

APPENDIX 4D

Half Year Report

Name of entity: **Sydney Roads Limited (ABN 53 119 323 901) ("SRL") and Sydney Roads Management Limited (ABN 74078 327 983) as responsible entity of Sydney Roads Trust (ARSN 119 766 540) ("SRT") collectively Sydney Roads Group ("SRG")**

1. Details of the reporting period

Current Period: 1 July 2006 – 31 December 2006

Previous Corresponding Period: 1 July 2005 – 31 December 2005

2. Results for announcement to the market

SA'000			
2.1			
Revenue from continuing activities	Up	65%	to 74,109
Total income from continuing activities	Up	146%	to 150,656
2.2			
Profit from continuing activities after tax attributable to members	Up	10.5%	to 21,271
2.3			
Net profit for the period after tax attributable to members	Up	10.5%	to 21,271
2.4			
Dividends (distributions)	Amount per security	Franked amount per security	
Current Period:			
Final dividend / distribution	N/A		N/A
Interim dividend / distribution	3.935 c		0.914 c
Previous Corresponding Period			
Final dividend / distribution	N/A		N/A
Interim dividend / distribution	N/A		N/A
2.5			
Record date for determining entitlements to the dividend / distribution	29 December 2006		
2.6			
Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:	This is the first Interim Report for Sydney Roads Group		

3. Net asset backing per security

	Current period (As at 31 December 2006)	Previous corresponding Period (As at 30 June 2006)
Net tangible asset backing per ordinary security*	(\$0.39)	(\$1.57)

*Under the listing rules NTA Backing must be determined by deducting from total tangible assets all claims on those assets ranking ahead of the ordinary securities (ie, all liabilities, preference shares, outside equity interests etc).

4. Control gained/lost over entities during the period

4.1 Name of entity (or group of entities) over which control was gained	Please refer to Sydney Roads Group Interim Financial Report 31 December 2006
4.2 Date control was gained	31 July 2006
4.3 Consolidated profit (loss) from continuing activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	\$25,337,410
4.4 Profit (loss) from continuing activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	\$22,146,464

5. Details of dividends/distributions

SRG paid an interim distribution of 3.935 cents on 28 February 2007

6. Details of dividend/distribution reinvestment plan

There is no Dividend Reinvestment plan in operation

7. Details of associates and joint venture entities

	Current period (as at 31 Dec 2006)	Previous corresponding period (As at 30 June 2006)
Name of associate	SRG's ownership interest	
Interlink Roads Pty Ltd	50.0%	50.0%
Transtoll Pty Ltd	20.2%	20.2%

8.1 Account standards used by foreign entities

N/A

8.2 Australian Equivalents to International Financial Reporting Standards (AIFRS)

Refer to attached financial statements.

9. Audit / review of accounts upon which this report is based

This report is based on accounts to which one of the following applies (tick one):

<input type="checkbox"/>	The accounts have been audited. (refer attached financial statements)	<input checked="" type="checkbox"/>	The accounts have been subject to review. (refer attached financial statements)
<input type="checkbox"/>	The accounts are in the process of being audited or subject to review	<input type="checkbox"/>	The accounts have not yet been audited or reviewed

Qualification of audit / review

N/A as no qualification

Sydney Roads Group

(Comprising Sydney Roads Limited (ABN 53 119 323 901) and its controlled entities, including Sydney Roads Trust (ARSN 119 766 540) and its controlled entities)

Interim Financial Report For the Half Year Ended 31 December 2006

(The interim financial reports for Sydney Roads Limited and Sydney Roads Trust have been presented in this single document, pursuant to ASIC Class Order 06/441)

Interim Financial Reports

Half Year Ended 31 December 2006

Table of Contents

Explanation of the Financial Report.....	1
Directors' Reports	2
Principal Activities	2
Directors.....	2
Distributions and Dividends.....	2
Review and Results of Operations	3
Events Occurring After the Balance Sheet Date	3
Transurban Offer.....	3
Auditor's Independence Declaration	3
Rounding of Amounts in the Directors' Report and the Financial Report	4
Auditor's Independence Declaration	5
Consolidated Income Statements.....	6
Consolidated Balance Sheets	7
Consolidated Statements of Changes in Equity	8
Consolidated Cash Flow Statements	9
Notes to the Financial Statements.....	10
1 Summary of Significant Accounting Policies	10
2 Net Profit for Period	16
3 Revenue	16
4 Expenses	17
5 Dividends and Distributions Paid and Payable	17
6 Non-current Assets – Investments Accounted for Using the Equity Method	17
7 Non-current Assets – Property, Plant and Equipment	18
8 Non-current Assets – Tolling Concessions	19
9 Interest Bearing Financial Liabilities	19
10 Derivative Financial Instruments.....	20
11 Contributed Equity by Stapled Security Holders	21
12 Retained Losses	21
13 Other Minority Interest	22
14 Business Combination	23
15 Contingent Liabilities.....	24
16 Segment Reporting	24
17 Events Occurring After the Balance Sheet Date	24
18 Transurban Offer	25
Statement by the Directors of the Responsible Entity of Sydney Roads Trust.....	26
Directors' Declaration – Sydney Roads Limited	27
Independent Review Report to Security Holders of Sydney Roads Limited and Sydney Roads Trust.....	28

Interim Financial Reports

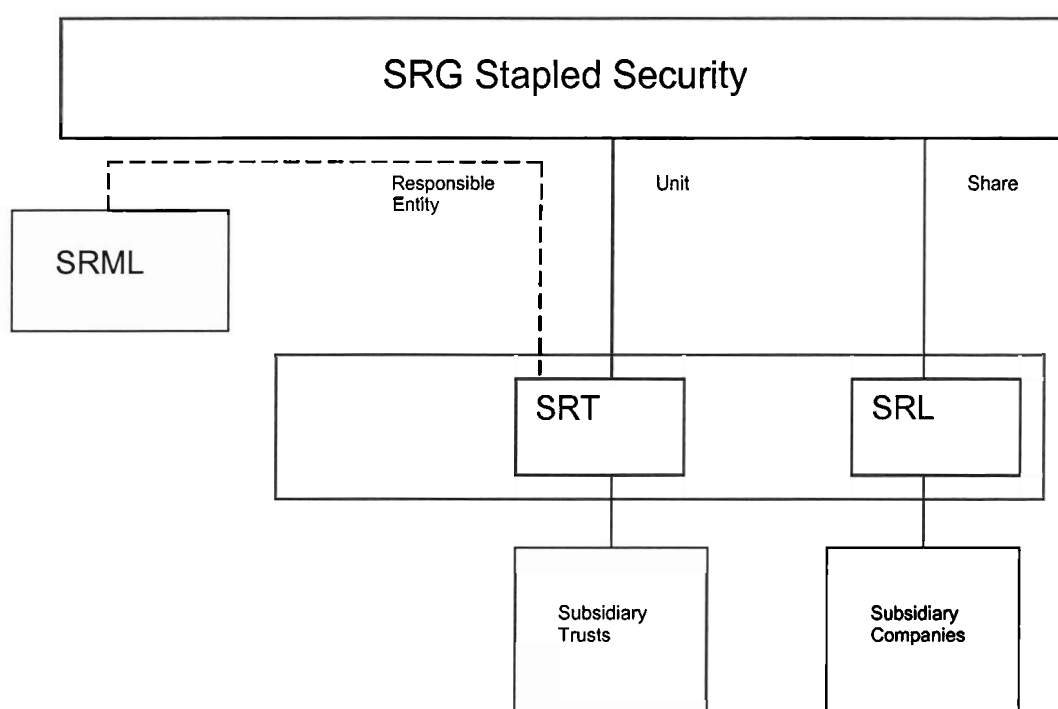
Half Year Ended 31 December 2006

Explanation of the Financial Report

At 31 December 2006 Sydney Roads Group ("SRG" or "The Group") comprises Sydney Roads Trust ("SRT" or "the Trust"), and its subsidiaries and Sydney Roads Limited ("SRL") and its subsidiaries. These two stapled entities trade as one listed security, Sydney Roads Group, on the Australian Stock Exchange. A summary of the corporate structure is illustrated below in Figure 1.

SRG was established as a new group and acquired three of Macquarie Infrastructure Group's Sydney motorway investments focused on providing stable distributions with the potential for growth from these investments in three established motorway businesses

Figure 1 – SRG



The financial report for the Group, presented in the first column in the attached financial report, serves as a summary of the financial performance and position of Sydney Roads Group as a whole, while the other financial reports provide summaries for the different entities that make up the Group.

As the securities held by investors are stapled securities in Sydney Roads Group, the financial report for the Group provides the most concise information regarding the performance of investors' funds, with further information on the components of the investment presented in the remaining columns.

As noted in accounting policy note 1(b) on page 11, the requirements of AASB 3 Business Combinations results in the concept of reverse acquisitions being applied to SRG. The financial report includes comparative information which, while SRG did not exist until 31 July 2006, represent the financial position and results of the pre existing entities M5 Holdings Pty Ltd and Airport Motorway Trust as the columns "SRG" and "SRT" respectively.

Interim Financial Reports

Half Year Ended 31 December 2006

Directors' Reports – SRT and SRL

Sydney Roads Management Limited ("SRML" or "Responsible Entity") acts as the responsible entity for Sydney Roads Trust and its subsidiaries ("SRT Group"). The directors of SRML submit the following report together with the financial report of the SRT Group for the half year ended 31 December 2006.

The directors of Sydney Roads Limited submit the following report for the Sydney Roads Limited and its subsidiaries ("SRL Group"), for half year ended 31 December 2006.

AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements* requires 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, SRL has been identified as the parent of SRG comprising SRT and its subsidiaries, and SRL and its subsidiaries together acting as Sydney Roads Group.

Principal Activities

The principal activity of the SRT Group is investment in motorway businesses. The investment policy of the Group is to invest funds in accordance with the provisions of the Trust Constitution and the governing documents of the individual entities within the SRT Group.

The principal activity of the SRL Group is investments motorway businesses. The investment policy of the Group is to invest funds in accordance with the provisions of the governing documents of the individual entities within the SRL Group.

Directors

The following persons held office as directors of SRML during the whole period and up to the date of this report

Robert Morris (Independent Chairman)
Julian Beaumont
Arlene Tansey
Michael Easson
Edward Sandrejko

The following persons held office as directors of SRL during the whole period and up to the date of this report

Robert Morris (Independent Chairman)
Julian Beaumont
Arlene Tansey
Michael Easson
Edward Sandrejko

Distributions and Dividends

An interim distribution for the period ended 31 December 2006 of 3.935 cents per stapled security was announced on 15 December 2006 and was paid on 28 February 2007.

Interim Financial Reports

Half Year Ended 31 December 2006

Review and Results of Operations

The performances of the groups, as represented by the results of their combined operations presented in accordance with the accounting policies of the Group, were as follows:

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Revenue from continuing activities	74,109	-	44,833	-
Interest and infrastructure bond revenue	49,872	47,687	683	46,831
Equity accounted share of net profits from associates	16,414	-	11,856	-
Distribution income	10,261	-	3,878	-
Total revenue from continuing activities	150,656	47,687	61,250	46,831
Profit for the period	35,968	30,120	26,611	31,701
Income tax expense	(10,631)	-	(4,464)	-
Profit after tax for the period	25,337	30,120	22,147	31,701
Profit / (loss) attributable to:				
- Equity holders of the parent – SRL	33,677	-	19,252	-
- Equity holders of other stapled entities - SRT	(12,406)	20,367	-	22,619
- Stapled security holders	21,271	20,367	19,252	22,619
- Other Minority Interests	4,066	9,753	2,895	9,082
	25,337	30,120	22,147	31,701
Basic and diluted earnings per unit /share attributable to:				
- SRL	3.61 c	-	2.06c	-
- SRT	-	2.18c	-	2.42c

Events Occurring After the Balance Sheet Date

An interim distribution of 3.935 cents per stapled security was paid by SRG to security holders on 28 February 2007.

Other than as described above, no matters or circumstances have arisen since the end of the period that have significantly affected or may significantly affect the operations of the Group, the results of these operations in future financial years or the state of affairs of those entities in periods subsequent to the period ended 31 December 2006.

Transurban Offer

On 14 December 2006 the Transurban Group announced its intention to make an offer for all the stapled securities in Sydney Roads Group. Transurban have provided SRG security holders with two consideration alternatives:

- 1 Transurban security for every 5.7 SRG securities (All Scrip Alternative);
- OR
- \$1.32 cash per SRG security up to a maximum amount of cash consideration of \$500 million (Cash Pool Alternative).

The offer period closes 30th March 2007

Auditors Independence Declaration

A copy of the auditor's independence report as required under section 307C of the Corporations Act 2001 is attached to this report.

Interim Financial Reports

Half Year Ended 31 December 2006

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

SRG and SRT Group are of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and the financial reports have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

Signed in accordance with resolutions of the directors of Sydney Roads Management Limited in its capacity as responsible entity of Sydney Roads Trust



Robert Morris
Chairman
Sydney Roads Management Limited
Sydney, Australia
28 February 2007



Edward Sandrejko
Director
Sydney Roads Management Limited
Sydney, Australia
28 February 2007

Signed in accordance with resolutions of the directors of Sydney Roads Limited



Robert Morris
Chairman
Sydney Roads Limited
Sydney, Australia
28 February 2007



Edward Sandrejko
Director
Sydney Roads Limited
Sydney, Australia
28 February 2007

PricewaterhouseCoopers
ABN 52 780 433 757

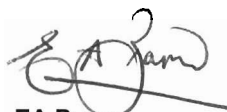
Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
www.pwc.com/au
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditors' Independence Declaration

As lead auditor for the review of Sydney Roads Trust and Sydney Roads Limited for the half year ended 31 December 2006, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the reviews and
- (b) no contraventions of any applicable code of professional conduct in relation to the reviews.

This declaration is in respect of Sydney Roads Limited and the entities it controlled during the period, which is deemed to include Sydney Roads Trust and the entities it controlled during the period.



EA Barron
Partner
PricewaterhouseCoopers

Sydney
28 February 2007

Interim Financial Reports

Half year ended 31 December 2006

Consolidated Income Statements

		SRG	SRT	SRG	SRT
		Consolidated	Consolidated	Consolidated	Consolidated
	Notes	2006	2006	2005	2005
		\$'000	\$'000	\$'000	\$'000
Income					
Revenue from continuing activities	3	74,109		44,833	-
Interest and Infrastructure Bond revenue		49,872	47,687	683	46,831
Equity accounted share of net profits from associates		16,414		11,856	-
Distribution income		10,261		3,878	-
Total income		150,656	47,687	61,250	46,831
Operating expenses from continuing activities					
Financing costs	4	(54,445)	(16,791)	(4,037)	(14,998)
Other operating expenses		(60,243)	(776)	(30,602)	(132)
Total operating expenses from continuing activities		(114,688)	(17,567)	(34,639)	(15,130)
Profit from continuing activities before income tax expense		35,968	30,120	26,611	31,701
Income tax expense		(10,631)	-	(4,464)	-
Profit for the period		25,337	30,120	22,147	31,701
Profit / (loss) attributable to:					
- Equity holders of the parent – SRL		33,677	-	19,252	-
- Equity holders of other stapled entities - (SRT as minority interest)		(12,406)		-	-
- Equity holders of other stapled entities - (SRT as parent interest)		-	20,367	-	22,619
- Stapled security holders		21,271	20,367	19,252	22,619
- Other minority interests		4,066	9,753	2,895	9,082
		25,337	30,120	22,147	31,701
Basic and diluted earnings per share attributable to the stapled security holders:					
- SRL		3.61 c	-	2.06c	
- SRT		-	2.18 c	-	2.42c

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

Interim Financial Reports

Half year ended 31 December 2006

Consolidated Balance Sheets

		SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	Notes	2006 \$'000	2006 \$'000	30 June 2006 \$'000	30 June 2006 \$'000
Current Assets					
Cash and cash equivalents		135,583	31,947	11,187	16,261
Receivables		56,348	475	3,516	-
Derivative financial instruments	10	9,430	8,709	162	4,730
Other current assets		17,161	2,073	3,993	-
Total Current Assets		218,522	43,204	18,858	20,991
Non-Current Assets					
Investments accounted for using the equity method	6	879	-	1,540	-
Property, plant and equipment	7	784,274	-	36,725	-
Tolling concessions	8	1,394,120	-	121,678	-
Deferred tax assets		1,315	-	-	-
Other non-current assets		13,594	816,829	6,954	810,975
Total Non-Current Assets		2,194,182	816,829	166,897	810,975
Total Assets		2,412,704	860,033	185,755	831,966
Current Liabilities					
Interest bearing financial liabilities		30,823	-	29,323	-
Distribution / dividend payable	5	36,747	16,832	-	59,962
Payables		9,847	140	1,441	210
Interest payable		53,149	11,528	-	7,810
Current tax liabilities		5,856	-	5,502	-
Other liabilities		29,072	29,136	147,463	66,671
Total Current Liabilities		165,494	57,636	183,729	134,653
Non-Current Liabilities					
Interest bearing financial liabilities		825,100	665,500	50,402	515,500
Deferred tax liabilities		563,036	-	41,579	-
Other non-current liabilities		55,936	-	5,667	-
Total Non-Current Liabilities		1,444,072	665,500	97,648	515,500
Total Liabilities		1,609,566	723,136	281,377	650,153
Net Assets/(Liabilities)		803,138	136,897	(95,622)	181,813
Equity					
Equity attributable to equity holders of the parent					
Contributed equity	11	1,084,465	188,261	61,000	137,785
Other reserves		(457,529)	(108,680)	-	-
Retained losses	12	(196,438)	(4,526)	(180,594)	(8,061)
SRL security holders' interest		430,498	75,055	(119,594)	129,724
Equity attributable to other stapled entities – SRT as minority interest					
Contributed equity	11	188,261	-	-	-
Other reserves		(111,824)	-	-	-
Retained losses	12	(1,382)	-	-	-
Minority SRT security holders' interest		75,055	-	-	-
Other minority interest in controlled entities	13	297,585	61,842	23,972	52,089
Total Equity		803,138	136,897	(95,622)	181,813

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes

Interim Financial Reports

Half year ended 31 December 2006

Consolidated Statements of Changes in Equity

Notes	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Total equity at the beginning of the period	(95,622)	181,812	(66,657)	176,113
Adjustment to accumulated losses on adoption of AASB132 and AASB139			-	(2,775)
Restated total equity at beginning of the period	(95,622)	181,812	(66,657)	173,338
Net profit for the period	25,337	30,120	22,147	31,701
Total recognised income and expense for the period	25,337	30,120	22,147	31,701
Transactions with equity holders in their capacity as equity holders				
Contributions of equity	1,073,941	50,477	-	
Distributions / dividends provided for or paid	(38,497)	(16,832)	(27,490)	
Minority interest on acquisition of subsidiary	271,714	-		
Reverse acquisition adjustment	(433,735)	(108,680)		
	873,423	(75,035)	(27,490)	(2,775)
Total equity at the end of the period	803,138	136,897	(72,000)	205,039
Total recognised income and expenses for the period is attributable to:				
-Equity holders of the parent – SRL	33,677	-	19,252	-
-Equity holders of other stapled entities (SRT as parent interest)	-	20,367	-	22,619
-Equity holders of other stapled entities (SRT as minority interest)	(12,406)	-		
Other minority interests	4,066	9,753	2,895	9,082
	25,337	30,120	22,147	31,701

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

Interim Financial Reports

Half year ended 31 December 2006

Consolidated Cash Flow Statements

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Cash Flows From Operating Activities				
Receipts from customers	81,266	-	49,435	
Payments to suppliers and employees	(16,763)	(409)	(8,870)	(113)
Interest received	2,870	883	703	537
Dividends received	26,675	-	4,586	
GST paid	(5,761)	-	(3,924)	
Tax paid	(3,523)	-	(9,289)	-
Net Cash Flows From Operating Activities	84,764	474	32,641	424
Cash Flows From Investing Activities				
Cash acquired through business combinations	82,749	9,059		
Payments for purchase of property, plant and equipment	(2,195)	-	(674)	
Proceeds from sale of fixed assets	11			
Net Cash Flows From Investing Activities	80,565	9,059	(674)	
Cash Flows From Financing Activities				
Repayment of unitholders loans held by security holders			-	(15,280)
Repayment of unitholders loans held by minority interests	(3,593)	(7,209)	-	(6,135)
Distributions / dividends paid to minority interests	(1,750)	(9,004)	(27,490)	-
Borrowings costs paid	(23,940)	(18,649)	(3,608)	(16,199)
Repayment of borrowings by related parties	-	41,015	-	36,826
Repayment of borrowings	(11,650)	-	(15,100)	-
Net Cash Flows From Financing Activities	(40,933)	6,153	(46,198)	(788)
Net Increase/(Decrease) In Cash Assets Held	124,396	15,686	(14,231)	(364)
Cash assets at the beginning of the period	11,187	16,261	38,112	16,468
Cash assets at the End of the Period	135,583	31,947	23,881	16,104
Non cash financing and investing activities	14			

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes

Notes to the Financial Statements

1 Summary of Significant Accounting Policies

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

The financial reports were authorised for issue by the directors of the Responsible Entity, Sydney Roads Management Limited ("SRML") and Sydney Roads Limited ("SRL") on 28 February 2007.

(a) Basis of Preparation

The general purpose financial report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations, the requirements of the SRT Trust Constitution and the *Corporations Act 2001* (as applicable).

As permitted by ASIC Class order 05/642, this report consists of the consolidated financial statements of SRT and the entities it controlled at the end of, and during the period, the consolidated financial statements of SRL and the entities it controlled at the end of, and during the period.

— Period of financial statements

SRT, the Parent Entity of SRT Group, was established on 31 May 2006. SRL, the Parent Entity of the SRL Group, was incorporated on 19 April 2006. As detailed in note 1(b), in accordance with the requirements of AASB 3 Business Combinations, the principles of reverse acquisition have been applied in the preparation of the consolidated accounts of SRT Group and the SRL Group. Accordingly, the Financial Statements presented are for the half year ended 31 December 2006 and comparative information provided for the half year ended 31 December 2005.

— Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the parent and consolidated financial statements and notes of the Group comply with International Financial Reporting Standards (IFRS).

As this is the first financial reporting period of SRG, all information has been prepared in accordance with AIFRS. Accordingly, no reconciliation to previous Australian Accounting Standards is required.

— Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss.

— Going concern principle

The financial reports have been prepared on a going concern basis, notwithstanding that the Balance Sheet of SRT Group indicates an excess of current liabilities over current assets of \$14.4 million. The directors consider that the SRT Group will be able to pay its debts as and when they fall due and that the going concern basis is appropriate.

— Standards, Interpretations and amendments to Australian Accounting Standards published that are not yet effective

Certain new standards, amendments and interpretations to existing standards have been published that are mandatory for the Group for accounting periods beginning on or after 1 July 2006 or later periods. The significant ones are as follows:

AASB 7, Financial Instruments: disclosures, and complementary amendment to AASB 101, Presentation of Financial statements – Capital Disclosures (effective for reporting period beginning on or after 1 July 2007)

AASB 7 introduces disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure risks arising from financial instruments including specified minimum disclosures about credit, liquidity and market risk. This amendment will be applied from 1 July 2007 and will only impact disclosures.

Interim Financial Reports

Half Year ended 31 December 2006

1 Summary of Significant Accounting Policies (cont'd)

(b) Principles of Consolidation

The consolidated financial statements incorporate the assets and liabilities of the entities deemed to be controlled by SRL as at 31 December 2006 (and its subsidiaries) and the result of the deemed controlled entities (and its subsidiaries) for the period of control. SRL and subsidiaries are referred to in this financial report as the consolidated entity, or SRG. The effects of all transactions between entities in the consolidated entity are eliminated in full. Minority interests in the results and equity of the subsidiaries are shown separately in the consolidated Income Statements and Balance Sheets respectively. Minority interests are interests which are attributable to stapled entities other than the parent entity and to parties other than the stapled security holders.

Upon stapling of the shares of SRL and the units of SRT, the directors deemed SRL to have acquired SRT despite the fact that the units and shares are stapled. Accordingly, the stapled entities of SRG are represented as the consolidated financial statements of SRL. Subsidiaries, other than those that SRL has been deemed to have directly acquired through stapling arrangements, are all those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

The purchase method of accounting is used to account for the acquisitions of subsidiaries by the Group except as follows:

Under AIFRS the formation of the stapled group comprising SRL and SRT has been accounted for as a business combination. In applying the requirements of AASB 3 Business Combinations to the stapled group:

- SRL as the Parent Entity of SRG will present consolidated financial information for the Group in both this document and further published financial reports; and
- M5 Holdings Pty Limited (M5) is deemed to be the accounting acquirer of SRL, which is neither the legal parent nor legal acquirer.
- Airport Motorway Trust (AMT) is deemed to be the accounting acquirer of SRT, which is neither the legal parent nor legal acquirer.

This reflects the requirements of AASB 3 that in situations where existing entities (M5 and AMT) arrange to be acquired by smaller entities (SRL and SRT) for the purposes of a stock exchange listing, the existing entities should be deemed to be the acquirers, subject to consideration of other factors such as management of the entities involved in the transaction and the relative fair values of the entities involved in the transaction. This is commonly referred to as a reverse acquisition.

(i) Subsidiaries

Subsidiaries, other than those that SRL and SRT has been deemed to have directly acquired through stapling arrangements, are those entities over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. Where control of an entity is obtained during a financial period, its results are included in the Income Statement from the date on which control commences. Where control of an entity ceases during a financial period, its results are included for that part of the period during which control existed.

1 Summary of Significant Accounting Policies (cont'd)

(i) Subsidiaries (cont)

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Minority interests in the results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheet respectively.

(ii) Associates

Associates are entities over which the Group has significant influence, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the Parent Entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the Parent Entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's 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 Group.

(c) Segment reporting

The principal activity of the Group is to manage and focus on investments in three Sydney tollroads, Eastern Distributor ("ED"), M4 Motorway ("M4") and M5 Motorway ("M5"). The Group operates wholly within Australia.

(d) Leasehold Improvement, Plant and Equipment

— Plant Equipment

Plant and equipment is recorded at cost, or fair value on acquisition, less accumulated depreciation and any provision for impairment. Cost includes those costs directly attributable to bringing the assets into the intended location and working condition. The estimated cost of dismantling and removing infrastructure items and restoring the site on which the assets are located is only included in the cost of the asset to the extent that the group has an obligation to restore the site and the cost of restoration is not recoverable from third parties. Additions, renewals and improvements are capitalised, while maintenance and repairs are expensed.

The carrying values of property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable (refer to note 1(h)). An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

— Leasehold Improvements

Amounts recorded as leasehold improvements relating to the M4 and the ED, including capitalised preliminary expenses and borrowing costs, are amortised over the estimated remaining term of the right granted to operate the relevant road, being until 15 February 2010 and 24 July 2048 respectively. Costs associated with the construction of service centres on the M4 are amortised over the remaining lease term being until February 2017. The period of amortisation of capitalised expenditures will be reassessed annually.

Interim Financial Reports

Half Year ended 31 December 2006

1 Summary of Significant Accounting Policies (cont'd)

— Depreciation

Land is not depreciated. Depreciation on other assets is calculated on a straight-line basis to write off the cost of property, plant and equipment over its estimated useful life. Estimates of remaining useful life are made on a regular basis for all assets, with annual reassessments for major items. The expected useful life of property, plant and equipment is as follows:

— Buildings	15 years
— Leasehold improvements	The lease term
— Plant Equipment	2-15 years

(e) Non-current assets held for sale

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

(f) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest-rate swaps is calculated as the present value of the estimated future cash flows.

The nominal value less estimated credit adjustments of trade receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(g) Tolling Concessions

Tolling Concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways. Tolling concessions have a finite useful life and are carried at cost which represents fair value on acquisition less accumulated amortisation. Amortisation is calculated using the straight line method to allocate the cost of tolling concession over their estimated useful lives.

(h) Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(i) Revenue Recognition

Revenues are recognised at fair value of the consideration received or receivable net of the amount of goods and services tax (GST) payable to the relevant taxation authority.

— Interest revenue

Interest revenue on loans and receivables is recognised using the effective interest rate method.

Interim Financial Reports

Half Year ended 31 December 2006

1 Summary of Significant Accounting Policies (cont'd)

(j) Cash Assets

For the purpose of the Consolidated Cash Flow Statements, cash assets include cash on hand and at bank, money market investments readily convertible to cash within two working days, and restricted cash.

(k) Income Tax

The income tax expense or revenue for the period is the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

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. 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.

Income tax is not brought to account in respect of SRT, as pursuant to the Income Tax Assessment Acts, the Trust is not liable for income tax provided that its taxable income (including any assessable realised capital gains) is fully distributed to unit holders each year.

(l) Tax Consolidation Legislation

SRL and its wholly-owned Australian subsidiaries have implemented the tax consolidation legislation as of 1 August 2006.

The head entity, SRL, and the subsidiaries in the tax consolidated group continued to 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 stand alone tax payer in its own right.

In addition to its own current and deferred tax amounts, SRL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from subsidiaries in the tax consolidated group.

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

(m) Payables

Liabilities are recognised when the Group becomes obliged to make future payments as a result of a purchase of assets or services, whether or not billed to the Group.

(n) GST

The amount of GST incurred by the Group that is not recoverable from the taxation authorities is recognised as an expense or as part of the cost of acquisition of an asset. Expenses have been recognised in the Consolidated Income Statements net of the amount of GST recoverable from the taxation authorities. Receivables and payables are stated at amounts inclusive of GST. The net amount of GST recoverable from the taxation authorities is included in receivables in the Consolidated Balance Sheets. Cash flows relating to GST are included in the Consolidated Cash Flow Statements on a gross basis.

(o) Interest-Bearing Financial Liabilities

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method.

(p) Derivative Financial Instruments

Derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently remeasured to their fair value. The fair values of over-the-counter derivatives are determined using valuation techniques with assumptions that are based on market values existing at each balance date. Changes in fair value of any derivative instrument are recognised immediately in the Income Statement.

Interim Financial Reports

Half Year ended 31 December 2006

1 Summary of Significant Accounting Policies (cont'd)

(q) Employee Entitlements

The amounts expected to be paid to employees for their pro-rata entitlement to long service leave (after 5 years services), annual leave, and other labour benefits are accrued annually. All entitlements are measured at their nominal amount where they are due to be settled within one year. Where they are due to be settled in more than one year, employee benefits are measured at present value.

(r) Investments and other financial assets

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. Investments in subsidiaries are classified separately and are held at cost. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

At 31 December 2006, the Group had the following financial assets:

— Trade receivables

Trade receivables are recognised at fair value, being the original invoice amount and subsequently measured at amortised cost less provision for doubtful debts.

A provision for doubtful debts is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the receivable. The amount of the provision is recognised in the Income Statement. Where a debt is known to be uncollectible, it is considered a bad debt and written off.

— Investments in subsidiaries

Investments in subsidiaries are accounted for at cost, including costs that were incidental to the acquisition. Incidental costs incurred in acquiring investments are recorded as deferred acquisition costs until the date of completion of the acquisition, at which point these costs are reclassified into the investment.

— Investments in associates

Associates are those entities over which the consolidated entity exercises significant influence but not control. Investments in associates are accounted for in the consolidated financial statements using the equity method. Under this method, the consolidated entity's share of the post acquisition profits and losses of associates are recognised in the consolidated Income Statement and are adjusted against the cost of the investment.

(s) Distributions and Dividends

A provision is made by SRT for the amount of any distribution payable under the SRT Constitution or declared by SRL on or before the end of the financial period but not distributed at balance date.

(t) Contributed equity

Units in SRT, and shares in SRL are classified as equity.

(u) Earnings per Stapled Security

Basic earnings per share/unit is determined by dividing the net profit or loss attributable to security holders of the Parent Entity by the weighted average number of securities on issue during the year.

(v) Rounding of Amounts

SRG, SRL and SRT are of a kind referred to in Class Order 98/0100 issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

Interim Financial Reports

Half Year ended 31 December 2006

2 Net Profit for Period

		SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	Notes	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Total revenue from continuing operations from controlled assets (ED, M4)	3	74,109	-	44,833	-
Operating expenses from continuing operations from controlled assets (ED, M4)		(15,478)	(776)	(9,065)	(132)
Operating net revenue before income tax depreciation and financing costs from continuing operations from controlled assets (ED, M4)		58,631	(776)	35,768	(132)
Interest and infrastructure bond revenue		49,872	47,687	683	46,831
Financing costs – assets		(47,563)	(16,791)	(4,037)	(14,998)
Net profit before income tax and depreciation from controlled assets (ED & M4)		60,940	30,120	32,414	31,701
Depreciation and amortisation expense	4	(44,268)	-	(21,537)	-
Group expenses SRG		(1,521)	-	-	-
Financing costs SRG		(6,881)	-	-	-
Non-cash concession note expense		(7,562)	-	-	-
Non-cash interest saving		8,585	-	-	-
Equity accounted share at net profits from associates (M5)		16,414	-	11,856	-
Distribution income		10,261	-	3,878	-
Profit before income tax expense		35,968	30,120	26,611	31,701
Income tax expense		(10,631)	-	(4,464)	-
Profit for the period		25,337	30,120	22,147	31,701

3 Revenue

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Revenue from continuing operations				
Toll revenue	71,590	-	42,529	-
Other revenue				
Sundry income	2,519	-	2,304	-
	74,109	-	44,833	-

Interim Financial Reports

Half Year ended 31 December 2006

4 Expenses

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Profit before income tax includes the following specific expenses:				
Depreciation				
Motor vehicles	18		16	
Buildings	23		23	
Plant & equipment	882		520	
Amortisation				
Tolling Concessions	29,879	-	16,884	-
Leasehold improvements	13,466	-	4,094	-
Depreciation and Amortisation	44,268	-	21,537	-
Finance costs – assets				
Interest expense and other borrowing costs	52,504	16,791	4,037	14,998
Redeemable preference shares dividend paid	625			
Operating lease payments	1,316	-	-	-
Total finance costs	54,445	16,791	4,037	14,998

5 Dividends and Distributions Paid and Payable

Dividends and distributions provided for or paid during the half year:

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	2005 \$'000	2005 \$'000
Interim distribution payable	36,747	16,832		
Dividends paid	1,750	-	27,490	
	38,497	16,832	27,490	

An interim distribution for the period ended 31 December 2006 of 3.935 cents per stapled security was announced on 15 December 2006 and was paid on 28 February 2007.

6 Non-Current Assets – Investments Accounted for Using the Equity Method

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	30 June 2006 \$'000	30 June 2006 \$'000
Investment in associates	879	-	1,540	
	879	-	1,540	

Interim Financial Reports

Half Year ended 31 December 2006

7 Non- Current Assets – Property, Plant and Equipment

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	30 June 2006 \$'000	30 June 2006 \$'000
Buildings – at cost	786	-	786	-
Less: Accumulated depreciation	(501)	-	(478)	-
	285	-	308	-
Leasehold improvements – at cost	893,449	17,000	135,801	17,000
Less: Accumulated amortisation	(117,159)	(17,000)	(103,693)	(17,000)
	776,290	-	32,108	-
Motor vehicles – at cost	356	-	356	-
Less: Accumulated depreciation	(158)	-	(178)	-
	198	-	178	-
Plant and equipment – at cost	19,431	-	14,264	-
Less: Accumulated depreciation	(11,930)	-	(10,133)	-
	7,501	-	4,131	-
Total property, plant and equipment – net	784,274	-	36,725	

Interim Financial Reports

Half Year ended 31 December 2006

8 Non-Current Assets – Tolling Concessions

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006	2006	30 June 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Tolling Concessions				
Opening balance at beginning of period	306,857	-	306,857	
Tolling Concessions acquired (refer note 14)	1,302,321			
Less: Accumulated amortisation	(215,058)	-	(185,179)	
	1,394,120	-	121,678	

9 Interest Bearing Financial Liabilities

Secured

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006	2006	30 June 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Current				
Secured Loans Statewide Roads ("SWR")	30,823	-	29,323	
	30,823	-	29,323	
Non-current liabilities				
Secured Loans SWR	34,600	-	50,402	-
Term Debt – AMG	515,500	515,500	-	515,500
ED Securitisation Facility	150,000	150,000	-	-
M5/M4 Securitisation Facility	125,000	-	-	-
	825,100	665,500	50,402	515,500

The figures above represent 100% of AMG unless otherwise stated. SRG's interest in the ED Concession is 71.35%. In the consolidated information for SRG, AMG is consolidated and then a minority interest is recorded for the portion not owned by SRG;

The figures above represent 100% of Statewide Roads unless otherwise stated. SRG's ownership interest in the M4 is 50.61%. In the consolidated information for SRG, Statewide Roads is consolidated and then a minority interest is recorded for the proportion not owned by SRG;

SRG has financing arrangements in place over the distributions from the Portfolio assets (Securitisation Facilities). The Securitisation Facilities are summarised below.

ED Securitisation Facility

SRG has in place a \$150 million securitisation facility over the distributions received from the ED (ED Securitisation Facility). This facility is fully drawn.

The ED Securitisation Facility is interest only and is repayable in full on 1 November 2009. Interest is payable at a margin over the bank bill swap rate and the margin payable can vary from 0.70% to 1.50%, depending upon certain interest cover ratios. As required under the ED Securitisation Facility, interest rate hedging has been put in place for 80% of the principal amount for the term of the facility.

Interim Financial Reports

Half Year ended 31 December 2006

9 Interest Bearing Financial Liabilities (cont'd)

M5/M4 Securitisation Facility

SRG has in place a \$155 million securitisation facility, over the distribution received from the M5 and M4 (M5/M4 Securitisation Facility). This facility is drawn to \$125 million.

The M5/M4 Securitisation Facility is interest only and is repayable in full on 31 December 2008. Interest is payable at a margin over the bank bill swap rate and the margin payable can vary from 0.65% to 1.45%, depending upon certain interest cover ratios. As required under the M5/M4 Securitisation Facility, interest rate hedging has been put in place for 100% of the \$125 million drawn down for the term of the facility.

10 Derivative Financial Instruments

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	30 June 2006 \$'000	30 June 2006 \$'000
Interest rate swap contracts	9,430	8,709	162	4,730
Total current derivative financial instruments assets	9,430	8,709	162	4,730

Interest rate swap contracts

Non-current bank loans of the Group currently bear an average variable interest rate of 6.59%. It is the Groups' policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate swap contracts under which it is obliged to receive interest at variable rates and required to pay interest at fixed rates on these loans.

All of SRG's borrowings are exposed to adverse interest rate movements. This risk has been reduced in the short to medium term through interest rate hedging:

Airport Motorway Group ("AMG") and Interlink Roads have each hedged 75% of their Senior Debt interest rate exposure for the term of their five year loans which expire in November 2009 and June 2010 respectively;

Statewide Roads has put in place interest rate hedging for an average of 53% of its outstanding debt until October 2007 and reducing to 32% until December 2007.

The M5 Holdings Funding Trust and the ED Funding Trust have in place interest rate hedging in respect of 100% and 80% of the amounts drawdown under their respective facilities for the term of their facilities which expire in December 2008 and November 2009 respectively.

However, each of AMG, Interlink Roads, Statewide Roads and the ED Funding Trust continue to have exposure to interest rate movements with respect to the unhedged portion of their financing facilities. Also, they will have full exposure to the level of interest rates and the level and cost of hedging available when financing arrangements are refinanced.

At 31 December 2006, the notional principal amounts and periods of expiry of the interest rate swap contracts are as follows:

	2006 \$000
Less than 1 year	20,000
1 – 5 years	641,625
	661,625

The contracts require settlement of net interest receivable or payable and are timed to coincide with the dates on which interest is payable on the underlying debt.

The gain or loss arising from remeasuring the hedging instruments at fair value is re-classified into the Income Statement.

Interim Financial Reports

Half Year ended 31 December 2006

11 Contributed Equity by Stapled Security Holders

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006 \$'000	2006 \$'000	30 June 2006 \$'000	30 June 2006 \$'000
Equity attributable to equity holders of SRL	1,084,465	-	61,000	
Equity attributable to other stapled entities – SRT	188,261	188,261	-	137,785
	1,272,726	188,261	61,000	137,785

Movement in stapled securities*	Number of stapled securities '000
On issue at the beginning of the period	
Issue of stapled securities through initial public offering pursuant to Prospectus dated 26 June 2006	108,696
Issue of stapled securities under In-Specie Distribution (on Completion)	825,166
On issue at the end of the period – SRG	933,862

*The movement in stapled securities listed above, represents the dates on which the transactions occurred.

Ordinary units in SRT and ordinary shares in SRL

SRT is a managed investment scheme which has been registered by ASIC in accordance with Chapter 5C of the Corporations Act. It was established in the form of a unit trust. Subject to the stapling provisions, the Corporations Act, and the ASX Listing Rules, the issue of units in SRT is under the control of SRML as Responsible Entity. SRML cannot issue different classes of SRT units.

On 24 July 2006, SRML issued units in SRT and SRL issued shares (together referred to as stapled securities) on the basis that the issue price of the stapled securities was payable of \$1.15 per stapled security. On 25 July 2006 SRML issued units in SRT and SRL issued shares (together as stapled securities) and transferred these to MIG Stapled Security Holders under the In-Specie Distribution (completion of the Demerger).

Ordinary units and shares entitle the holder to participate in distributions and the proceeds on winding up of SRT and SRL in proportion to the number of and amounts paid on the units/shares held.

On a show of hands, each unit holder or shareholder present in person and each other person present as a proxy has one vote and upon a poll, each unit or share is entitled to one vote.

12 Retained Losses

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	Half Year 2006 \$'000	Half Year 2006 \$'000	Full Year 30 June 2006 \$'000	Full Year 30 June 2006 \$'000
Balance at the beginning of the period	(180,594)	(8,061)	(145,157)	(12,128)
Profit result attributable to security holders	21,271	20,367	31,499	48,829
Adjustment to Accumulated Losses on Adoption of AASB 132 and AASB 139		-	-	(1,980)
Distributions/dividends provided for or paid	(38,497)	(16,832)	(66,936)	(42,782)
Balance at the end of the period	(197,820)	(4,526)	(180,594)	(8,061)

Interim Financial Reports

Half Year ended 31 December 2006

13 Other Minority Interest

	SRG Consolidated	SRT Consolidated	SRG Consolidated	SRT Consolidated
	2006	2006	30 June 2006	30 June 2006
	\$'000	\$'000	\$'000	\$'000
Interest in				
Share capital	58,421	55,326	227	55,326
Retained profits (losses)	239,164	6,516	23,709	(3,237)
	297,585	61,842	23,936	52,089

Interim Financial Reports

Half Year ended 31 December 2006

14 Business Combination

(a) Acquisition of Airport Motorway Holdings Pty Ltd

AMHL was acquired by M5 Holdings Pty Ltd ("M5H") at fair value on 31 July 2006.

M5H gained control over 71.35% of the issued ordinary share capital of AMHL.

Purchase consideration	\$'000
Stapled securities issued – total purchase consideration	542,036
Fair value of net identifiable assets acquired (refer below)	542,036
Goodwill	

The details of the fair value of the assets and liabilities arising from the acquisition are as follows:

	Acquiree's carrying amount \$'000	Fair value \$'000
Assets		
Current assets		
Cash and cash equivalents	44,369	44,369
Trade and other receivables	7,926	7,926
Taxation refund due	4,845	4,845
Other assets	1,303	1,303
Total current assets	58,443	58,443
Non current assets		
Fixed assets	497,623	776,607
Tolling concession	-	1,302,321
Deferred tax assets	427	427
Total non-current assets	498,050	2,079,355
Total assets	556,493	2,137,798
Liabilities		
Current liabilities		
Trade and other payables	7,355	7,355
Income tax payable	8,483	8,483
Total current liabilities	15,838	15,838
Non-current liabilities		
Loan Airport Motorway Trust	798,174	798,174
RTA concession notes	49,873	49,873
Deferred tax liabilities	39,835	514,227
Total non-current liabilities	887,882	1,362,274
Total liabilities	903,720	1,378,112
Net assets / (net liabilities)	(347,227)	759,686
Minority interests		217,650
Total consideration		\$542,036

Interim Financial Reports

Half Year ended 31 December 2006

14. Business Combination (cont'd)

(b) Acquisition of Airport Motorway Trust

On 31 July 2006, in connection with the initial public offering of SRG, SRT became the legal owner of 71.35% of the issued units of Airport Motorway Trust ("AMT").

As set out in note 1(b), in accordance with the requirements of AASB 3 Business Combinations, this transaction is accounted for as a reverse acquisition. AMT is the deemed accounting acquirer of SRT. Under the terms of the arrangement with the vendor, SRT was required to pay \$108.3m for the transfer of the units. This has been disclosed as "other reserves" in the Balance Sheet. The Net Liabilities of SRT at the date that AMT became the acquirer was \$1,000 being payables. There was no difference between the recorded value and the fair value at that date.

(c) Acquisition of M5 Holdings Pty Ltd

On 31 July 2006, in connection with the initial public offering of SRG, SRL became the legal owner of all the issued shares of M5 Holdings Pty Ltd ("M5H").

As set out in note 1(b), in accordance with the requirements of AASB 3 Business Combinations, this transaction is accounted for as a reverse acquisition. M5 Holdings Pty Ltd is the deemed accounting acquirer of SRL. Under the terms of the arrangement with the vendor, SRL was required to pay \$458.6m for the transfer of the shares. This has been disclosed as "other reserves" in the Balance Sheet. The Net Assets of SRL at the date that M5 Holdings Pty Ltd became the acquirer was \$5.0 million, being investment in SRML. There was no difference between the recorded value and the fair value at that date.

(d) Stapling

AASB Interpretation 1002: *Post-Date-of-Transition Stapling Arrangements* requires 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, SRL has been identified as the parent of SRG comprising SRT and its subsidiaries, and SRL and its subsidiaries together acting as Sydney Roads Group.

The Net Liabilities of SRT at the date that SRL became the acquirer was \$1,000 being payable. There was no difference between the recorded value and the fair value at that date.

15 Contingent Liabilities

A controlled entity of Statewide Roads has an obligation to undertake defects correction work to a part of the M4 which is owned and controlled by the State Government. This obligation extends until November 2008. Only minimal amounts have been spent in connection with this obligation in the past but it is not possible to predict how much (if any) expenditure will be incurred in the future in connection with this undertaking. Statewide Roads' lenders have issued a performance guarantee for \$5.0 million in support of the entity's obligations.

16 Segment Reporting

The principal activity of SRG is to manage and focus on its investments in three Sydney Tollroads, Eastern Distributor, M4 Motorway and M5 Motorway. The Group operates wholly within Australia.

17 Events Occurring After the Balance Sheet Date

An interim distribution of 3.935 cents per stapled security was paid by SRG to security holders on 28 February 2007

Other than as described above, no matters or circumstances have arisen since the end of the year that have significantly affected or may significantly affect the operations of SRT Group and SRL Group, the results of these operations in future financial years or the state of affairs of the those entities in periods subsequent to the period ended 31 December 2006.

Interim Financial Reports

Half Year ended 31 December 2006

18. Transurban Offer

On 14 December 2006 the Transurban Group announced its intention to make an offer for all the stapled securities in Sydney Roads Group. Transurban have provided SRG security holders with two consideration alternatives:

- 1 Transurban security for every 5.7 SRG securities (All Scrip Alternative);
OR
- \$1.32 cash per SRG security up to a maximum amount of cash consideration of \$500 million (Cash Pool Alternative).

The offer period closes 30th March 2007

Interim Financial Reports

Half Year ended 31 December 2006

Statement by the Directors of the Responsible Entity of Sydney Roads Trust

On the Financial Report of the Sydney Roads Trust

In the opinion of the directors of Sydney Roads Management Limited ("the Responsible Entity"), the Responsible Entity of the Sydney Roads Trust ("SRT"), the financial report for SRT and its subsidiaries ("SRT Group") set out on pages 6 to 25 are in accordance with the Corporations Act 2001, including:

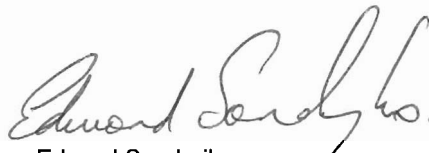
- a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) giving a true and fair view of the financial position of SRT Group as at 31 December 2006 and of its performance, as represented by the results of its operations, changes in equity, and cash flows, for the period ended on that date; and
- c) there are reasonable grounds to believe that SRT Group will be able to pay their debts as and when they become due and payable.

Signed in accordance with a resolution of the directors of Sydney Roads Management Limited in its capacity as Responsible Entity for Sydney Roads Trust



Robert Morris

Sydney, Australia
28 February 2007



Edward Sandrejko

Sydney, Australia
28 February 2007

Interim Financial Reports

Half Year ended 31 December 2006

Directors' Declaration – Sydney Roads Limited

On the Financial Report of Sydney Roads Limited

The directors of Sydney Roads Limited (SRL) declare that the financial report of SRL and its subsidiaries ("SRL Group") and notes set out on pages 6 to 25 are in accordance with the Corporations Act 2001, including:

- a) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements;
- b) giving a true and fair view of the financial position of SRL Group as at 31 December 2006 and of its performance as represented by the results of its operations, changes in equity, and cash flows, for the period ended on that date;
- c) there are reasonable grounds to believe that SRL Group will be able to pay their debts as and when they become due and payable; and

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by S295A of the Corporations Act 2001.

Signed in accordance with a resolution of the directors of Sydney Roads Limited



Robert Morris

Sydney, Australia
28 February 2007



Edward Sandrejko

Sydney, Australia
28 February 2007

INDEPENDENT AUDITOR'S REVIEW REPORT

to the security holders of Sydney Roads Limited and Sydney Roads Trust

Report on the Half-Year Financial Reports

We have reviewed the accompanying half-year financial reports of Sydney Roads Limited and Sydney Roads Trust, which comprise the balance sheets as at 31 December 2006, and the income statements, statements of changes in equity and cash flow statements for the half-year ended on that date and other selected explanatory notes for the Sydney Roads Group (SRG) and Sydney Roads Trust Group (SRT Group). SRG comprises Sydney Roads Limited (SRL) and the entities it controlled during that half-year, including Sydney Roads Trust (SRT) and the entities it controlled during the half-year. SRT Group comprises SRT and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of SRL and Sydney Roads Management Limited (the responsible entity for SRT) are responsible for the preparation and fair presentation of the half-year financial reports in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial reports that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial reports based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial reports are not in accordance with the *Corporations Act 2001* including: giving a true and fair view of SRG's and SRT Group's financial positions as at 31 December 2006 and its performances for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of SRL and SRT, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial reports to determine whether it contains any material inconsistencies with the financial reports. 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.

For further explanation of a review, visit our website <http://www.pwc.com/au/financialstatementaudit>.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial reports of Sydney Roads Limited and Sydney Roads Trust for the half-year ended 31 December 2006 included on Sydney Roads Group's web site. The directors of Sydney Roads Limited and Sydney Roads Management Limited (as responsible entity for SRT) are responsible for the integrity of the Sydney Roads Group's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial reports of Sydney Roads Limited and Sydney Roads Trust are not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of Sydney Roads Group's and Sydney Road Trust Group's financial position as at 31 December 2006 and of their performances for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



EA Barron
Partner

Sydney
28 February 2007