet the performance criteria for new performance fees to be earned.

For the period ended 30 June 2014, a total performance fee of $58.2 million (excluding GST) was calculated for MQA. This fee is payable in three equal annual instalments. The first instalment of the June 2014 performance fee totalling $19.4 million was applied to a subscription for new MQA securities in September 2014. The second instalment of the June 2014 performance fee totalling $19.4 million was applied to a subscription for new MQA securities in July 2015.

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

Other transactions

Macquarie Group Limited ("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 2015, Macquarie Capital Group Limited, a subsidiary of MGL, beneficially held 80,411,621 (2014: 82,465,523) stapled securities through its principal position in MQA.

19 Related party disclosures (continued)

Other transactions (continued)

At 31 December 2015, entities within the Groups had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $	As at 31 Dec 2014 $	**As at 31 Dec 2015 $**	As at 31 Dec 2014 $
Cash held with MBL	**48,198,517**	9,044,454	**31,117,286**	7,968,732
Total	**48,198,517**	9,044,454	**31,117,286**	7,968,732

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $	**Year ended 31 Dec 2015 $**	Year ended 31 Dec 2014 $
Interest earned on deposits with MBL	**408,795**	129,547	**293,708**	66,503
Reimbursement of expenses paid by MGL Group Companies on behalf of MQA	**711,926**	800,290	**573,976**	576,561
Fees paid to Macquarie Capital (Australia) Limited	**30,064**	626,185	**2,527**	45,313

Other balances and transactions

At 31 December 2015, MARL had no receivable balance from MARIL (2014: $4,654,851). In 2014 this balance was made up of an interest bearing loan (2014: $4,373,329) and accrued interest on this loan (2014: $284,080) and other non-interest bearing payables (2014: $2,558). All receivable balances from MARIL were settled by 31 December 2015. Related party interest between MARIL and MARL for the year ended 31 December 2015 totalled $325,620 (2014: $809,219).

At 31 December 2015, entities within the Groups had the following balances receivable from Associates:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2015 $	As at 31 Dec 2014 $	**As at 31 Dec 2015 $**	As at 31 Dec 2014 $
M6 Toll management fee	**761,404**	743,103	**-**	-
Total	**761,404**	743,103	**-**	-

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2015 $	Year ended 31 Dec 2014 $	**Year ended 31 Dec 2015 $**	Year ended 31 Dec 2014 $
Principal and interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA	**130,279,011**	96,605,666	**-**	-
Distribution from sale of ITRCCH	**32,283,955**	-	**32,283,955**	-
M6 Toll management fee	**1,494,202**	758,355	**-**	-
Directors' fee from Warnowquerung GmbH & Co. KG	**253,480**	-	**-**	-
Advisor's fee from Warnowquerung GmbH & Co. KG	**93,083**	-	**-**	-
Reimbursement of expenses from MAF SAS	**28,492**	-	**-**	-

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

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

20 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 programme 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 implemented by management under policies approved by the Boards. MFA identifies, quantifies and qualifies financial risks and provides written principles for overall risk management, as well as written policies covering specific areas, such as mitigating foreign exchange, interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

Market risk

(a) Foreign exchange risk

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

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

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

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

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

— AUD/EUR exchange rate increased/decreased by 8 Euro cents (2014: 8 Euro cents)

— AUD/GBP exchange rate increased/decreased by 6 UK pence (2014: 7 UK pence)

— AUD/USD exchange rate increased/decreased by 11 US cents (2014: 12 US cents)

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

MQA Group	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
	P&L 2015 $'000	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000	**P&L 2015 $'000**	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000
Total financial assets	**(438)**	(285)	**-**	-	**573**	367	**-**	-
Total financial liabilities	**31**	14	**-**	-	**(42)**	(18)	**-**	-
Total	**(407)**	(271)	**-**	-	**531**	349	**-**	-

MARL Group	Foreign exchange risk							
	Appreciation in Australian Dollar				Depreciation in Australian Dollar			
	P&L 2015 $'000	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000	**P&L 2015 $'000**	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000
Total financial assets	**(153)**	(6)	**-**	-	**207**	8	**-**	-
Total financial liabilities	**21**	2	**-**	-	**(28)**	(3)	**-**	-
Total	**(133)**	(4)	**-**	-	**179**	(5)	**-**	-

20 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.

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 61 bps (2014: 69 bps)

— Bank bill swap reference rate (EURIBOR 90 days) increased/decreased by 43 bps (2014: 49 bps)

— Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 16 bps (2014: 18 bps)

— Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 20 bps (2014: 23 bps)

— Bank bill swap reference rate (AUD BBSW 6 months) increased/decreased by 69 bps (2014: 76 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 five years.

MQA Group	**Interest rate risk**							
	Increase in interest rates				**Decrease in interest rates**			
	P&L 2015 $'000	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000	**P&L 2015 $'000**	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000
Total financial assets	**285**	203	**-**	-	**(285)**	(203)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**285**	203	**-**	-	**(285)**	(203)	**-**	-

MARL Group	**Interest rate risk**							
	Increase in interest rates				**Decrease in interest rates**			
	P&L 2015 $'000	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000	**P&L 2015 $'000**	P&L 2014 $'000	**Equity 2015 $'000**	Equity 2014 $'000
Total financial assets	**184**	233	**-**	-	**(184)**	(233)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**184**	233	**-**	-	**(184)**	(233)	**-**	-

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

Financial liabilities include payables.

Credit risk

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

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

20 Financial risk and capital management (continued)

Credit risk (continued)

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**
2015								
Cash and cash equivalents	65,381	-	-	**65,381**	48,137	-	-	**48,137**
Cash not available for use	1,773	-	-	**1,773**	-	-	-	**-**
Receivables	-	761	17,312	**18,073**	-	10	17,308	**17,318**
Total	67,154	761	17,312	**85,227**	48,137	10	17,308	**65,455**

	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
2014								
Cash and cash equivalents	30,116	-	-	30,116	28,884	-	-	28,884
Cash not available for use	1,763	-	-	1,763	-	-	-	-
Receivables	-	743	54	797	-	4,667	51	4,718
Total	31,879	743	54	32,676	28,884	4,667	51	33,602

Financial institutions

The credit risk to financial institutions relates to cash held by and term deposits due from Australian and OECD banks. In line with the credit risk policies of the Groups these counterparties must meet a minimum Standard and Poor's short term credit rating of A-1 unless an exception is approved by the Boards.

Corporates and other and Government

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

Liquidity risk

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

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

2015	**MQA**				**MARL Group**			
	Less than 1 Year $'000	**1-2 Years $'000**	**Greater than 2 Years $'000**	**Total $'000**	**Less than 1 Year $'000**	**1-2 Years $'000**	**Greater than 2 Years $'000**	**Total $'000**
Payables	**28,366**	**-**	**-**	**28,366**	**3,302**	**-**	**-**	**3,302**
Total	**28,366**	**-**	**-**	**28,366**	**3,302**	**-**	**-**	**3,302**

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

20 Financial risk and capital management (continued)

Fair value measurement of financial instruments

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

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 2015 the Groups do not have any externally imposed capital requirements.

21 Parent entity financial information

(a) Summary financial information

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

	MARIL **31 Dec 2015** **$'000**	MARIL 31 Dec 2014 $'000	**MARL** **31 Dec 2015** **$'000**	MARL 31 Dec 2014 $'000
Statement of Financial Position				
Current assets	**17,538**	1,113	**31,182**	29,219
Non-current assets	**683,707**	714,027	**74,541**	78,500
Total assets	**701,245**	715,140	**105,723**	107,719
Current liabilities	**(26,021)**	(23,782)	**(2,444)**	(1,972)
Non-current liabilities	**-**	(24,662)	**-**	(1,290)
Total liabilities	**(26,021)**	(48,444)	**(2,444)**	(3,262)
Shareholders' equity				
Issued capital	**1,355,889**	1,410,129	**207,024**	205,552
Retained earnings	**(680,665)**	(743,433)	**(103,745)**	(101,095)
	675,224	666,696	**103,279**	104,457
Profit/(loss) for the year	**73,039**	(30,513)	**(2,649)**	(7,429)
Total comprehensive income	**73,039**	(30,513)	**(2,649)**	(7,429)

(b) Guarantees entered into by the parent entities

MARIL and MARL have not provided any financial guarantees in respect to bank overdrafts and loans of subsidiaries as at 31 December 2015 and 31 December 2014. MARIL and MARL have not given any unsecured guarantees at 31 December 2015 and 31 December 2014.

(c) Contingent liabilities of the parent entities

Refer to Note 22 for MARIL and MARL's contingent liabilities as at 31 December 2015 and 31 December 2014.

22 Contingent liabilities

MQA had the following contingent liabilities at 31 December 2015 and 31 December 2014. No provisions have been raised against these items unless stated below. The MARL Group had no contingent liabilities at 31 December 2015 and 31 December 2014.

Warnow Tunnel

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2014: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WQG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.8 million) (31 December 2014: €1.2 million ($1.8 million)) has been deposited. These funds are restricted and are classified as cash not available for use on the Consolidated Statements of Financial Position.

Acquisition of additional stake in APRR – contingent consideration

Following the July 2014 acquisition of an additional 1.41% interest in Macquarie Autoroutes de France 2 SA, further contingent consideration up to a maximum €0.7 million ($1.0 million) (2014: €5.1 million ($7.6 million)) may become payable.

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 2016, 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.

23 Events occurring after balance sheet date

Tunnel Maurice Lemaire restructure and APRR concession extension

On 31 January 2016 it was published in the Journal officiel de la République française (French Republic Official Journal) that an amendment had been made to the APRR concession contract whereby the Tunnel Maurice Lemaire (TML) concession has been merged with the APRR concession and TML's tolling schedule has been reduced. As a consequence, the APRR concession maturity including TML has been extended by 10 months to 30 November 2035.

Since balance date, there have been no other matters or circumstances not otherwise dealt with in the Financial Reports that have 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 2015.

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 47:

    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 2015 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 Report 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	Derek Stapley
Chairman	Director
Macquarie Atlas Roads International Limited	Macquarie Atlas Roads International Limited
Pembroke, Bermuda	Pembroke, Bermuda
24 February 2016	24 February 2016

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 47 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 2015 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 Report 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.

Nora Scheinkestel
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
25 February 2016

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
25 February 2016

Independent Auditor's Report to the security holders 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 comprises the consolidated statements of financial position as at 31 December 2015, 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 at year's end or from time to time during the financial year, and Macquarie Atlas Roads Limited and the entities it controlled at year's end or from time to time during the financial year. Macquarie Atlas Roads Limited Group ("MARL Group") comprises Macquarie Atlas Roads Limited and the entities it controlled at year's end or from time to time during the financial 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 the financial reports that gives 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 the 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 statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial reports based on our audits. We conducted our audits in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audits 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 consolidated entity's preparation and fair presentation of the financial reports in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial reports.

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

Independence

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

Auditor's opinion

In our opinion:

1. 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:
    1. giving a true and fair view of the Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial position as at 31 December 2015 and of their performance for the year ended on that date; and
    2. complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001* (as applicable).
2. 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 Macquarie Atlas Roads Limited's remuneration report included in pages 9 to 10 of the directors' report for the year ended 31 December 2015. The directors of the company 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 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

C Stafford

Craig Stafford
Partner

Sydney
25 February 2016