MACQUARIE

Macquarie Atlas Roads

Interim Financial Report for the half year ended 30 June 2017

This report comprises:

Macquarie Atlas Roads International Limited and its controlled entities

Macquarie Atlas Roads Limited and its controlled entities

Important Notice

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

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

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

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

Contents

Directors' Reports

The directors of Macquarie Atlas Roads International Limited ("MARIL") submit the following report together with the Interim Financial Report of Macquarie Atlas Roads ("MQA" or "the Group") for the half year ended 30 June 2017.

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

The directors of MARL submit the following report for the MARL Group for the half year ended 30 June 2017.

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

Directors

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

- Jeffrey Conyers (Chairman)
- James Keyes
- Nora Scheinkestel
- Derek Stapley

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

- Nora Scheinkestel (Chairman)
- Marc de Cure (resigned on 30 June 2017)
- Richard England
- John Roberts

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 half year.

Distributions

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

	Half Year ended 30 Jun 2017 $'000	Half Year ended 30 Jun 2016 $'000
Distribution of 10.0 cents per stapled security ("cps") paid on 7 April 2017[1]	**57,294**	-
Distribution of 9.0 cps paid on 31 March 2016[2]	**-**	46,573
	57,294	46,573

All of the distributions were paid in full by MARIL.

1. comprised a capital return of 9.8 cps and an ordinary dividend of 0.2 cps.
2. comprised a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.

Directors' Reports (continued)

Review and results of operations

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

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Revenue and other income from operations	**409,040**	3,069	**66,089**	421
Operating expenses from operations	**(40,262)**	(151,940)	**(4,933)**	(15,339)
Finance costs	**(11,223)**	-	**-**	-
Share of net profit/(losses) of investments accounted for using the equity method	**81,700**	210,820	**(958)**	144,771
Income tax expense	**(1,699)**	(7,773)	**(1,863)**	(7,768)
Profit from operations after income tax	**437,556**	54,176	**58,335**	122,085
	Cents	Cents	**Cents**	Cents
Profit per MQA stapled security	**78.4**	10.5	**10.5**	23.6

On 16 May 2017 ("Acquisition Date"), MQA completed the acquisition of the remaining 50% estimated economic interest in Toll Road Investors Partnership II ("TRIP II"), the concessionaire for Dulles Greenway. This acquisition brought MQA's estimated economic interest in TRIP II to 100%. Accordingly, included in MQA's Interim Financial Report are the consolidated results of TRIP II from the Acquisition Date.

MQA's profit after income tax for the half year ended 30 June 2017 was $437.6 million (2016: $54.2 million). The movement in results for the half year reflects the following significant items:

- Revenue and other income from operations of $409.0 million (2016: $3.1 million) have increased due to a gain on the revaluation of the original investment in Dulles Greenway of $375.6 million (2016: nil) and TRIP II's toll revenue of $17.1 million (2016: nil), included from the Acquisition Date;
- Operating expenses of $40.3 million (2016: $151.9 million) have decreased mainly due to the decrease in performance fee expense to $8.0 million (2016: $134.1 million). The 2017 performance fee was calculated at $23.9 million and is payable in three equal annual instalments of $8.0 million. Given the level of outperformance achieved against the benchmark for the performance fee calculation (6.1%), it is currently not sufficiently probable that the second or third instalments will become payable. Accordingly, accounting standards require only the first instalment to be recognised at 30 June 2017. In the prior period all three instalments of the 2016 fee were required to be recognised. In addition to this, from the Acquisition Date, the consolidation of TRIP II's expenses has increased operating expenses by $10.9 million;
- Finance costs include interest expense of $2.0 million on the loan facility used to acquire the remaining 50% stake in TRIP II and bond interest expense of $9.2 million for TRIP II from the Acquisition Date;
- Share of net profit of investments accounted for using the equity method of $81.7 million (2016: profit of $210.8 million), primarily comprising:
  - APRR profit of $85.6 million (2016: profit of $71.0 million), including APRR's fair value gain on interest rate swaps for the half year ended 30 June 2017 of $16.7 million (2016: $13.2 million);
  - Dulles Greenway loss of $3.9 million (2016: loss of $5.7 million) comprising the 50% equity accounted results up to the Acquisition Date;
  - Proceeds relating to the sale of Skyway Concession Company LLC ("SCC") were received last year (2016: $145.5 million); and
- Final tax expense of $1.9 million on the distribution proceeds relating to the sale of SCC (2016: $7.8 million).

Significant Changes in State of Affairs

Acquisition of remaining 50% interest in Dulles Greenway

On 23 February 2017, MQA announced that it would exercise its pre-emptive right to acquire the remaining 50% estimated economic interest in TRIP II for US$445.0 million ($598.8 million). This acquisition was funded by a combination of equity, debt financing and existing cash.

The equity was raised by a $185.0 million placement of new MQA stapled securities to institutional and sophisticated investors ("Placement") at $4.85 per security resulting in 38,144,330 new MQA stapled securities being issued on 1 March 2017. Additionally, MQA raised $22.2 million by issue of 4,663,617 new MQA stapled securities at $4.76 per security under a Security Purchase Plan ("SPP") on 30 March 2017. All stapled securities issued under the Placement and SPP rank equally with MQA's existing stapled securities.

MQA also borrowed US$175.0 million ($235.5 million) through an eight year bullet financing facility to facilitate

Directors' Reports (continued)

the acquisition and this was drawn down on the Acquisition Date. This facility is non-recourse to MQA or other portfolio assets.

Transfer of equity interest in M6 Toll

On 1 May 2017, MQA announced the transfer of its 100% ordinary equity interest in the M6 Toll to the M6 toll lender group. On 5 May 2017, the equity interests were transferred and on 8 May 2017 MQA received a final management fee of £2.6 million ($4.5 million).

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

Events occurring after balance sheet date

On 4 July 2017, as permitted under MARIL's and MARL's advisory and management agreements with MFA, MFA and MQA's independent directors agreed that the first instalment of the June 2017 Manager and Adviser performance fee of $8.0 million (excluding GST) which became payable at 30 June 2017 be applied to a subscription for new MQA securities at a price of $5.887012 per security. Accordingly 1,350,715 MQA securities were issued to MFA's assignee on 5 July 2017.

It was also agreed that the second instalment of June 2016 Manager and Adviser performance fee of $44.7 million (excluding GST) which became payable at 30 June 2017 be applied to a subscription for new MQA securities at a price of $5.887012 per security. Accordingly an additional 7,591,077 MQA securities were issued to MFA's assignee on 5 July 2017.

Since balance date, the directors of MARIL and MARL are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in periods subsequent to the half year ended 30 June 2017.

Auditor's Independence Declaration

A copy of the auditor's independence declaration for MARL and the entities it controlled during the period, as required under section 307C of the Corporations Act 2001, and an independence declaration for MARIL and the entities it controlled during the period, is set out on page 7.

Rounding of amounts in the Directors' Reports and the Interim Financial Reports

The Groups are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the Directors' Reports and Interim Financial Reports. Amounts in the Directors' Reports and Interim Financial Reports have been rounded to the nearest thousand dollars in accordance with that instrument, unless otherwise indicated.

Application of class order

The Directors' Reports and Interim Financial Reports for MQA and the MARL Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) Instrument 2015/838.

Signed in Pembroke, Bermuda in accordance with a resolution of the directors of Macquarie Atlas Roads International Limited on 30 August 2017:

Jeffrey Conyers

Chairman, Macquarie Atlas Roads International Limited

Derek Stapley

Director, Macquarie Atlas Roads International Limited

Signed in Sydney, Australia in accordance with a resolution of the directors of Macquarie Atlas Roads Limited on 30 August 2017:

Nora Scheinkestel

Chairman, Macquarie Atlas Roads Limited

Richard England

Director, Macquarie Atlas Roads Limited

Auditor's Independence Declaration

As lead auditor for the reviews of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited for the interim period ended 30 June 2017, I declare that to the best of my knowledge and belief there have been:

1. no contraventions of the auditor independence requirements of the *Corporations Act 2001* (as applicable) in relation to the reviews; and
2. no contraventions of any applicable code of professional conduct in relation to the reviews.

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

Craig Stafford

Partner — Sydney

PricewaterhouseCoopers — 30 August 2017

PricewaterhouseCoopers, ABN 52 780 433 757

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Consolidated Statements of Comprehensive Income

	Note	MQA Half year ended 30 Jun 2017 $'000	MQA Half year ended 30 Jun 2016 $'000	MARL Group Half year ended 30 Jun 2017 $'000	MARL Group Half year ended 30 Jun 2016 $'000
Revenue and other income from operations					
Revenue from operations	2(a)	**18,754**	624	**1,195**	438
Other income from operations	2(a)	**390,286**	2,445	**64,894**	(17)
Total revenue and other income from operations		**409,040**	3,069	**66,089**	421
Operating expenses from operations					
Operating expenses	2(b)	**(40,262)**	(151,940)	**(4,933)**	(15,339)
Total operating expenses from operations		**(40,262)**	(151,940)	**(4,933)**	(15,339)
Finance costs	8	**(11,223)**	-	**-**	-
Share of net profits/(losses) of investments accounted for using the equity method	5(b)	**81,700**	210,820	**(958)**	144,771
Profit from operations before income tax		**439,255**	61,949	**60,198**	129,853
Income tax expense		**(1,699)**	(7,773)	**(1,863)**	(7,768)
Profit for the half year		**437,556**	54,176	**58,335**	122,085
Profit/(loss) attributable to:					
Equity holders of the parent entity – MARIL		**379,221**	(67,909)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**58,335**	122,085	**58,335**	122,085
Stapled security holders		**437,556**	54,176	**58,335**	122,085
Other comprehensive loss					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**(36,460)**	(12,890)	**(12,054)**	(7,147)
Other comprehensive loss for the half year, net of tax		**(36,460)**	(12,890)	**(12,054)**	(7,147)
Total comprehensive income for the half year		**401,096**	41,286	**46,281**	114,938
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent entity – MARIL		**354,815**	(73,652)	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**46,281**	114,938	**46,281**	114,938
Stapled security holders		**401,096**	41,286	**46,281**	114,938
Profit per share attributable to MARIL/MARL shareholders					
Basic and diluted profit/(loss) per share attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)		**67.9**	(13.1)	**-**	-
MARL (as non-controlling interest)		**-**	-	**10.5**	23.6
Profit per MQA stapled security		**78.4**	10.5	**10.5**	23.6

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

Consolidated Statements of Financial Position

	Note	MQA As at 30 Jun 2017 $'000	MQA As at 31 Dec 2016 $'000	MARL Group As at 30 Jun 2017 $'000	MARL Group As at 31 Dec 2016 $'000
Current assets					
Cash and cash equivalents		**122,553**	223,367	**42,986**	204,129
Receivables and other assets		**556**	728	**488**	83
Prepayments		**193**	126	**96**	61
Total current assets		**123,302**	224,221	**43,570**	204,273
Non-current assets					
Restricted cash		**126,881**	1,735	**-**	-
Receivables		**-**	-	**82,388**	-
Investments accounted for using the equity method	5(a)	**737,554**	950,912	**155,220**	19,972
Property, plant and equipment		**715**	**-**	**-**	**-**
Tolling concession	6	**2,254,056**	-	**-**	-
Goodwill		**59,664**	-	**-**	-
Total non-current assets		**3,178,870**	952,647	**237,608**	19,972
Total assets		**3,302,172**	1,176,868	**281,178**	224,245
Current liabilities					
Payables and provisions	7	**(78,240)**	(59,181)	**(6,694)**	(11,898)
Debt at amortised cost	8	**(65,617)**	-	**-**	-
Total current liabilities		**(143,857)**	(59,181)	**(6,694)**	(11,898)
Non-current liabilities					
Provisions	7	**(44,689)**	(44,689)	**(4,338)**	(4,337)
Debt at amortised cost	8	**(1,432,982)**	-	**-**	-
Deferred tax liabilities		**(59,470)**	-	**-**	-
Total non-current liabilities		**(1,537,141)**	(44,689)	**(4,338)**	(4,337)
Total liabilities		**(1,680,998)**	(103,870)	**(11,032)**	(16,235)
Net assets		**1,621,174**	1,072,998	**270,146**	208,010
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	9	**1,455,721**	1,323,651	**-**	-
Reserves	10	**4,138**	58,378	**-**	-
Accumulated losses	11	**(108,831)**	(517,041)	**-**	-
MARIL security holders' interest		**1,351,028**	864,988	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	9	**228,948**	213,245	**228,948**	213,245
Reserves	10	**(21,752)**	(7,131)	**(21,752)**	(7,131)
Accumulated income	11	**62,950**	1,896	**62,950**	1,896
Other stapled security holders' interest		**270,146**	208,010	**270,146**	208,010
Total equity		**1,621,174**	1,072,998	**270,146**	208,010

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

The financial information was approved by the Board of Directors on 30 August 2017 and was signed on its behalf by:

Jeffrey Conyers - Chairman
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Derek Stapley - Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Consolidated Statements of Changes in Equity

MQA	Contributed equity $'000	Reserves $'000	Accumulated Losses $'000	Total $'000	Attributable to MARL security holders $'000	Total MQA Equity $'000
	Attributable to MARIL security holders					
Total equity at 1 January 2017	1,323,651	58,378	(517,041)	**864,988**	**208,010**	**1,072,998**
Profit for the half year	-	-	379,221	**379,221**	**58,335**	**437,556**
Exchange differences on translation of foreign operations	-	(24,406)	-	**(24,406)**	**(12,054)**	**(36,460)**
Transfer from foreign currency translation reserve to accumulated losses[1]	-	(30,135)	30,135	**-**	**-**	**-**
Total comprehensive income	-	(54,541)	409,356	**354,815**	**46,281**	**401,096**
Transactions with equity holders in their capacity as equity holders:						
Issue of securities during the period	188,218	-	-	**188,218**	**15,703**	**203,921**
Capital return[2]	(56,148)	-	-	**(56,148)**	**-**	**(56,148)**
Dividends paid[2]	-	-	(1,146)	**(1,146)**	**-**	**(1,146)**
Other equity transactions	-	301	-	**301**	**152**	**453**
	132,070	301	(1,146)	**131,225**	**15,855**	**147,080**
Total equity at 30 June 2017	1,455,721	4,138	(108,831)	**1,351,028**	**270,146**	**1,621,174**

1. Foreign exchange translation gain of $30.1 million transferred to accumulated losses on sale of associate (refer note 4 for further details).
2. On 7 April 2017, MQA paid a distribution of 10.0 cents per stapled security ("cps") comprising a capital return of 9.8 cps and an ordinary dividend of 0.2 cps.

MQA	Contributed equity $'000	Reserves $'000	Accumulated losses $'000	Total $'000	Attributable to MARL security holders $'000	Total MQA Equity $'000
	Attributable to MARIL security holders					
Total equity at 1 January 2016	1,355,890	45,404	(614,994)	786,300	78,658	864,958
(Loss)/profit for the half year	-	-	(67,909)	(67,909)	122,085	54,176
Exchange differences on translation of foreign operations	-	(5,743)	-	(5,743)	(7,147)	(12,890)
Total comprehensive income	-	(5,743)	(67,909)	(73,652)	114,938	41,286
Transactions with equity holders in their capacity as equity holders:						
Capital return[3]	(43,986)	-	-	(43,986)	-	(43,986)
Dividends paid[3]	-	-	(2,587)	(2,587)	-	(2,587)
	(43,986)	-	(2,587)	(46,573)	-	(46,573)
Total equity at 30 June 2016	1,311,904	39,661	(685,490)	666,075	193,596	859,671

3. On 31 March 2016, MQA paid a distribution of 9.0 cps comprising a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.

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

Macquarie Atlas Roads International Limited
Macquarie Atlas Roads Limited

Consolidated Statements of Changes in Equity (continued)

	Attributable to MARL security holders			
MARL Group	**Contributed equity $'000**	**Reserves $'000**	**Accumulated income $'000**	**Total MARL Group Equity $'000**
Total equity at 1 January 2017	213,245	(7,131)	1,896	208,010
Profit for the half year	-	-	58,335	58,335
Exchange differences on translation of foreign operations	-	(12,054)	-	(12,054)
Transfer from foreign currency translation reserve to accumulated losses[1]	-	(2,719)	2,719	-
Total comprehensive income	-	(14,773)	61,054	46,281
Transactions with equity holders in their capacity as equity holders				
Issue of securities during the period	15,703	-	-	15,703
Other equity transactions	-	152	-	152
	15,703	152	-	15,855
Total equity at 30 June 2017	**228,948**	**(21,752)**	**62,950**	**270,146**

1. Foreign exchange translation gain of $2.7 million transferred to accumulated income on sale of associate (refer note 4 for further details).

	Attributable to MARL security holders			
MARL Group	Contributed equity $'000	Reserves $'000	Accumulated (losses)/income $'000	Total MARL Group Equity $'000
Total equity at 1 January 2016	207,024	(7,284)	(121,082)	78,658
Profit for the half year	-	-	122,085	122,085
Exchange differences on translation of foreign operations	-	(7,147)	-	(7,147)
Total comprehensive income	-	(7,147)	122,085	114,938
Total equity at 30 June 2016	207,024	(14,431)	1,003	193,596

Consolidated Statements of Cash Flows

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Cash flows from operating activities				
Toll revenue received	**16,744**	-	**-**	-
M6 Toll management fees received	**5,155**	761	**-**	-
Interest received	**1,403**	624	**852**	438
Other income received	**92**	233	**-**	-
Net indirect taxes received	**150**	145	**149**	141
Property taxes paid	**(2,729)**	-	**-**	-
Manager's and adviser's base fees paid	**(13,621)**	(15,245)	**(1,333)**	(1,543)
Payments to suppliers and employees (inclusive of GST/VAT)	**(8,490)**	(2,280)	**(3,119)**	(1,504)
Estimated US Alternative Minimum Tax received on distribution proceeds received from sale of ITR Concession Company Holdings LLC	**-**	17,776	**-**	17,776
Net income taxes paid	**(7,441)**	(1,068)	**(7,434)**	(1,063)
Net cash flows from operating activities	**(8,737)**	946	**(10,885)**	14,245
Cash flows from investing activities				
Distribution proceeds received from sale of Skyway Concession Company LLC ("SCC")	**-**	137,347	**-**	137,347
Principal and interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA	**77,092**	62,743	**-**	-
Distribution from Indiana Toll Road Partnership ("ITRP")	**-**	225	**-**	225
Payment for purchase of investments (net of transaction costs)	**(541,992)**	(1,082)	**(79,162)**	-
Purchase of fixed assets	**(54)**	-	**-**	-
Net cash flows from investing activities	**(464,954)**	199,233	**(79,162)**	137,572
Cash flows from financing activities				
Proceeds from borrowings (net of transaction costs)	**228,091**	-	**-**	-
Proceeds from issue of securities (net of transaction costs)	**203,933**	-	**15,700**	-
Transfer to restricted cash	**134**	-	**-**	-
Capital return	**(56,148)**	(43,986)	**-**	-
Dividends paid	**(1,146)**	(2,587)	**-**	-
Loan advanced to related party	**-**	-	**(82,388)**	-
Net cash flows from financing activities	**374,864**	(46,573)	**(66,688)**	-
Net (decrease)/increase in cash and cash equivalents	**(98,827)**	153,606	**(156,735)**	151,817
Cash and cash equivalents at the beginning of the half year	**223,367**	65,381	**204,129**	48,137
Effects of exchange rate movements on cash and cash equivalents	**(1,987)**	2,052	**(4,408)**	660
Cash and cash equivalents at the end of the half year	**122,553**	221,039	**42,986**	200,614

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

Notes to the Interim Financial Reports

1 Summary of significant accounting policies

These general purpose Interim Financial Reports for the half year ended 30 June 2017 have been prepared in accordance with Australian Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001* (where applicable). Compliance with *AASB 134 Interim Financial Reporting* ensures that the Interim Financial Reports comply with *IAS 34 Interim Financial Reporting* as issued by the International Accounting Standards Board ("IASB"). Consequently, these Interim Financial Reports have also been prepared in accordance with and comply with IAS 34 as issued by the IASB.

These Interim Financial Reports do not include all the notes of the type normally included in an Annual Financial Reports. Accordingly, these reports are to be read in conjunction with the Annual Financial Reports for the year ended 31 December 2016 and any public announcements made by MQA during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (where applicable).

The Interim Financial Reports were authorised for issue by the directors of the Macquarie Atlas Roads International Limited ("MARIL") and the Macquarie Atlas Roads Limited ("MARL") Boards on 30 August 2017. The Boards have the power to amend and re-issue the Interim Financial Reports.

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

a) Basis of preparation

The Interim Financial Reports have been prepared on a going concern basis under the historical cost convention, as modified by the revaluation of certain assets and liabilities at fair value.

Amounts in the Interim Financial Reports are presented in Australian dollars and have been rounded to the nearest thousand dollars in accordance with ASIC Corporations Instrument 2016/191, unless otherwise indicated.

Consolidated accounts and stapling arrangements

The shares of MARIL and MARL are listed on the Australian Securities Exchange ("ASX") as stapled securities in Macquarie Atlas Roads Limited ("MQA"). The shares of MARIL and MARL cannot be traded separately. As permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) Instrument 2015/838, these reports consist of the Interim Financial Report of MARIL and the entities it controlled at the end of and during the half year (collectively referred to as "MQA" or "the Group") and the Interim Financial Report of MARL and the entities it controlled at the end of and during the half year (collectively referred to as "the MARL Group"). The Group and the MARL Group are collectively referred to as "the Groups". Both MARIL and MARL are for-profit entities for the purpose of preparing the Interim Financial Reports.

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 Interim Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its subsidiaries and MARL and its subsidiaries, together comprising MQA.

The Interim Financial Reports for MARIL and MARL have been presented in this single document, pursuant to ASIC Class Order 13/1050 and ASIC corporations (Stapled Group Reports) Instrument 2015/838.

The Interim Financial Report of MQA should be read in conjunction with the separate Interim Financial Report of the MARL Group presented in these reports for the half year ended 30 June 2017.

b) Control assessment and principles of consolidation

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.

The Interim Financial Report of MQA incorporates the assets and liabilities of the entities controlled by MARIL for the half year ended 30 June 2017, including those deemed to be controlled by MARIL by identifying it as the parent of MQA, and the results of those controlled entities for the half year then ended. The Interim Financial Report of the MARL Group incorporates the assets and liabilities of the entities controlled by MARL for the half year ended 30 June 2017. The effects of all transactions between entities in the consolidated entities are eliminated in full.

Notes to the Interim Financial Reports (continued)

1 Summary of significant accounting policies (continued)

b) Control assessment and principles of consolidation (continued)

Subsidiaries

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

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

Associates

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

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

When the Groups' share of loss 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 loss, 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.

Business combinations

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

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Groups' share of the net identifiable assets acquired is recorded as goodwill.

c) Intangible assets – Tolling concessions

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

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

Notes to the Interim Financial Reports (continued)

1 Summary of significant accounting policies (continued)

Asset Description	Estimated Useful Life	Depreciation basis
Dulles Greenway	Period to February 2056	Straight line basis
APRR	Period to December 2032	Straight line basis
Warnow Tunnel	Period to September 2053	Straight line basis
ADELAC	Period to December 2060	Straight line basis

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

d) Impairment of assets and reversal of impairment

The carrying amount of 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.

Goodwill is not subject to amortisation but is tested annually for impairment, or more frequently if events or changes in circumstances indicate that the carrying amount may not be recoverable.

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 for the toll road having regard to a wide range of factors including development of the surrounding road network and economic growth in the traffic corridor.

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.

e) Performance fees

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.

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 has satisfied the performance criteria, from which point the relevant instalment is recognised as a payable to the Adviser/Manager and accounted for as a liability in accordance with *AASB 139 Financial Instruments: Recognition and Measurement.* The liability is recognised at its fair value upon initial recognition.

f) Cash, cash equivalents and restricted cash

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. Restricted cash is classified as a non-current asset and comprises funds backing guarantees relating to Warnow Tunnel and those funds held in escrow, pursuant to the TRIP II bond indenture agreements, that are not held for the purpose of meeting short term cash commitments.

Notes to the Interim Financial Report (continued)

1 Summary of significant accounting policies (continued)

g) Critical accounting estimates and judgements

The preparation of the Interim Financial Reports in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the Interim Financial Reports are reasonable. Actual results in the future may differ from those reported. Significant judgments made in applying accounting policies, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed in the following notes:

- Control assessment (note 1(b))
- Intangible assets (note 1(c))
- Impairment of assets and reversal of impairment (note 1(d))
- Performance fees (note 1(e)).

h) Financial liabilities

Financial liabilities are initially recorded at fair value plus directly attributable transaction costs and thereafter at amortised cost using the effective interest method.

i) Revenue recognition

Interest income on cash balances is brought to account on an accrual basis. Toll revenue is recognised when earned.

j) Accounting standards and interpretations issued

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

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

AASB 9 Financial Instruments addresses the classification, measurement, derecognition 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 have assessed 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 have assessed the new standard's impact and do not anticipate a significant impact on the Groups' Financial Reports on initial application.

AASB 16 Leases (effective for annual reporting periods beginning on or after 1 January 2019)

AASB 16 Leases will replace *AASB 117 Leases*. It requires recognition of a right of use asset along with the associated lease liability where the entity is a lessee. Interest expense will be recognised in profit or loss using the effective interest rate method, and the right of use asset will be depreciated. The standard is effective for annual reporting periods beginning on or after 1 January 2019. The Groups are assessing the new standard's impact and currently do not anticipate a significant impact on the Groups' Financial Reports on initial application.

Notes to the Interim Financial Report (continued)

2 Profit for the half year

The profit from operations before income tax includes the following specific items of income and expense:

a) Revenue and other income

	MQA	MQA	MARL Group	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000
Revenue from operations				
Toll revenue	**17,138**	-	**-**	-
Other revenue	**63**	-	**-**	-
Interest Income:				
Related parties	**1,385**	624	**1,195**	438
Other persons and corporations	**168**	-	**-**	-
Total interest income	**1,553**	624	**1,195**	438
Total revenue from operations	**18,754**	624	**1,195**	438
Other income from operations:				
Gain on revaluation[1]	**375,615**	-	**61,710**	-
M6 Toll management fee income	**4,493**	691	**-**	-
Other income	**29**	233	**1,185**	-
Net foreign exchange gain/(loss)	**10,149**	1,521	**1,999**	(17)
Total other income from operations	**390,286**	2,445	**64,894**	(17)
Total revenue and other income from operations	**409,040**	3,069	**66,089**	421

1. Revaluation of existing investment in Dulles Greenway. Refer note 4.

b) Operating expenses

	MQA	MQA	MARL Group	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000
Operating expenses				
Amortisation of tolling concession	**7,509**	-	**-**	-
Cost of operations:				
Toll road maintenance expenses	**715**	-	**-**	-
Operating expenses	**1,254**	-	**-**	-
Employment costs	**1,161**	460	**349**	288
Total cost of operations	**3,130**	460	**349**	288
Other operating expenses				
Depreciation of plant and machinery	**31**	-	**-**	-
Consulting and administration fees	**4,137**	400	**2,100**	117
Manager's and adviser's base fees	**15,454**	16,366	**1,236**	1,598
Manager's and adviser's performance fees	**7,952**	134,066	**612**	13,010
Other Expenses	**2,049**	648	**636**	326
Total operating expenses	**29,623**	151,480	**4,584**	15,051
Total operating expenses from operations	**40,262**	151,940	**4,933**	15,339

Notes to the Interim Financial Report (continued)

3 Distributions

	MQA Half year ended 30 Jun 2017 $'000	MQA Half year ended 30 Jun 2016 $'000	MARL Group Half year ended 30 Jun 2017 $'000	MARL Group Half year ended 30 Jun 2016 $'000
Distributions paid during the half year				
Distribution paid on 7 April 2017[1]	**57,294**	-	-	-
Distribution paid on 31 March 2016[2]	-	46,573	-	-
Total distributions paid during the half year	**57,294**	46,573	-	-

	Cents per stapled security	Cents per stapled security	Cents per stapled security	Cents per stapled security
Distributions paid during the half year				
Distribution per security paid on 7 April 2017[1]	**10.0**	-	-	-
Distribution per security paid on 31 March 2016[2]	-	9.0	-	-

All of the distributions were paid in full by MARIL
1. Comprised a capital return of 9.8 cps and an ordinary dividend of 0.2 cps
2. Comprised a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.

4 Acquisition of subsidiaries

On 16 May 2017 ("Acquisition Date"), MQA and the MARL group acquired the remaining 50% estimated economic interest in Toll Road Investors Partnership II ("TRIP II") for US$445.0 million. Pre-acquisition, the MARL Group held a 50% equity interest in the Dulles Greenway Partnership ("DGP"). DGP held a 100% interest in the General Partner, Shenandoah Greenway Corporation and a 13.4% interest in TRIP II, the concessionaire for Dulles Greenway. MQA's estimated economic interest in TRIP II was 50%. Both MQA and the MARL Group accounted for their holdings in DGP as investments in an associate under the equity method.

Post-acquisition, the MARL group holds a 100% interest in DGP, therefore DGP will be accounted for as a subsidiary by the MARL Group. Through this subsidiary, the MARL Group holds a 13.4% equity interest in TRIP II and will account for this as a new equity accounted associate.

Post-acquisition, MQA has a 100% estimated economic interest in TRIP II, combining MARL Group's 13.4% equity interest in TRIP II with MARIL Group's 86.6% economic interest in TRIP II. Accordingly DGP and TRIP II are accounted for as subsidiaries of MQA which are wholly consolidated in the MQA Interim Financial Report.

As per *AASB 3 "Business Combinations"*, this acquisition is treated as a sale of the existing interest in DGP and subsequent purchase of a 100% interest, giving rise to a revaluation of both MARL Group and MQA's existing investment in DGP. The table below reconciles the 1 January 2017 carrying values of Dulles Greenway with the value of the existing investments at Acquisition Date based on MQA and MARL Groups existing ownership interest.

	MQA $'000	MARL Group $'000
Opening investments in Dulles Greenway as at 1 January 2017 – equity method	233,973	19,948
Share of losses accounted for using equity method up to Acquisition Date	(3,915)	(525)
Foreign exchange movement up to Acquisition Date	(6,782)	(581)
Revaluation of existing investment as a result of the acquisition	375,615	61,710
Value of existing investment held at Acquisition Date	**598,891**	**80,552**

Notes to the Interim Financial Report (continued)

4 Acquisition of subsidiaries (continued)

Following the acquisition, the tables below outline the provisional fair value of the identifiable assets acquired and liabilities assumed on the Acquisition Date, for both MQA and the MARL Group:

	MQA US$'000	MQA $'000
Cash and cash equivalents	42,131	56,694
Restricted cash	96,214	129,472
Trade and other receivables	240	323
Prepayments	265	356
Property, plant and equipment	532	716
Concession rights	1,738,195	2,339,025
Goodwill[1]	45,860	61,712
Total assets	**1,923,437**	**2,588,298**
Loans and borrowings – Current	(50,123)	(67,449)
Loans and borrowings – Non-Current	(923,792)	(1,243,113)
Deferred tax liabilities	(45,860)	(61,712)
Trade and other payables	(10,253)	(13,796)
Provisions	(3,409)	(4,588)
Total liabilities	**(1,033,437)**	**(1,390,658)**
Fair value of identifiable assets acquired and liabilities assumed for TRIP II	**890,000**	**1,197,640**

1. Goodwill arises as a result of the deferred tax liability calculated on concession rights value.

	MARL Group US$'000	MARL Group $'000
Investment in TRIP II	119,616	155,621
Cash and cash equivalents	100	130
Other Creditors	(48)	(62)
Fair value of identifiable assets acquired and liabilities assumed for DGP	**119,688**	**155,689**

Consolidation of DGP and TRIP II has increased MQA's revenue and other income from operations by $17.4 million and net of DGP and TRIP II expenses, has reduced the profit for the half year ended 30 June 2017 by $2.6 million.

If the acquisition had occurred on 1 January 2017, consolidation of DGP and TRIP II would have increased MQA's revenue and other income from operations by $45.0 million and net of DGP and TRIP II expenses, would have reduced the profit after tax by $13.7 million for the half year ended 30 June 2017.

5 Investments accounted for using the equity method

	MQA As at 30 Jun 2017 $'000	MQA As at 31 Dec 2016 $'000	**MARL Group As at 30 Jun 2017 $'000**	MARL Group As at 31 Dec 2016 $'000
Investments in associates & joint arrangements – equity method	**737,554**	950,912	**155,220**	19,972

Information relating to associates and joint arrangements is set out in the following page:

Notes to the Interim Financial Report (continued)

5 Investments accounted for using the equity method (continued)

(a) Carrying amounts

Name of Entity[1,2]	Country of incorporation/ Principal Place of Business	Principal Activity	MQA Economic Interest As at 30 Jun 2017 and 31 Dec 2016 %	MQA As at 30 Jun 2017 $'000	MQA As at 31 Dec 2016 $'000	MARL Economic Interest As at 30 Jun 2017 and 31 Dec 2016 %	MARL Group As at 30 Jun 2017 $'000	MARL Group As at 31 Dec 2016 $'000
Macquarie Autoroutes de France 2 SA ("MAF2")	Luxembourg	Investment in toll road network located in the east of France (APRR)	**40.3**	**737,533**	716,915	**-**	**-**	-
DGP[3]	USA	Investment in toll road located in northern Virginia, USA	**0.0/50.0**	**-**	233,973	**0.0/6.7**	**-**	19,948
TRIP II[3]	USA	Investment in toll road located in northern Virginia, USA	**-**	**-**	-	**13.4/0.0**	**155,199**	-
Warnowquerung GmbH & Co KG ("WQG")[4]	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	-	**-**	-	-
Chicago Skyway Partnership ("CSP")[5]	USA	Former owner of an investment in toll road located south of Chicago, USA	**50.0**	**17**	20	**50.0**	**17**	20
ITRP[6]	USA	Former owner of an investment in toll road located in northern Indiana, USA	**49.0**	**4**	4	**49.0**	**4**	4
Peregrine Motorways Limited[7]	UK	Investment in toll road located in the West Midlands, UK	**Nil/0.0**	**-**	-	**-**	-	-
				737,554	950,912		**155,220**	19,972

1. Except for MAF2, CSP and ITRP, 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. MQA and MARL Group's investment in TRIP II cannot come out of lockup before December 2018 and therefore is not expected to make a distribution to MQA before 2019.
2. All associates and joint arrangements have 31 December year end reporting requirements except for MAF2 which has 31 March.
3. Refer note 4 for further details.
4. A subsidiary of MARIL, European Transport Investments (UK) Limited ("ETIUK"), beneficially owns 70% of both the WQG Limited partnership and the Warnowquerung Verwaltungsgesellschaft GmbH, 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.
5. On 16 November 2015, MQA announced the signing of a Sale and Purchase Agreement on 13 November 2015 to sell 100% of SCC, the concession holder of the Chicago Skyway Toll Road in Illinois, USA. On 25 February 2016, financial close was reached on the sale of SCC and subsequently on 10 March 2016, MQA received US$103.9 million ($137.3 million) in distribution proceeds. The small residual investment balance represents cash left in CSP, the former owner of SCC, for payment of expenses.
6. At 30 June 2017, MQA legally owned a 49% equity interest in ITRP, the former owner of the Indiana Toll Road ("ITR"), but was no longer exposed to any variable returns from the ongoing operations of the ITR. The small residual investment balance represents cash left in ITRP for payment of expenses.
7. 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 owned a 100% ordinary equity interest in PML but was no longer exposed to any variable returns from the ongoing operations of the investment. On 1 May 2017, MQA announced that its 100% ordinary equity interest in the M6 Toll would be transferred to the M6 lender group and a final management fee of £2.6 million would be received. On 5 May 2017, this transfer was completed and MQA has no further management obligations with respect to this asset. As a result, at 30 June 2017 MQA's economic interest in the ongoing operations of PML is nil.

Notes to the Interim Financial Report (continued)

5 Investments accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	MARL Group	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Carrying amount at the beginning of the half year	**950,912**	807,969	**19,972**	16,448
Investment in associates	**-**	1,012	**160,963**	-
Share of profit/(losses) after income tax[1]	**81,700**	210,820	**(958)**	144,771
Distributions received/receivable	**(77,092)**	(200,315)	**-**	(137,572)
Gain on revaluation of associate	**375,615**	-	**61,710**	-
De-recognition of associate	**(598,891)**	-	**(80,552)**	-
Foreign exchange movement	**5,310**	(14,032)	**(5,915)**	(8,505)
Carrying amount at the end of the half year	**737,554**	805,454	**155,220**	15,142

1. Included in the share of profit/(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 material 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 Interim 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.

	MAF2		DGP		TRIP II	
Summarised Statement of Financial Position	**As at 30 Jun 2017 $'000**	**As at 31 Dec 2016 $'000**	**As at 30 Jun 2017 $'000**	**As at 31 Dec 2016 $'000**	**As at 30 Jun 2017 $'000**	**As at 31 Dec 2016 $'000**
Total current assets	**1,176,649**	1,853,197	**-**	238,218	**66,545**	**-**
Total non-current assets	**9,220,412**	9,149,720	**-**	1,987,496	**2,439,548**	**-**
Total current liabilities	**(2,052,922)**	(2,173,235)	**-**	(96,769)	**(80,791)**	**-**
Total non-current liabilities	**(6,694,290)**	(7,225,164)	**-**	(1,661,000)	**(1,269,944)**	**-**
Net assets	**1,649,849**	1,604,518	**-**	467,945	**1,155,358**	**-**
Reconciliation to carrying amounts:						
Opening net assets	**1,604,518**	1,464,035	**-**	482,278	**1,197,640**	**-**
Profit/(loss) for the period	**212,523**	481,413	-	(18,972)	**(2,594)**	-
Distributions paid	**(191,362)**	(309,897)	**-**	-	**-**	**-**
Foreign exchange and other equity movements	**24,170**	(31,033)	-	4,639	**(39,688)**	-
Closing net assets	**1,649,849**	1,604,518	**-**	467,945	**1,155,358**	**-**
MQA's share in %	**40.3%**	40.3%	**-**	50.0%	**-**	**-**
MQA's share of net assets in $	**664,658**	646,396	**-**	233,973	**-**	**-**
MARL Group's share in %	**-**	-	**-**	6.7%	**13.4%**	**-**
MARL Group's share of net assets in $	**-**	-	**-**	31,352	**155,199**	**-**
MQA's carrying amount	**737,533**	716,915	**-**	233,973	**-**	**-**
MARL Group's carrying amount	**-**	-	**-**	19,948	**155,199**	**-**

Notes to the Interim Financial Report (continued)

5 Investments accounted for using the equity method (continued)

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

	MAF2		DGP		TRIP II	
Summarised Statement of Comprehensive Income	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Revenue	**931,185**	934,628	-	61,426	**17,201**	-
Profit/(loss) for the half year	**212,523**	176,138	-	(11,343)	**(2,594)**	-
MQA's share	**85,617**	70,959	-	(5,673)	**-**	-
MARL Group's share	**-**	-	-	(763)	**(431)**	-
MQA's distributions received	**77,092**	62,743	-	-	**-**	-
MARL Group's distributions received	**-**	**-**	-	-	**-**	-

(d) Share of losses not brought to account attributable to immaterial joint venture[1]

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

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Share of losses not brought to account attributable to immaterial joint venture				
Balance at the beginning of the half year	**(22,875)**	(21,335)	**-**	-
Share of losses not brought to account	**(1,607)**	(1,119)	**-**	-
Balance at the end of the half year	**(24,482)**	(22,454)	**-**	-

1. WQG, accounted for using the equity method.

6 Tolling Concessions

	MQA	MQA	**MARL Group**	MARL Group
	Half year ended 30 Jun 2017 $'000	Year ended 31 Dec 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Year ended 31 Dec 2016 $'000
Balance at the beginning of the half/full year	**-**	-	-	-
Acquisition cost	**2,339,025**	-	-	-
Amortisation expense	**(7,509)**	-	-	-
Exchange difference	**(77,460)**	-	-	-
Balance at the end of the half year/full year	**2,254,056**	-	-	-

Notes to the Interim Financial Report (continued)

7 Payables and provisions

	MQA	MQA	MARL Group	MARL Group
	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000
Current				
Manager and adviser fees payable	**8,409**	6,471	**675**	667
Manager and adviser performance fees payable[1]	**52,640**	44,689	**4,950**	4,337
Sundry creditors and accruals	**3,772**	2,195	**1,069**	1,068
Provision for toll maintenance	**4,246**	-	**-**	-
Easement accruals[2]	**9,173**	-	**-**	-
Provision for tax	**-**	5,826	**-**	5,826
Total current payables and provisions	**78,240**	59,181	**6,694**	11,898
Non-current				
Provision for manager and adviser performance fees[1]	**44,689**	44,689	**4,338**	4,337
Total non-current payables and provisions	**44,689**	44,689	**4,338**	4,337

1. 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, with the second and third instalments subject to performance criteria at each instalment date.
   For the year ended 30 June 2017, a performance fee of $8.0 million (excluding GST) was recognised for MQA (30 June 2016: $134.1 million). The 2017 performance fee was calculated at $23.9 million and is payable in three equal annual instalments of $8.0 million. Given the level of outperformance achieved against the benchmark for the performance fee calculation (6.1%), it is currently not sufficiently probable that the second or third instalments will become payable. Accordingly, only the first instalment of the 2017 performance fee has been recognised at 30 June 2017.
   Current performance fees payable is made up of the first instalment of the 2017 performance fee of $8.0 million (excluding GST) and the second instalment of the 2016 performance fee of $44.7 million (excluding GST). Both of the instalments became payable at 30 June 2017 and applied to a subscription for new MQA securities in July 2017.
   Non-current performance fees payable is made up of the third instalment of the 2016 performance fee of $44.7 million, which will become payable should the performance criteria be met at 30 June 2018.
2. TRIP II has an agreement with the Metropolitan Washington Airports Authority (MWAA) for easements over Washington Dulles International Airport property necessary to construct, operate and maintain the toll road. The minimum annual payments are accrued using the straight-line method based upon the total minimum payments to be made over the term of the agreement. Additional payments may be due under the agreement should the toll road exceed certain specified traffic volumes.

8 Debt at amortised cost

	MQA	MQA	MARL Group	MARL Group
	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000
Current				
Non-recourse TRIP II bonds and accrued interest thereon (b)	**65,617**	-	**-**	-
Total current debt at amortised cost	**65,617**	-	**-**	-
Non-current				
Borrowing from financial institution and accrued interest thereon (a)	**222,509**	-	**-**	-
Non-recourse TRIP II bonds and accrued interest thereon (b)	**1,210,473**	-	**-**	-
Total non-current debt at amortised cost	**1,432,982**	-	**-**	-

Notes to the Interim Financial Report (continued)

8 Debt at amortised cost (continued)

(a) Borrowing from financial institution

On 16 May 2017, MQA drew down US$175.0 million ($235.5 million) of a US$200.0 million eight year bullet financing facility to facilitate the acquisition of remaining 50% stake in TRIP II and incurred debt raising costs of US$5.5 million ($7.4 million) of which US$0.2 million ($0.3 million) has been amortised till 30 June 2017. Total finance costs of $2.0 million relating to the financing facility have been incurred during the half year ended 30 June 2017.

Interest accrues on the borrowing at the aggregate of margin and LIBOR. The margin rates are as below:

Period from Financial close	Margin
From Financial close to the date which is 36 Months after Financial close	4.25% per annum
From the first day after the date which is 36 Months after Financial close to the date which is 72 Months after Financial close	4.75% per annum
From the first day after the date which is 72 Months after Financial close to the Date of repayment of loan	5.00% per annum

Interest is payable semi-annually on 16 May and 16 November. Any interest unpaid on the interest payment date will be capitalised and added to the loan, subject to the terms and conditions of the financing facility. The capitalised interest is eligible for interest in excess of 0.50% per annum on the margin, and must be repaid in full before cash can be distributed further.

(b) Non-recourse TRIP II Bonds

The MQA consolidated financial statements incorporate bonds raised by TRIP II to finance the construction of infrastructure assets. These bonds are non-recourse beyond the TRIP II assets and MQA has no commitments to provide further debt or equity funding to TRIP II in order to meet these liabilities. Total finance costs of $9.2 million relating to the bonds have been incurred during the half year ended 30 June 2017.

All of these bonds are in the form of fixed interest rate senior bonds, with US$35.0 million of current interest bonds and US$944.9 million of zero coupon bonds with maturities extending to 2056.

9 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000	**As at 30 Jun 2017 $'000**	As at 31 Dec 2016 $'000
Ordinary shares	**1,455,721**	1,323,651	**228,948**	213,245
Contributed equity	**1,455,721**	1,323,651	**228,948**	213,245

Notes to the Interim Financial Report (continued)

9 Contributed equity (continued)

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity Holders
	Half year ended 30 Jun 2017 $'000	Year ended 31 Dec 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Year ended 31 Dec 2016 $'000
On issue at the beginning of the half/full year	**1,323,651**	1,355,890	**213,245**	207,024
Issue of Placement securities (net of transaction costs)	**167,732**	-	**13,990**	-
Issue of Security Purchase Plan securities	**20,486**	-	**1,713**	-
Application of performance fees to subscription for new securities[1]	**-**	57,868	**-**	6,221
Capital return	**(56,148)**	(90,107)	**-**	-
On issue at the end of the half/full year	**1,455,721**	1,323,651	**228,948**	213,245
	Number of shares '000	Number of shares '000	**Number of shares '000**	Number of shares '000
On issue at the beginning of the half/full year	**530,130**	517,485	**530,130**	517,485
Issue of Placement securities	**38,144**	-	**38,144**	-
Issue of Security Purchase Plan securities	**4,664**	-	**4,664**	-
Application of performance fees to subscription for new securities[1]	-	12,645	-	12,645
On issue at the end of the half/full year	**572,938**	530,130	**572,938**	530,130

1. During the year ended 31 December 2016, the first instalment of the June 2016 performance fee and third instalment of the June 2014 performance fee were applied to a subscription for new MARIL securities and the first instalment of June 2016 performance fee and the third instalment of the June 2014 performance fee were applied to a subscription for new MARL securities.

10 Reserves

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	Attributable to MARL equity holders	Attributable to MARL equity Holders
	Half year ended 30 Jun 2017 $'000	Year ended 31 Dec 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Year ended 31 Dec 2016 $'000
Balance of reserves				
Foreign currency translation reserve	**4,138**	58,679	**(21,752)**	(6,979)
Other reserve	**-**	(301)	**-**	(152)
Balance at the end of the half/full year	**4,138**	58,378	**(21,752)**	(7,131)

Notes to the Interim Financial Report (continued)

10 Reserves (continued)

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 30 Jun 2017 $'000	As at 31 Dec 2016 $'000	**As at 30 Jun 2017 $'000**	As at 31 Dec 2016 $'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the half/full year	**58,679**	45,404	**(6,979)**	(7,284)
Net exchange differences on translation of foreign controlled entities	**(24,406)**	13,275	**(12,054)**	305
Transfer to accumulated losses/income[1]	**(30,135)**	-	**(2,719)**	-
Balance at the end of the half/full year	**4,138**	58,679	**(21,752)**	(6,979)
Other reserve				
Balance at the beginning of the half/full year	**(301)**	-	**(152)**	-
Other equity transactions	**301**	(301)	**152**	(152)
Balance at the end of the half/full year	**-**	(301)	**-**	(152)

1. Foreign exchange translation gain of $30.1 million was transferred to accumulated losses on sale of associates for MQA and $2.7 million was transferred to accumulated income on sale of associates for MARL group (refer note 4 for further details of the transaction).

11 Accumulated (losses)/income

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Half year ended 30 Jun 2017 $'000	Year ended 31 Dec 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Year ended 31 Dec 2016 $'000
Balance at the beginning of the half/full year	**(517,041)**	(614,994)	**1,896**	(121,082)
Profit attributable to stapled security holders	**379,221**	102,131	**58,335**	122,978
Dividends paid	**(1,146)**	(4,178)	**-**	-
Transfer from foreign currency translation reserve	**30,135**	-	**2,719**	-
Balance at the end of the half/full year	**(108,831)**	(517,041)	**62,950**	1,896

Notes to the Interim Financial Report (continued)

12 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 four and one operating segments for MQA and the MARL Group respectively. The segments of MQA are the investments in APRR, Dulles Greenway, Warnow Tunnel and ADELAC. The only segment of the MARL Group is the investment in Dulles Greenway. Following the sale of M6 Toll, Indiana Toll Road and Chicago Skyway, these assets are no longer considered operating segments by the MQA Boards (refer to note 6).

The operating segment note discloses the segment revenue and segment EBITDA for the half year ended 30 June 2017 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 half year ended 30 June 2017, based on MQA's economic ownership is as follows:

MQA	Half year ended	APRR	ADELAC	Dulles Greenway	Warnow Tunnel	Total MQA	Total MARL
Segment revenue	**30 June 2017**	**334,684**	**7,708**	**39,588**	**5,282**	**387,262**	**5,318**
	30 June 2016	342,039	-	30,671	5,337	378,047	4,110
Segment expenses	**30 June 2017**	**(82,177)**	**(1,328)**	**(7,365)**	**(1,560)**	**(92,430)**	**(989)**
	30 June 2016	(87,585)	-	(6,191)	(1,610)	(95,386)	(830)
Segment EBITDA	**30 June 2017**	**252,507**	**6,380**	**32,223**	**3,722**	**294,832**	**4,329**
	30 June 2016	254,454	-	24,480	3,727	282,661	3,280
EBITDA margin	**30 June 2017**	**75%**	**83%**	**81%**	**70%**	**76%**	**81%**
	30 June 2016	74%	-	80%	70%	75%	80%

The segment revenue disclosed in the table above primarily relates to toll revenue generated by the assets from external customers and the proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the half year ended 30 June 2017 and half year ended 30 June 2016.

MARL group information includes its economic ownership in Dulles Greenway only.

Notes to the Interim Financial Report (continued)

12 Segment information (continued)

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

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

	MQA	MQA	MARL Group	MARL Group
	Half year ended 30 Jun 2017 $'000	Half year ended 30 Jun 2016 $'000	**Half year ended 30 Jun 2017 $'000**	Half year ended 30 Jun 2016 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**387,262**	378,047	**5,318**	4,110
Revenue attributable to investments	**(387,262)**	(378,047)	**(5,318)**	(4,110)
Unallocated revenue and other income	**409,040**	3,069	**66,089**	421
Total revenue and other income from operations	**409,040**	3,069	**66,089**	421

	MQA	MQA	MARL Group	MARL Group
Reconciliation of segment EBITDA to profit from operations before income tax				
Segment EBITDA	**294,832**	282,661	**4,329**	3,280
EBITDA attributable to investments	**(294,832)**	(282,661)	**(4,329)**	(3,280)
Unallocated revenue	**409,040**	3,069	**66,089**	421
Unallocated expenses	**(40,262)**	(151,940)	**(4,933)**	(15,339)
Finance costs	**(11,223)**	-	**-**	-
Share of net profit of investments accounted for using the equity method	**81,700**	210,820	**(958)**	144,771
Profit from operations before income tax	**439,255**	61,949	**60,198**	129,853

Notes to the Interim Financial Report (continued)

13 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 Interim Financial Reports.

14 Contingent liabilities

MQA had the following contingent liabilities at 30 June 2017. No provisions have been raised against these items unless stated below.

Warnow Tunnel

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.8 million) (31 December 2016: €1.2 million ($1.7 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 liability is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.8 million) (31 December 2016: €1.2 million ($1.7 million)) has been deposited. These funds are restricted and are classified as restricted cash on the Consolidated Statements of Financial Position.

June 2017 Performance Fee Future Instalments

MQA's annual performance fee is calculated each year at 30 June and payment is made in three equal annual instalments with the first instalment payable immediately. The second and third instalments are payable on the first and second anniversary of the calculation date if certain performance criteria are met (being 30 June 2018 and 30 June 2019 with respect to the 30 June 2017 performance fee). Given the level of outperformance achieved against the benchmark (6.1%), the Group believes it is currently not sufficiently probable that these future instalments of $8.0 million each will become payable.

15 Events occurring after balance sheet date

On 4 July 2017, as permitted under MARIL's and MARL's advisory and management agreements with MFA, MFA and MQA's independent directors agreed that the first instalment of the June 2017 Manager and Adviser performance fee of $8.0 million (excluding GST) which became payable at 30 June 2017 be applied to a subscription for new MQA securities at a price of $5.887012 per security. Accordingly 1,350,715 MQA securities were issued to MFA's assignee on 5 July 2017.

It was also agreed that the second instalment of the June 2016 Manager and Adviser performance fee of $44.7 million (excluding GST) which became payable at 30 June 2017 will be applied to a subscription for new MQA securities at a price of $5.887012 per security. Accordingly an additional 7,591,077 MQA securities were issued to MFA's assignee on 5 July 2017.

Since balance date, the directors of MARIL and MARL are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in periods subsequent to the half year ended 30 June 2017.

Directors' Declaration – Macquarie Atlas Roads International Limited

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

(a) the Interim Financial Report of MARIL and its controlled entities ("MQA") and notes set out on pages 8 to 29:

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

  (ii) give a true and fair view of the financial position of MQA as at 30 June 2017 and of its performance for the half year ended on that date; and

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

The directors confirm that the Interim 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 on 30 August 2017.

Jeffrey Conyers

Chairman, Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Derek Stapley

Director, Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Directors' Declaration – Macquarie Atlas Roads Limited

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

(a) the Interim Financial Report of MARL and its controlled entities (the "MARL Group") and notes set out on pages 8 to 29 are in accordance with the constitution of MARL and the *Corporations Act 2001*, including:

(i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements;

(ii) giving a true and fair view of the financial position of the MARL Group as at 30 June 2017 and of its performance for the half year ended as on that date; and

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

The directors confirm that the Interim 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 on 30 August 2017.

Nora Scheinkestel

Chairman, Macquarie Atlas Roads Limited
Sydney, Australia

Richard England

Director, Macquarie Atlas Roads Limited
Sydney, Australia

pwc

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

Report on the Interim Financial Reports

We have reviewed the accompanying Interim Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, which comprise the consolidated statements of financial position as at 30 June 2017, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the interim period ended on that date, selected explanatory notes and the directors' declarations for Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited. Macquarie Atlas Roads ("MQA") comprises Macquarie Atlas Roads International Limited and the entities it controlled at the interim period's end or from time to time during the interim period, and Macquarie Atlas Roads Limited and the entities it controlled at the interim period's end or from time to time during the interim period. Macquarie Atlas Roads Limited Group ("MARL Group") comprises Macquarie Atlas Roads Limited and the entities it controlled at the interim period's end or from time to time during the interim period.

Directors' responsibility for the Interim Financial Reports

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

Auditor's responsibility

Our responsibility is to express a conclusion on the Interim Financial Reports based on our reviews. We conducted our reviews in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 Review of a Financial Report Performed by the Independent Auditor of the Entity, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the Interim Financial Reports are not in accordance with the *Corporations Act 2001* (as applicable) including: giving a true and fair view of Macquarie Atlas Roads International Limited's and Macquarie Atlas Roads Limited's financial positions as at 30 June 2017 and their performances for the interim period ended on that date; and complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* (as applicable). As the auditor of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audits of the annual financial reports.

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

Independence

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

Conclusion

Based on our reviews, which are not audits, we have not become aware of any matters that make us believe that the Interim Financial Reports of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited are not in accordance with the *Corporations Act 2001* (as applicable) including:

1. giving a true and fair view of the Macquarie Atlas Roads' and Macquarie Atlas Roads Limited Group's financial positions as at 30 June 2017 and of their performance for the interim period ended on that date;
2. complying with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Regulations 2001* (as applicable)

PricewaterhouseCoopers

PricewaterhouseCoopers
Sydney
30 August 2017

Stafford

Craig Stafford
Partner