



27 August 2020

The Manager – Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

Re: Compliance with Listing Rule 4.2A for the six months ended 30 June 2020

Attached in accordance with Listing Rule 4.2A is the financial report for Atlas Arteria (**ASX Code: ALX**) for the six months ended 30 June 2020.

The financial report has been prepared in accordance with Australian Accounting Standards issued by the Australian Accounting Standards Board. References to “statutory” financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.

Yours Sincerely

Clayton McCormack
General Counsel & Company Secretary

Atlas Arteria Limited
ACN 141 075 201

Level 5, 141 Flinders Lane
MELBOURNE VIC 3000
AUSTRALIA

Internet www.atlasarteria.com

Atlas Arteria International Limited
EC43828

4th Floor, Cedar House
41 Cedar Avenue
Hamilton HM12 BERMUDA



atlas**Arteria**

APPENDIX 4D

Half Year Report for period ended 30 June 2020

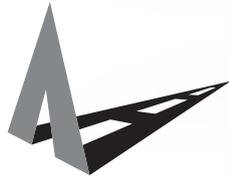
Name of entity: Atlas Arteria ('ALX')
Reporting period: Half Year ended 30 June 2020
Previous corresponding period: Half Year ended 30 June 2019

Results for announcement to the market

Atlas Arteria ('ALX') comprises Atlas Arteria International Limited ('ATLIX') and Atlas Arteria Limited ('ATLAX'). ATLIX is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability. ATLAX is a company limited by shares incorporated and domiciled in Australia. An Atlas Arteria stapled security comprises one ATLIX share 'stapled' to one ATLAX share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

Profit and Loss Results

		30 June 2020	
		Change (%)	A\$ '000
Income from continuing operations	▼	33%	To 57,314
Profit/(Loss) after tax (excluding notable items)	▼	90%	To 9,115
Profit/(Loss) from continuing operations after tax	▼	41%	To (123,046)
Profit/(Loss) after tax	▼	41%	To (123,046)
Profit/(Loss) attributable to Atlas Arteria stapled securityholders	▼	41%	To (123,046)



APPENDIX 4D

Financial results presented below show the performance of Atlas Arteria adjusted for notable items to provide further clarity around the underlying operational performance of the business. Notable items are either not expected to recur, or are not related to operational performance.

Atlas Arteria A\$m	Management Results			Statutory Results		
	H1 2020	H1 2019	% Chg	H1 2020	H1 2019	% Chg
Revenue and other income						
– Toll Revenue	49.6	72.8	(32%)	49.6	72.8	(32%)
– Other income from operations	7.7	13.3	(42%)	23.0	13.3	73%
Costs						
– Business operations	(25.0)	(28.6)	13%	(228.0)	(254.0)	10%
– Corporate cost	(10.7)	(7.7)	(39%)	–	–	–
– Macquarie management fees	–	(1.5) ¹	–	–	–	–
Finance costs	(54.8)	(55.8)	2%	(54.8)	(55.8)	2%
Depreciation and Amortisation	(38.2)	(34.8)	(10%)	–	–	–
Income Tax Expense	0.7	0.8	(4%)	7.4	6.4	16%
Share of profits from associates	79.8	129.7	(38%)	79.8	129.7	(38%)
Net Profit After Tax (excluding notable items)	9.1	88.2	(90%)			
Notable items						
– Transition costs to internalised management	–	(2.3)	–	–	–	–
– Macquarie management fees	(2.1)	(16.2) ²	87%	–	–	–
– Impairments and Asset Revaluations	(152.0)	(162.9)	7%	–	–	–
– FX impacts of significant transactions (non-cash)	15.3	–	–	–	–	–
Income Tax effect of notable items	6.7	5.6	19%	–	–	–
Net Profit (Loss) After Tax	(123.0)	(87.6)	(41%)	(123.0)	(87.6)	(41%)

1. Reflects the management fees payable to the Macquarie Group from 16 May 2019 to 30 June 2019, for management of Atlas Arteria's indirect interests in APRR & ADELAC.

2. Reflects the management fee payable to Macquarie Advisers under the Management and Advisory Agreements from 1 January 2019 to 15 May 2019, plus the fee payable to Macquarie Advisers under the Transition Service Agreement from 16 May 2019 to 30 June 2019.

COVID-19 was declared a pandemic by the World Health Organisation on 12 March 2020. Traffic during the first half of 2020 was heavily impacted by movement restrictions implemented by governments across the jurisdictions in which the Atlas Arteria businesses are located in response to the pandemic. Restrictions were progressively lifted during the second quarter, resulting in improved traffic performance as the half year progressed.

Net profit after tax (excluding notable items) decreased by 90% primarily due to the impact of COVID-19 on traffic and therefore toll revenue. Given the decline in traffic at the Dulles Greenway during this period, and uncertainty around how the U.S. economy will recover as a result of the COVID-19 pandemic, the Boards of ATLIX and ATLAX determined there was a need to further impair their respective investments in Dulles Greenway by a total of \$152.0 million (US\$100.0 million), (2019: \$162.9 million (US\$115.0 million)). The impairment is a point in time assessment at 30 June 2020.

Other notable items include:

- (a) final management fees paid to Macquarie Bank companies of \$2.1 million (€1.2 million) following termination of all remaining management agreements as at 2 March, and
- (b) non cash net foreign exchange gains of \$15.3 million on significant transactions that occurred during the half.



APPENDIX 4D

Distributions

Dividends/Distributions	Cents per security	Declaration Date
2019:		
Second dividend/distribution	N/A	Cancelled
First dividend/distribution ¹	15.0	20 September 2019
2018:		
Second dividend/distribution ²	15.0	25 March 2019
First dividend/distribution ³	12.0	24 September 2018

1. Comprised an ordinary dividend of 15.0 cents per stapled security ('cps').

2. Comprised a capital return of 7.8 cps, an unfranked Australian ordinary dividend of 0.2 cps and an ordinary dividend of 7.0 cps.

3. Comprised a capital return of 11.3 cps and an unfranked Australian ordinary dividend of 0.7 cps.

Net tangible asset per security

	As at 30 June 2020	As at 30 June 2019
Net tangible asset backing per stapled security	A\$1.56	A\$(0.42)
Net asset backing per stapled security	A\$3.97	A\$3.13

On 2 March 2020, Atlas Arteria acquired a further 6.14% indirect interest in APRR and ADELAC, and secured direct governance rights in respect of its interests in these businesses. This followed the execution of agreements and the capital raising that was undertaken to fund the acquisition in November 2019.

On 28 May 2020 Atlas Arteria undertook an equity raising to restructure the balance sheet, enhance resilience in uncertain times and provide additional capacity for growth. The equity raising consisted of a fully underwritten \$420 million Institutional Placement (Placement) and a non-underwritten Security Purchase Plan which subsequently raised \$75 million.

In the context of uncertainty resulting from the COVID-19 pandemic, the H2 2019 distribution was cancelled and cash relating to this distribution, together with the proceeds from the Placement were used to repay the only remaining holding company debt facility within the Atlas Arteria structure. The equity raising and subsequent repayment of the \$571 million (€350 million) debt facility on 22 June 2020, positions Atlas Arteria with a more flexible balance sheet to pursue near term growth opportunities as they arise, particularly in France where it is anticipated that the French government will look for 'shovel ready' projects to stimulate the French economy.

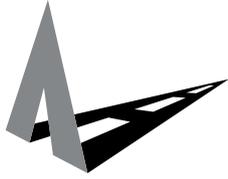
Following these transactions, the corporate balance sheet held \$141 million in cash as at 30 June 2020, with around \$216 million post receipt of \$75 million from the Security Purchase Plan on 2 July.

Financial information

This report is based on the audited Atlas Arteria Interim Financial Report for the period ended 30 June 2020 which can be found on our website <https://www.atlasarteria.com>.

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the following Atlas Arteria Interim Financial Report.



atlas**Arteria**

INTERIM REPORTS

FOR THE HALF YEAR
ENDED 30 JUNE 2020

This report comprises:
Atlas Arteria International Limited and its controlled entities
Atlas Arteria Limited and its controlled entities

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Atlas Arteria ('ALX') comprises Atlas Arteria International Limited (Registration No. 43828) ('ATLIX') and Atlas Arteria Limited (ACN 141 075 201) ('ATLAX'). ATLIX is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is 4th Floor, Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. ATLAX is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 5, 141 Flinders Lane, Melbourne, VIC 3000, Australia.

DIRECTORS' REPORTS

The directors of Atlas Arteria International Limited ('ATLIX') and the directors of Atlas Arteria Limited ('ATLAX') submit the following reports, together with the Interim Financial Report for Atlas Arteria and the Interim Financial Report for ATLAX and its controlled entities ('ATLAX Group'), for the half year ended 30 June 2020.

An Atlas Arteria stapled security comprises one ATLIX share 'stapled' to one ATLAX share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

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, and consistent with previous reporting periods, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities ('ATLIX Group') and ATLAX Group, together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

All values are in Australian Dollars unless otherwise indicated.

Directors

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

- Jeffrey Conyers (Chairman)
- Fiona Beck
- Caroline Foulger (Appointed on 19 May 2020)
- James Keyes (Resigned on 19 May 2020)
- Nora Scheinkestel
- Derek Stapley

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

- Nora Scheinkestel (Chairman)
- David Bartholomew
- Graeme Bevans
- Debra Goodin
- Jean-Georges Malcor

DIRECTORS' REPORTS

Operating and financial review

Principal activities

The principal activities of Atlas Arteria are to own, operate and develop toll roads globally, creating value for investors over the long term through considered and disciplined management and sustainable business practices. The roads developed, operated or managed by Atlas Arteria benefit communities through reduced travel times, greater time certainty, reduced fuel consumption and reduced carbon emissions.

As of the date of this report, Atlas Arteria owned four businesses. The ATLIX Group currently has a 31.14% interest in the APRR toll road group in France following the acquisition of a further 6.14% indirect interest in APRR and Autoroute des deux lacs ('ADELAC') on 2 March 2020 ('the APRR Transaction'). Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. ADELAC is a 20km toll road adjacent to the APRR business and connects to APRR in south east France. In the US, Atlas Arteria has 100% economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, the ATLIX Group owns 100% of Warnowquerung GmbH & Co. KG and its general partner Warnowquerung Verwaltungsgesellschaft mbH (collectively 'Warnow Tunnel') in the north-east city of Rostock.

Distributions

Distributions paid to securityholders were as follows:

	Half year ended 30 Jun 2020 \$'000	Half year ended 30 Jun 2019 \$'000
H2 2019 Distribution ^(b)	-	-
Distribution of 15.0 cents per stapled security ('cps') paid on 5 April 2019 ^(a)	-	102,491
	-	102,491

(a) The distribution paid on the 5 April 2019 consisted of a capital return of 7.8 cps and an unfranked Australian ordinary dividend of 0.2 cps paid by ATLAX and an ordinary dividend of 7.0 cps paid by ATLIX.

(b) The H2 2019 distribution was cancelled and cash relating to this distribution has been used to repay the existing debt facility.

Review and results of operations

The COVID-19 virus, which was declared a pandemic by the World Health Organisation on 12 March 2020, caused significant disruption during the first half of 2020. Traffic across the jurisdictions in which the Atlas Arteria's businesses are located was heavily impacted by movement restrictions implemented during March. These restrictions, were progressively lifted during the second quarter, resulting in improved traffic performance.

Risk management was a particular focus during the half, as the business navigated the impacts of COVID-19. Atlas Arteria's businesses have remained focused on the health and safety of their people and customers and on behaving in a way that is consistent with the Groups' values and focus on sustainability. Businesses offered free travel to essential service workers and first responders, donated masks to health care workers in France and supported staff to settle into their work from home arrangements.

At the same time, governance and capital management, and building resilience to underpin future growth remained important considerations for the Boards.

On 28 May 2020 Atlas Arteria undertook an equity raising to restructure the balance sheet, enhance resilience in uncertain times and provide additional capacity for growth. The equity raising consisted of a fully underwritten \$420 million Institutional Placement (Placement) and a non-underwritten Security Purchase Plan (SPP) which subsequently raised \$75 million.

In the context of uncertainty around COVID-19, the final 2019 distribution was cancelled and cash relating to this distribution, together with the proceeds from the Placement were used to repay the only remaining holding company debt facility within the Atlas Arteria structure. The equity raising and subsequent repayment of the \$571.3 million (€350 million) debt facility on 22 June 2020, positions Atlas Arteria with a more flexible balance sheet to pursue near term growth opportunities as they arise, particularly in France where it is anticipated that the French government will be considering projects to stimulate the French economy post the relaxation of COVID-19 restrictions.

Financial results have been presented in this report to show the performance of Atlas Arteria adjusted for notable items to provide further clarity around the underlying operational performance of the business. The notable items are either not expected to recur or are not related to operational performance.

DIRECTORS' REPORTS

APRR and ADELAC

Business Update

With lockdown measures implemented in France from the middle of March, traffic numbers at APRR fell by as much as 83% compared to the same week in the prior year. Light vehicle traffic was particularly impacted as movement restrictions in France provided limited opportunity for people to travel, however traffic rebounded strongly following the easing of movement restrictions from 11 May.

Heavy vehicle traffic was less affected by the imposition of lockdown measures than light vehicles, falling by up to 47% (versus the same week in the prior year).

Tariffs for heavy vehicles are approximately three times higher than those for light vehicles and the relative strength of heavy vehicle traffic supported revenue during the first half of the year. Total traffic at APRR in H1 2020 was 31% less than H1 2019, and revenue was 25% less than H1 2019. Since 11 May, traffic has recovered sharply as restrictions have been eased and APRR traffic in the week ended 28 June was only 15% less than the same week in 2019.

The APRR network is a fundamental and essential part of the logistics network in France and hence remained open throughout the lockdown period to support essential traffic movements. Construction activities were put on hold in mid-March, but progressively recommenced at the start of May. Whilst some staff worked reduced hours during the lockdown period, safe operations were maintained at all times.

During the first half of the year, APRR issued \$1,636.4 million (€1,000 million) of Eurobonds and \$1,127.5 million (£689 million) of commercial paper, the proceeds of which were used to repay commercial paper maturities and general corporate purposes. This demonstrates the continued support by the financial markets for the APRR business. In April, S&P also affirmed its A-/A-2 long term and short term issuer credit ratings for APRR, and reflecting the strength of the APRR balance sheet, maintained its outlook as 'stable' despite COVID-19 traffic disruption.

Completion of the APRR Transaction

On 2 March 2020, Atlas Arteria acquired a further 6.14% indirect interest in APRR and ADELAC, securing direct governance rights in respect of its total indirect interests in these businesses. This followed the execution of agreements and the capital raising that was undertaken to fund the acquisition in November 2019. As part of the acquisition, new shareholder agreements were negotiated with Atlas Arteria's co-investors in the APRR structure, and all remaining management agreements with Macquarie Group Ltd ('Macquarie Group') were terminated. The Macquarie Group acted as the manager of Atlas Arteria's indirect interest in APRR until the agreement was terminated on 2 March 2020. A new short-term transitional services agreement is in place for which no fees are payable. This is expected to end by September 2020.

The final management fees paid to the Macquarie Group in the half year ended 30 June 2020 were \$2.1 million (€1.2 million) (2019: \$16.2 million for the half year to 30 June 2019 included the fees paid prior to the termination of the Atlas Arteria Management and Advisory Agreements on 15 May 2019).

Dulles Greenway

The Dulles Greenway business is located in Northern Virginia, where the situation in relation to the COVID-19 pandemic remains serious, with movement restrictions in place from 12 March through 30 June 2020. In April traffic fell by as much as 75% compared to the same week in the prior year. However as restrictions began to ease in Northern Virginia at the end of May, traffic improved such that for the week ended 28 June, traffic had returned to be around half of that in the same period in 2019. For the half year, traffic was 42% less than H1 2019, with revenue 41% less than H1 2019.

Given the decline in traffic at the Dulles Greenway during the half year, uncertainty around how the pandemic and social responses will continue to evolve in the U.S. and uncertainty around how the local and U.S. economy will recover as a result of the COVID-19 pandemic, the Boards of ATLI and ATLAX determined there was a need to further impair their respective investments in Dulles Greenway by a total of \$152.0 million (US\$100.0 million). The impairment was a point in time assessment as at 30 June 2020.

Dulles Greenway remains well positioned from a liquidity perspective, holding \$247.2 million (US\$169.7 million) in restricted cash and \$47.9 million (US\$32.9 million) unrestricted cash. Construction activities continued during the lockdown period with construction of the Dulles Toll Road Connector Project ('DTR Connector') completed in July. Construction of the West End Works commenced in May 2020.

Warnow Tunnel

From the start of January to mid-March, traffic at the Warnow Tunnel performed strongly supported by new roadworks on competing routes that began late in Q4 2019. On 16 March, the German Government implemented temporary border controls with Austria, Switzerland, France, Luxembourg and Denmark. As a result of the Government policy responses to the COVID-19 pandemic, traffic in the Warnow Tunnel for H1 2020 was 9% lower than H1 2019. Restrictions began to ease in Rostock during April, and traffic since half year end has returned to growth.

DIRECTORS' REPORTS

Financial Results

	ALX		% change
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	
Revenue and other income from operations			
– Toll Revenue	49,614	72,758	(32%)
– Other income from operations	7,700	13,311	(42%)
Operating expenses			
– Business operations	(24,965)	(28,548)	13%
– Corporate costs	(10,753)	(7,712)	(39%)
– Macquarie fees	–	(1,484)	–
Finance costs	(54,824)	(55,783)	2%
Depreciation and amortisation	(38,227)	(34,847)	(10%)
Share of net profits/(losses) of investments accounted for using the equity method	79,829	129,737	(38%)
Income tax (expense)/benefit	741	771	(4%)
Net Profit/(loss) from operations after tax (excluding notable items)	9,115	88,203	(90%)
Notable items			
– Transition costs to internalised management	–	(2,268)	–
– Macquarie fees	(2,092)	(16,248)	87%
– FX impacts of significant transactions during the period (non-cash)	15,262	–	–
– Impairments	(152,034)	(162,864)	7%
– Income tax benefit/(expense) of notable items	6,703	5,631	19%
Net (Loss)/profit from operations after tax	(123,046)	(87,546)	(41%)

The statutory results for the half year ended 30 June 2020 show a loss for Atlas Arteria of \$123.0 million (2019: loss of \$87.5 million). The result reflects the weaker performance of the Groups' businesses during the COVID-19 pandemic period and the decision by the Boards of ATLIx and ATLAX to impair their respective investments in Dulles Greenway by a total \$152.0 million (US\$100.0 million) partially offset by tax impact of \$6.7 million (US\$4.4 million), the transition away from external management by the Macquarie Group to an internal management team, and the increased investment in APRR which provided Atlas Arteria with an additional 6.14% share of net profits from investments from March 2020.

Adjusting for notable items net profits decreased by \$79.1 million to \$9.1 million reflecting primarily the 47% decrease in net profit after tax at APRR which saw a 38% decrease in Atlas Arteria's share of net profits from investments. Other items that impacted performance were as follows:

- Toll revenue at Dulles Greenway fell by 41% (reflecting the 42% decrease in traffic) and toll revenue at the Warnow Tunnel fell by 7% (reflecting the 9% fall in traffic) on the back of the COVID-19 movement restrictions discussed earlier.
- Operational costs at Dulles Greenway were lower than H1 2019 with reduced toll collection expenses on the back of lower traffic, and reduced repairs and maintenance expenses as a result of less severe weather conditions in the first half of 2020 than those experienced in 2019. These were offset by improvements in the USD versus AUD.
- The share of net profits from investments reflects the performance of APRR, offset by an appreciation in the EUR versus the AUD. The performance of APRR reflects the 25% reduction in revenue, with reductions in variable operating costs offset by fixed depreciation expenses.
- Atlas Arteria operated with a fully internalised management from 1 April 2019. This saw corporate costs increase from \$7.7 million in 2019 to \$10.8 million in the first half of 2020.
- Application of AASB Interpretation 12 *Service Concession Agreements* ('IFRIC 12') relating to the DTR Connector and the West End Works currently under construction at the Dulles Greenway resulted in revenue of \$7.1 million (2019: \$9.4 million) offset by a corresponding Business Operations expense.

In the first half of 2019 notable items included the final management fees paid to Macquarie and one off costs associated with the change to internal management. These costs have not been repeated in 2020.

Strategic Outlook

Atlas Arteria management remains focused on driving long term value and returns to securityholders by pursuing initiatives that enhance operational performance, lengthening the tenure of our average concession term, diversifying risk and building operational and financial resilience. The reinstatement of distributions is anticipated to occur in H2 2020, however, will depend on factors such as business performance, the outcomes of the global health crisis, including economic factors, movements in foreign exchange rates, and other future events.

DIRECTORS' REPORTS

Significant changes in state of affairs

Acquisition of a further 6.14% interest in APRR and ADELAC funded by a \$1,350 million equity raise

On 2 March 2020 the ATLIX Group completed the APRR Transaction, acquiring a further 6.14% indirect interest in APRR and ADELAC, and securing direct governance rights in respect of its total indirect interest in APRR and ADELAC, including the ability to appoint nominees to the various boards of directors at each company within the APRR corporate holding structure. New shareholder agreements were put in place with the ATLIX Group's co-investors in the APRR structure, and all remaining management agreements with the Macquarie Group were terminated other than a new short term transition services agreement, in respect of which no fees are payable.

As part of the APRR Transaction, the ATLIX Group paid a one-off fee to Macquarie Group of \$100.0 million and a one-off fee of \$103.0 million (€60.8 million) to Eiffage S.A. ('Eiffage'). All these payments were made at completion on 2 March 2020.

Post completion ATLIX Group has a 31.14% indirect interest in APRR (2019: 25.00%) and 31.17% indirect interest in ADELAC (2019: 25.03%) via a 62.29% (2019: 50.01%) interest in MAF2 SA ('MAF2') and direct governance rights with participation on the board of directors of each company within the APRR structure.

Repayment of the €350 million debt facility supported by the \$420 million institutional placement

On 28 May 2020 Atlas Arteria undertook an equity raise to restructure the balance sheet, enhance resilience in uncertain times and provide additional capacity for growth. The equity raise consisted of a \$420 million Placement and a non-underwritten SPP which subsequently raised \$75 million. The Placement resulted in the issuance of 67.7 million new ordinary stapled securities and the SPP resulted in the issuance of 12.1 million new ordinary stapled securities.

The final distribution for 2019 was cancelled and cash relating to this distribution, together with the proceeds from the Placement, was used to repay the existing \$571.3 million (€350 million) debt facility.

Likely developments and expected results of operations

No change is contemplated to the principal activities outlined on page 2.

Events occurring after balance sheet date

Allotment of shares under the SPP

The shares allocated under the SPP were issued on 2 July 2020, with 12.1 million shares issued at a price of \$6.20 per stapled security raising \$75 million.

US retail shareholder buyback

Atlas Arteria announced on 3 July 2020 that a sale facility ('Sale Facility') for Atlas Arteria securities had been established for securityholders domiciled in the United States and who are not 'qualified purchasers' (as defined in section 2(a)(51) of the US Investment Company Act of 1940) (such non-qualified purchasers referred to as 'US Retail Securityholders'). The Sale Facility enables US Retail Securityholders to opt in to divest their holding in Atlas Arteria securities for cash at a 15% premium to the Sale Price and without incurring any brokerage costs. The Sale Price will be the average sale price per Stapled Security sold through the Sale Facility over a three business day period (28 August 2020 - 1 September 2020) ('Sale Price'). The 15% premium will be paid by ATLIX and will be immaterial for Atlas Arteria.

The directors of ATLIX and ATLAX are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the half year ended 30 June 2020.

Rounding of amounts in the Directors' Reports and the 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 and 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 Atlas Arteria and the ATLAX 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.

DIRECTORS' REPORTS

Auditor's Independence Declaration

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

Signed in accordance with a resolution of the directors of Atlas Arteria International Limited:

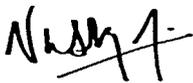


Jeffrey Conyers
Chairman
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2020



Derek Stapley
Director
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2020

Signed in accordance with a resolution of the directors of Atlas Arteria Limited:



Nora Scheinkestel
Chairman
Atlas Arteria Limited
Melbourne, Australia
26 August 2020



Debra Goodin
Director
Atlas Arteria Limited
Melbourne, Australia
26 August 2020

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the reviews of Atlas Arteria International Limited and Atlas Arteria Limited for the half year ended 30 June 2020, 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* 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 Atlas Arteria International Limited and the entities it controlled during the period and Atlas Arteria Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett', written in a cursive style.

Ben Gargett
Partner
PricewaterhouseCoopers

Melbourne
26 August 2020

PricewaterhouseCoopers, ABN 52 780 433 757

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	ALX		ATLAX Group	
		Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Revenue and other income from operations					
Total revenue and other income from operations	2.1.1	72,576	86,069	7,216	3,953
Operating expenses	2.1.2	(228,071)	(253,971)	(10,168)	(8,810)
Finance costs		(54,824)	(55,783)	(17)	(93)
Share of net profits/(losses) of investments accounted for using the equity method		79,829	129,737	(25,736)	(18,905)
(Loss)/profit from operations before income tax		(130,490)	(93,948)	(28,705)	(23,855)
Income tax benefit/(expense)		7,444	6,402	-	-
(Loss)/profit for the year		(123,046)	(87,546)	(28,705)	(23,855)
(Loss)/profit attributable to:					
Equity holders of the parent entity – ATLIX		(94,341)	(63,691)	-	-
Equity holders of other stapled entity – ATLAX (as non-controlling interest/parent entity)		(28,705)	(23,855)	(28,705)	(23,855)
Stapled securityholders		(123,046)	(87,546)	(28,705)	(23,855)
Other comprehensive income/(loss)					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		42,554	1,298	3,945	519
<i>Items that will not be reclassified to profit or loss:</i>					
Gain/(loss) on cash flow hedges		25,287	-	-	-
Other comprehensive income/(loss)		67,841	1,298	3,945	519
Total comprehensive (loss)/income		(55,205)	(86,248)	(24,760)	(23,336)
Total comprehensive (loss)/income attributable to:					
Equity holders of the parent entity – ATLIX		(30,445)	(62,912)	-	-
Equity holders of other stapled entity – ATLAX (as non-controlling interest/parent entity)		(24,760)	(23,336)	(24,760)	(23,336)
Stapled securityholders		(55,205)	(86,248)	(24,760)	(23,336)
		Cents	Cents	Cents	Cents
(Loss)/profit per share attributable to ATLIX/ATLAX shareholders					
Basic (loss)/profit per share attributable to:					
ATLIX (as parent entity)		(10.6)	(9.3)	-	-
ATLAX (as non-controlling interest)		-	-	(3.2)	(3.5)
Basic (loss)/profit per ALX stapled security		(13.8)	(12.8)	(3.2)	(3.5)
Diluted (loss)/profit per share attributable to:					
ATLIX (as parent entity)		(10.6)	(9.3)	-	-
ATLAX (as non-controlling interest)		-	-	(3.2)	(3.5)
Diluted (loss)/profit per ALX stapled security		(13.8)	(12.8)	(3.2)	(3.5)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	ALX		ATLAX Group	
		As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Current assets					
Cash and cash equivalents		188,723	1,450,221	51,330	48,612
Other assets	4.3	5,860	143,390	7,456	2,094
Total current assets		194,583	1,593,611	58,786	50,706
Non-current assets					
Restricted cash		255,315	253,904	-	-
Intangible assets – Tolling Concessions	4.1	2,314,724	2,438,598	-	-
Investments in associates	3.1	2,738,948	1,423,265	122,923	144,589
Goodwill	4.2	14,383	14,054	-	-
Property plant and equipment		12,090	11,249	2,335	2,323
Other assets	4.3	210	248	34	51
Total non-current assets		5,335,670	4,141,318	125,292	146,963
Total assets		5,530,253	5,734,929	184,078	197,669
Current liabilities					
Debt at amortised cost	5.1	(58,596)	(45,181)	-	-
Other liabilities		(22,696)	(25,927)	(3,013)	(3,377)
Derivative financial instruments		(3,155)	(33,768)	-	-
Total current liabilities		(84,447)	(104,876)	(3,013)	(3,377)
Non-current liabilities					
Debt at amortised cost	5.1	(1,590,073)	(2,129,328)	-	-
Deferred tax liabilities		(44,480)	(50,541)	-	-
Other liabilities		(38,604)	(34,350)	(1,547)	(1,756)
Derivative financial instruments		(13,058)	(12,803)	-	-
Total non-current liabilities		(1,686,215)	(2,227,022)	(1,547)	(1,756)
Total liabilities		(1,770,662)	(2,331,898)	(4,560)	(5,133)
Net assets		3,759,591	3,403,031	179,518	192,536
Equity					
Equity attributable to securityholders of the parent – ATLIX					
Contributed equity	5.2	3,675,335	3,275,591	-	-
Reserves		128,193	156,898	-	-
Accumulated losses		(223,455)	(221,994)	-	-
ATLIX securityholders' interest		3,580,073	3,210,495	-	-
Equity attributable to other stapled securityholders – ATLAX					
Contributed equity	5.2	199,291	187,571	199,291	187,571
Reserves		35,301	(6,642)	35,301	(6,642)
Accumulated losses		(55,074)	11,607	(55,074)	11,607
Other stapled securityholders' interest		179,518	192,536	179,518	192,536
Total equity		3,759,591	3,403,031	179,518	192,536

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

The financial information was approved by the ATLIX Board of Directors on 26 August 2020 and as required by Bermuda regulations was signed on its behalf by:



Jeffrey Conyers
Atlas Arteria International Limited
Hamilton, Bermuda



Derek Stapley
Atlas Arteria International Limited
Hamilton, Bermuda

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ALX	Attributable to ATLIX securityholders				Attributable to ATLAX securityholders \$'000	Total ALX equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000		
Total equity at 1 January 2020	3,275,591	156,898	(221,994)	3,210,495	192,536	3,403,031
Profit/(loss) for the period	-	-	(94,341)	(94,341)	(28,705)	(123,046)
Exchange differences on translation of foreign operations	-	38,609	-	38,609	3,945	42,554
Settlement of the hedging instrument	-	25,287	-	25,287	-	25,287
Total comprehensive income/(expense)	-	63,896	(94,341)	(30,445)	(24,760)	(55,205)
Transactions with equity holders in their capacity as equity holders:						
Issue of securities during the period (refer note 5.2)	408,151	-	-	408,151	11,849	420,000
Transaction costs associated with issue of securities (refer note 5.2)	(9,268)	-	-	(9,268)	(153)	(9,421)
Other equity transactions (refer note 5.4)	-	(92,880)	92,880	-	17	17
Employee Performance rights (refer note 5.2 and 5.4)	861	279	-	1,140	29	1,169
	399,744	(92,601)	92,880	400,023	11,742	411,765
Total equity at 30 June 2020	3,675,335	128,193	(223,455)	3,580,073	179,518	3,759,591

ALX	Attributable to ATLIX securityholders				Attributable to ATLAX securityholders \$'000	Total ALX equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000		
Total equity at 1 January 2019	1,995,994	190,155	(88,741)	2,097,408	229,659	2,327,067
Profit/(loss) for the period	-	-	(63,691)	(63,691)	(23,855)	(87,546)
Exchange differences on translation of foreign operations	-	779	-	779	519	1,298
Total comprehensive income/(expense)	-	779	(63,691)	(62,912)	(23,336)	(86,248)
Transactions with equity holders in their capacity as equity holders:						
Employee performance rights	-	-	-	-	358	358
Capital return (refer note 2.2)	-	-	-	-	(53,295)	(53,295)
Dividends paid (refer note 2.2)	-	-	(47,829)	(47,829)	(1,367)	(49,196)
	-	-	(47,829)	(47,829)	(54,304)	(102,133)
Total equity at 30 June 2019	1,995,994	190,934	(200,261)	1,986,667	152,019	2,138,686

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ATLAX Group	Attributable to ATLAX securityholders			Total \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated profits/losses \$'000	
Total equity at 1 January 2020	187,571	(6,642)	11,607	192,536
Loss for the period	–	–	(28,705)	(28,705)
Exchange differences on translation of foreign operations	–	3,945	–	3,945
Total comprehensive income/(expense)	–	3,945	(28,705)	(24,760)
Transactions with equity holders in their capacity as equity holders:				
Employee performance rights (refer note 5.2 and 5.4)	24	5	–	29
Other equity transactions (refer note 5.4)	–	37,993	(37,976)	17
Issue of securities during the period	11,849	–	–	11,849
Transaction costs associated with issue of securities (refer note 5.2)	(153)	–	–	(153)
	11,720	37,998	(37,976)	11,742
Total equity at 30 June 2020	199,291	35,301	(55,074)	179,518

ATLAX Group	Attributable to ATLAX securityholders			Total \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated profits/losses \$'000	
Total equity at 1 January 2019	197,311	(7,528)	39,876	229,659
Loss for the period	–	–	(23,855)	(23,855)
Exchange differences on translation of foreign operations	–	519	–	519
Total comprehensive income/(expense)	–	519	(23,855)	(23,336)
Transactions with equity holders in their capacity as equity holders:				
Employee performance rights	–	358	–	358
Capital return (refer note 2.2)	(53,295)	–	–	(53,295)
Dividends paid (refer note 2.2)	–	–	(1,367)	(1,367)
	(53,295)	358	(1,367)	(54,304)
Total equity at 30 June 2019	144,016	(6,651)	14,654	152,019

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

CONSOLIDATED STATEMENTS OF CASH FLOWS

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Cash flows from operating activities				
Toll revenue received (net of transaction fees)	48,888	72,259	-	-
Interest received	3,374	3,588	130	1,599
Other income received	538	674	2,906	338
Property taxes paid	(3,185)	(2,998)	-	-
Manager's and adviser's base fees paid	(3,034)	(19,086)	-	(854)
Payments to suppliers and employees (inclusive of GST/VAT)	(28,381)	(23,804)	(10,304)	(8,128)
Net income taxes (paid)/received	-	68	-	-
Net cash flows from operating activities	18,200	30,701	(7,268)	(7,045)
Cash flows from investing activities				
Return on preferred equity certificates and shares issued by MAF2 SA ('MAF2')	206,823	123,438	-	-
Payment for purchase of investments ^(a)	(1,272,692)	-	-	-
Payments to suppliers associated with the purchase of investments	(2,707)	-	-	-
Additions to tolling concessions (IFRIC 12)	(4,372)	-	-	-
Purchase of fixed assets	(439)	(8,785)	(123)	(31)
Sale of fixed assets	-	15	-	-
Net cash flows from investing activities	(1,073,387)	114,668	(123)	(31)
Cash flows from financing activities				
Repayment of debt and interest (including transaction costs) ^(b)	(626,836)	(86,427)	-	(93)
Proceeds from issue of securities (net of transaction costs) ^(c)	412,293	-	11,226	-
Transfer (to)/from restricted cash	3,880	6,850	-	-
Capital return	-	(53,295)	-	(53,295)
Dividends paid	-	(49,196)	-	(1,367)
Loan repayment to related parties	-	-	-	53,633
Net cash flows from financing activities	(210,663)	(182,068)	11,226	(1,122)
Net increase/(decrease) in cash and cash equivalents	(1,265,850)	(36,699)	3,835	(8,198)
Cash and cash equivalents at the beginning of the half year	1,450,221	186,468	48,612	12,461
Effects of exchange rate movements on cash and cash equivalents	4,352	1,218	(1,117)	2
Cash and cash equivalents at the end of the half year	188,723	150,987	51,330	4,265

(a) On 2 March 2020 the ATLIX Group completed the APRR Transaction, acquiring a further 6.14% indirect interest in APRR and ADELAC and making one-off payments to the Macquarie Group of \$100.0m and Eiffage of €60.8 million.

(b) On 22 June 2020 the ATLIX Group repaid the debt facility from cash on hand and the proceeds from the \$420.0 million institutional placement undertaken by Atlas Arteria.

(c) On 28 May 2020 the Groups undertook a \$420.0 million institutional placement and paid associated costs of \$7.7 million.

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

NOTES TO THE INTERIM FINANCIAL REPORTS

1 Introduction

Atlas Arteria – Stapled security

An Atlas Arteria ('ALX') stapled security comprises one Atlas Arteria International Limited ('ATLIX') share 'stapled' to one Atlas Arteria Limited ('ATLAX') share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

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, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities ('ATLIX Group') and ATLAX and its controlled entities ('ATLAX Group'), together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

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 ATLIX Group at the end of and during the half year and separately the Interim Financial Report of ATLAX Group at the end of and during the half year.

Basis of preparation

These general purpose Interim Financial Reports for the half year ended 30 June 2020 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 ensures compliance with *IAS 34 Interim Financial Reporting* as issued by the International Accounting Standards Board ('IASB').

These Interim Financial Reports do not include all the notes of the type normally included in Annual Financial Reports. Accordingly, these reports are to be read in conjunction with the Annual Financial Reports for the year ended 31 December 2019 and any public announcements made by Atlas Arteria during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (where applicable).

Both ATLIX and ATLAX are for-profit entities for the purpose of preparing the Interim Financial Reports.

The Interim Financial Reports were authorised for issue by the directors of the ATLIX Board and the ATLAX Board (together, the 'Boards') on 26 August 2020. The Boards have the power to amend and reissue the Interim Financial Reports.

The Interim Financial Reports are general purpose financial reports that:

- have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* (where applicable).
- have also been prepared in accordance with and comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').
- include the assets and liabilities of all subsidiaries as at 30 June 2020 and the results of the subsidiaries for the half year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation.
- have been prepared under the historical cost conventions except for certain assets and liabilities which have been measured at fair value or amortised cost.
- are presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

New and amended standards adopted by the Groups

There have been no new accounting standards adopted by the Groups in the half year to 30 June 2020.

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 are discussed in the following notes:

- Control assessment (Note 3.1)
- Impairment of assets and associates (Note 4.1)
- Intangible assets – Tolling concessions (Note 4.1)

NOTES TO THE INTERIM FINANCIAL REPORTS

2 Financial performance

2.1 (Loss)/profit for the year

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

2.1.1 Revenue and other income from operations

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Revenue and other income from operations:				
Toll revenue	49,614	72,758	-	-
Other income	546	351	7,088	3,486
Construction revenue from road development activities	7,125	9,377	-	-
Interest income	2,265	3,583	128	467
Net foreign exchange gain	13,026	-	-	-
Total revenue and other income from operations	72,576	86,069	7,216	3,953

2.1.2 Operating expenses

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Operating expenses				
Amortisation of tolling concession	37,790	34,577	-	-
Cost of operations:				
Toll road maintenance expenses	5,558	7,025	-	-
Other operating expenses	5,608	6,040	78	110
Employment costs	10,913	8,767	5,540	2,054
Total cost of operations	22,079	21,832	5,618	2,164
Consulting and administration fees	2,662	3,324	846	2,014
Manager's and adviser's base fees	2,092	17,732	-	619
Impairment loss on goodwill (refer to note 4.2)	-	65,004	-	-
Impairment loss on tolling concession (refer to note 4.1)	152,034	97,860	-	-
Construction costs from road development activities	7,125	9,377	-	-
Other expenses	3,852	3,995	3,547	3,949
Depreciation and amortisation	437	270	157	64
Total operating expenses	228,071	253,971	10,168	8,810

NOTES TO THE INTERIM FINANCIAL REPORTS

2.2 Distributions

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Distributions paid				
Distribution paid on 5 April 2019 ^(a)	-	102,491	-	54,662
Total distributions paid	-	102,491	-	54,662
	Cents per stapled security	Cents per stapled security	Cents per stapled security	Cents per stapled security
Distributions paid				
H2 2019 Distribution per security ^(b)	-	-	-	-
Distribution per security paid on 5 April 2019 ^(a)	-	15.0	-	8.0
Total distributions paid	-	15.0	-	8.0

(a) The distribution paid on the 5 April 2019 consisted of a capital return of 7.8 cps and an unfranked Australian ordinary dividend of 0.2 cps paid by ATLAX and ordinary dividend of 7.0 cps paid by ATLIX.

(b) The final distribution for 2019 was cancelled and cash relating to this distribution has been used to repay the existing debt facility.

2.3 Segment information

2.3.1 Description of segments

Management has determined the operating segments based on the reports reviewed by the Boards. The Boards do not manage the day-to-day activities of the business. The directors have appointed a management team to run and manage the ongoing operations of the business.

Management considers the business from the aspect of each of the businesses and have identified four operating segments for Atlas Arteria and one operating segment for the ATLAX Group. The segments of Atlas Arteria are the investments in APRR, ADELAC, Dulles Greenway and Warnow Tunnel. The only segment of the ATLAX Group is the investment in Dulles Greenway.

2.3.2 Segment information provided to the Boards

The proportionally consolidated segment information for the reportable segments for the half year ended 30 June 2020, based on Atlas Arteria's economic ownership interest is as follows:

ALX	Year ended	APRR ^(a) \$'000	ADELAC ^(a) \$'000	Dulles Greenway \$'000	Warnow Tunnel \$'000	Total ALX \$'000	Total ATLAX \$'000
Segment revenue	30-Jun-20	444,505	9,601	40,014	9,893	504,013	5,375
	30-Jun-19	500,491	11,203	62,886	10,185	584,765	8,447
Segment expenses	30-Jun-20	(121,957)	(1,927)	(11,995)	(2,718)	(138,597)	(1,611)
	30-Jun-19	(120,364)	(1,954)	(13,104)	(2,271)	(137,693)	(1,760)
Segment EBITDA	30-Jun-20	322,548	7,674	28,019	7,175	365,416	3,764
	30-Jun-19	380,127	9,249	49,782	7,914	447,072	6,687
EBITDA margin	30-Jun-20	73%	80%	70%	73%	73%	70%
	30-Jun-19	76%	83%	79%	78%	76%	79%

(a) On 2 March 2020 the ATLIX Group completed the APRR Transaction, acquiring a further 6.14% indirect interest in APRR and ADELAC. Post completion ATLIX Group has a 31.14% indirect interest in APRR (2019: 25.00%) and 31.17% indirect interest in ADELAC (2019: 25.03%) via a 62.29% (2019: 50.01%) interest in MAF2.

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

The segment expenses disclosed in the table above relate directly to costs associated with the operation of that segment. The segment assets and liabilities of equity accounted investments are disclosed in note 3.1.3.

ATLAX Group information includes its ownership in Dulles Greenway only.

NOTES TO THE INTERIM FINANCIAL REPORTS

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

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 30 Jun 2019 \$'000	As at 30 Jun 2020 \$'000	As at 30 Jun 2019 \$'000
Reconciliation of segment revenue to revenue				
Segment revenue	504,013	584,765	5,375	8,447
Revenue attributable to non-consolidated investments	(454,106)	(511,694)	(5,375)	(8,447)
Construction revenue from road development activities	7,125	9,377	-	-
Unallocated revenue and other income	15,544	3,621	7,216	3,953
Total revenue and other income from operations	72,576	86,069	7,216	3,953
Reconciliation of segment EBITDA to profit/(loss) before income tax				
Segment EBITDA	365,416	447,072	3,764	6,687
EBITDA attributable to non-consolidated investments	(330,222)	(389,376)	(3,764)	(6,687)
Construction expense from road development activities	(7,125)	(9,377)	-	-
Impairment of Dulles Greenway expense	(152,034)	(162,864)	-	-
Unallocated revenue	15,544	3,621	7,216	3,953
Unallocated expenses	(47,074)	(56,978)	(10,168)	(8,810)
Finance costs	(54,824)	(55,783)	(17)	(93)
Share of net profits/(losses) of investments accounted for using the equity method	79,829	129,737	(25,736)	(18,905)
Profit/(loss) from operations before income tax	(130,490)	(93,948)	(28,705)	(23,855)

3 Investments

3.1 Investments accounted for using the equity method

On 2 March 2020, Atlas Arteria acquired a further 6.14% indirect interest in APRR and ADELAC bringing ownership of APRR to 31.14% and ownership of ADELAC to 31.17%. Accounting for APRR and ADELAC following the acquisition has been assessed in line with the Groups' accounting policies and it has been concluded that APRR and ADELAC will continue to be accounted for as associates. This decision involved significant judgement.

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Investment in associates and joint venture – equity method	2,738,948	1,423,265	122,923	144,589

NOTES TO THE INTERIM FINANCIAL REPORTS

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

3.1.1 Carrying amounts

Name of Entity ^(a)	Country of Incorporation/ Principal Place of Business	Principal Activity	ALX Economic interest	ALX		ATLAX Economic Interest	ATLAX Group	
			As at 30 Jun 2020 and 31 Dec 2019 %	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 and 31 Dec 2019 %	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
MAF2 ^{(b) (c)}	Luxembourg	Investment in toll road network located in the east of France (APRR/ADELAC)	62.3/50.0	2,738,948	1,423,248	-/-	-	-
TRIP II ^{(d)(e)}	USA	Investment in toll road located in northern Virginia, USA	-/-	-	-	13.4/13.4	122,923	144,572
Chicago Skyway Partnership ('CSP') ^(f)	USA	Former owner of an investment in toll road located south of Chicago, USA	0/50.0	-	14	0/50.0	-	14
Indiana Toll Road Partnership ('ITRP') ^(g)	USA	Former owner of an investment in toll road located in northern Indiana, USA	0/49.0	-	3	0/49.0	-	3
				2,738,948	1,423,265		122,923	144,589

(a) All associates and joint arrangements have 31 December year end reporting requirements except for MAF2 which has a 31 March year end.

(b) Atlas Arteria's investment in MAF2 is classified as an associate as any decision made with regards to the relevant activities requires 85% of the voting members to proceed.

(c) The APRR Transaction completed on 2 March 2020, increasing Atlas Arteria's economic interest in MAF2 from 50.0% to 62.3%.

(d) TRIP II is in 'lockup' under its debt documents, meaning that it is currently unable to make distributions to Atlas Arteria or the ATLAX Group.

(e) The ATLAX Group has a 13.4% interest in TRIP II, the concessionaire for Dulles Greenway and is accounted for as equity accounted associate. Atlas Arteria has a 100% estimated economic interest in TRIP II after combining ATLAX Group's 13.4% equity interest with ATLIX Group's 86.6% economic interest. Accordingly, TRIP II is accounted for as subsidiary of Atlas Arteria.

(f) CSP was liquidated on 10 February 2020.

(g) ITRP was liquidated on 7 February 2020.

3.1.2 Movement in carrying amounts

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2019 \$'000
Carrying amount at the beginning of the period	1,423,265	1,569,970	144,589	164,644
Adjustment on adoption of AASB 16	-	-	-	(220)
Share of profits/(losses) after income tax	79,829	129,737	(6,400)	(2,657)
Distributions received/receivable	(31,538)	(123,438)	-	-
Liquidation of CSP and ITRP	(16)	-	(16)	-
Additional investment in MAF2	1,066,253	-	-	-
Transaction costs	206,235	-	-	-
Foreign exchange movement	(5,080)	(3,957)	3,281	732
Impairment of asset ^(a)	-	-	(18,531)	(16,357)
Carrying amount at the end of the period	2,738,948	1,572,312	122,923	146,142

(a) Impairment of Dulles Greenway includes an impairment of \$24.9 million (2019: \$22.1 million) (refer to notes 4.1 & 4.2) offset by the deferred tax liability (DTL) impact of the impairment of \$6.4 million (2019: \$5.7million).

NOTES TO THE INTERIM FINANCIAL REPORTS

3.1.3 Summarised financial information for material associates

The following tables summarise financial information for those associates that are material to Atlas Arteria and ATLAX Group. The information disclosed reflects the amounts presented in the Interim Financial Reports of those relevant entities and not Atlas Arteria's or the ATLAX Group's share of those amounts. Additional disclosures at the end of the tables reflect the adjustments required for relevant disclosure in the Atlas Arteria or ATLAX Group accounts.

Summarised Statement of Financial Position	MAF2 ^(a)		TRIP II	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Total current assets	1,239,801	1,683,670	61,485	79,173
Total non-current assets	9,928,212	9,420,390	2,662,507	2,631,409
Total current liabilities	(2,525,683)	(2,843,063)	(90,193)	(72,243)
Total non-current liabilities	(6,821,183)	(6,378,327)	(1,456,328)	(1,440,195)
Net assets	1,821,147	1,882,670	1,177,471	1,198,144
Reconciliation to carrying amounts:				
Opening net assets	1,882,670	1,883,631	1,198,144	1,225,548
Profit/(loss) for the period	144,958	509,666	(47,641)	(32,763)
Distributions paid	(50,638)	(751,322)	-	-
Foreign exchange and other equity movements	(155,843)	240,695	26,968	5,359
Closing net assets	1,821,147	1,882,670	1,177,471	1,198,144
Atlas Arteria's share in %	62.3%	50.0%	-	-
Atlas Arteria's share of net assets in \$	1,134,210	941,487	-	-
ATLAX Group's share in %	-	-	13.4%	13.4%
ATLAX Group's share of net assets in \$	-	-	158,169	160,947
Atlas Arteria's carrying amount	2,738,948	1,423,248	-	-
Accumulated prior year impairment of asset	-	-	(16,715)	-
Impairment of asset ^(b)	-	-	(18,531)	(16,375)
ATLAX Group's carrying amount	-	-	122,923	144,572

(a) MAF2 proportionately consolidates the results of APRR and ADELAC. On 2 March 2020 the ATLIX Group completed the APRR Transaction, acquiring a further 6.14% indirect interest in APRR and ADELAC. Post completion ATLIX Group has a 31.14% indirect interest in APRR (2019: 25.00%) and 31.17% indirect interest in ADELAC (2019: 25.03%) via a 62.29% (2019: 50.01%) interest in MAF2.

(b) Impairment of asset includes an impairment of \$24.9 million (2019: \$22.1 million) (refer to note 4.1) offset by the deferred tax liability (DTL) impact of the impairment of \$6.4 million (2019: \$5.7 million).

Summarised Statement of Comprehensive Income	MAF2 ^(a)		TRIP II	
	Half Year ended 30 Jun 2020 \$'000	Year ended 31 Dec 2019 \$'000	Half Year ended 30 Jun 2020 \$'000	Year ended 31 Dec 2019 \$'000
Revenue	895,865	2,451,248	47,139	145,645
Profit/(loss) for the period	144,958	509,666	(47,641)	(32,763)
Atlas Arteria's share	79,829	254,874	-	-
ATLAX Group's share	-	-	(6,400)	(4,401)
Atlas Arteria's distributions received	31,538	375,722	-	-
ATLAX Group's distributions received	-	-	-	-

(a) MAF2 proportionately consolidates the results of APRR and ADELAC.

NOTES TO THE INTERIM FINANCIAL REPORTS

4 Other balance sheet assets and liabilities

4.1 Intangible assets – Tolling concessions

Intangible assets – Tolling concessions

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:

	Estimated useful life	Amortisation basis
Dulles Greenway	Period to February 2056	Straight line basis
Warnow Tunnel	Period to September 2053	Straight line basis
APRR	Period to November 2035	Straight line basis
ADELAC	Period to December 2060	Straight line basis

There has been no change to the estimated useful life during the half year.

In relation to APRR and ADELAC, the tolling concessions in relation to these non-controlled investments are not recognised on the statement of financial position but instead form part of investments accounted for using the equity method. The amortisation of tolling concessions in relation to these non-controlled investments is included in the share of net profit of investments accounted for using the equity method.

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Balance at the beginning of the period	2,438,598	2,578,434	-	-
Acquisition cost ^(a)	7,125	16,557	-	-
Amortisation of tolling concession	(37,790)	(69,273)	-	-
Impairment of tolling concession ^(b)	(152,034)	(99,401)	-	-
Foreign exchange movement	58,825	12,281	-	-
Balance at the end of the period	2,314,724	2,438,598	-	-

(a) In the current half year \$7.1 million was recognised on the DTR Connector and West End Works (2019: \$16.6 million).

(b) An impairment charge of \$152.0 million was taken as an expense on the Dulles Greenway tolling concession. In the prior year an impairment charge of \$165.4 million was recorded as an expense, comprising \$99.4 million tolling concession impairment expense and \$66.0 million goodwill impairment expense (refer note 4.2).

4.2 Goodwill

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Balance at the beginning of the period	14,054	79,390	-	-
Impairment on Goodwill in Dulles Greenway ^(a)	-	(66,028)	-	-
Foreign exchange movement	329	692	-	-
Balance at the end of the period	14,383	14,054	-	-

(a) In the prior year, a goodwill impairment charge of \$66.0 million (refer note 4.1) was recognised as an expense.

NOTES TO THE INTERIM FINANCIAL REPORTS

Key assumptions used for fair value less costs of disposal calculations – Dulles Greenway

The impairment assessment is considered to be a significant judgement area and a critical accounting estimate. The valuation of an intangible asset is performed based on a fair value less an assessment of costs of disposal. The following are the key assumptions that have been included in developing the accounting estimate of fair value:

Assumption	Approach used to determine values
Traffic volume	<p>Based on historic trends and the Groups' internal long-term traffic forecasting models.</p> <p>Traffic forecasts for Dulles Greenway are based on assumptions of traffic growth broadly in line with economic development, population growth and employment within its catchment area.</p> <p>Short-term traffic has been impacted by the COVID-19 pandemic. Forecasts assume that traffic largely, but not fully, recovers during 2021, however, macroeconomic assumptions and inputs have been revised in the medium to longer term, to include the impact of COVID-19, for example, employment is assumed to fall as a result of the impact of COVID-19 and not return to pre-COVID forecast levels until 2025.</p> <p>Assumptions around the impact of announced changes to the transport network in the catchment area around the Greenway have also been made in forecasting traffic over the medium term, based on historical impacts of similar changes.</p>
Long term CPI (% annual growth)	Based on the Groups' long-term internal forecasts and independent third-party projections, long term CPI rates are forecast to grow by between 2.2% and 2.3%.
Average toll (% annual growth)	<p>Based on current regulation and the Groups' long-term internal forecasts.</p> <p>Toll rates for Dulles Greenway will be determined by decisions of the State Corporations Commission (SCC). A rate case was submitted to the SCC on 19 December 2019 for tolls over the period from 1 January 2021 to 31 December 2025 and a decision regarding the submission is expected by early 2021.</p> <p>The Groups' long-term assumption forecasts toll rates to escalate in a range within the historical experience from inception to 1 January 2020. However, historical results provide no guarantee as new legislation or regulatory decisions could impact future outcomes.</p>
Post-tax discount rate	Detailed cash flows were discounted using an equity discount rate of 9.25%. The discount rate is based on a number of factors including, but not limited to, the business nature of operations, regulatory environment, macroeconomic conditions, risk profile, observed market prices for similar transactions and reflects the uncertainty around traffic forecasts in particular post the recent policy positions taken to manage the COVID-19 pandemic.

Impact of possible changes in key assumptions

The assets and liabilities associated with the cash generating unit ('CGU') were initially recognised in Atlas Arteria's balance sheet at their fair values on the dates on which Atlas Arteria achieved control of the CGU. Given the decline in traffic at Dulles Greenway during this period, and uncertainty around how the U.S. economy will recover as a result of the COVID-19 pandemic, the Boards of ATLIX and ATLAX determined it was necessary to further impair their respective investments in Dulles Greenway by a total of \$152.0 million (US\$100.0 million). The impairment is a point in time assessment at 30 June 2020 (refer to note 4.1).

An adverse change in any of the key assumptions could result in the recoverable amount of the CGU falling below its carrying amount.

The table below shows the impact of reasonably possible changes in key assumptions on the recoverable amount of CGU.

Sensitivities	Valuation Impact \$US million
Discount Rate +0.5%	(51.6)
Discount Rate -0.5%	57.8
Toll growth rates +0.1%	19.4
Tolls growth rates -0.1%	(19.1)
Traffic growth rate +0.1%	18.2
Traffic growth rate -0.1%	(17.9)

There is a complex interplay between the key assumptions, however, which means that any change in one assumption could impact the outcomes of another. Equally, as some assumptions change, there may be a compensating reduction in risk or resolution of uncertainty, premiums for which are carried within the post tax discount rate.

The assumptions used in the fair value less costs of disposal calculation are measured at Level 3 in the fair value hierarchy (refer Note 5.3 for additional detail on the fair value hierarchy).

NOTES TO THE INTERIM FINANCIAL REPORTS

4.3 Other assets

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Current				
Receivables from related parties	667	–	5,687	1,733
Less: Loss allowance	–	–	(19)	(8)
Trade Receivables and other assets ^(a)	5,193	143,390	1,788	369
Total current other assets	5,860	143,390	7,456	2,094
Non-current				
Other assets	210	248	34	51
Total non-current other assets	210	248	34	51

(a) In July 2019, MAF2 declared a distribution to be funded by the redemption of shares. The total distribution to be paid to Atlas Arteria amounted to \$253.2 million (€157.3 million). \$114.8 million (€71.3 million) of this distribution was paid in September 2019, and the balance of the distribution was paid in March 2020.

5 Capital and risk management

5.1 Debt at amortised cost

	ALX		ATLAX Group	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Current				
Non-recourse TRIP II bonds and accrued interest thereon ^(a)	54,063	41,301	–	–
Non-recourse Warnow Tunnel borrowings and interest accrued thereon ^(b)	4,533	3,880	–	–
Total current debt at amortised cost	58,596	45,181	–	–
Non-current				
Non-recourse TRIP II bonds and accrued interest thereon ^(a)	1,413,316	1,397,502	–	–
Non-recourse Warnow Tunnel borrowings and interest accrued thereon ^(b)	176,757	172,932	–	–
Borrowings from financial institutions ^(c)	–	558,894	–	–
Total non-current debt at amortised cost	1,590,073	2,129,328	–	–

(a) Non-recourse TRIP II bonds

The Atlas Arteria 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 Atlas Arteria has no commitments to provide further debt or equity funding to TRIP II in order to meet these liabilities.

All of these bonds are in the form of fixed interest rate senior bonds, with US\$35.0 million (2019: US\$35.0 million) of current interest bonds and US\$1,022.8 million (2019: US\$1,018.4 million) of zero coupon bonds with maturities extending to 2056.

(b) Non-recourse Warnow Tunnel borrowings

The Atlas Arteria consolidated financial statements incorporate borrowings raised by Warnow Tunnel to finance the construction of infrastructure assets. These borrowings are non-recourse beyond the Warnow Tunnel assets and Atlas Arteria has no commitments to provide further debt or equity funding to Warnow Tunnel in order to meet these liabilities. The borrowings are payable in three tranches with maturities extending to 2053.

(c) Borrowings from financial institutions

Borrowings from financial institutions at December 2019 of \$558.9 million consisted of the principle \$559.6 million (€350.0 million) net of up front issue costs \$0.7 million (€0.5 million), this debt facility was entered into on 31 May 2018 with a maturity date of 2024. The debt facility was repaid in full on 22 June 2020 from cash on hand and the proceeds from the \$420.0 million institutional placement ('Placement') undertaken by Atlas Arteria on 28 May 2020.

Unamortised issue costs of \$0.7 million (€0.5 million) on the debt facility have been expensed to finance costs.

NOTES TO THE INTERIM FINANCIAL REPORTS

5.2 Contributed equity

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Ordinary shares	3,675,335	3,275,591	199,291	187,571
Contributed equity	3,675,335	3,275,591	199,291	187,571
On issue at the beginning of the period	3,275,591	1,995,994	187,571	197,311
Issue of short term incentive ('STI') securities	861	791	24	27
Issue of securities	408,151	1,304,255	11,849	45,745
Transaction costs associated with issue of securities	(9,268)	(25,449)	(153)	(2,217)
Capital Return	-	-	-	(53,295)
On issue at the end of the period	3,675,335	3,275,591	199,291	187,571

During the half year ended 30 June 2020, the Groups undertook a \$420.0 million Placement and a \$75.0 million security purchase plan ('SPP') allocated to ATLIX and ATLAX based on their proportional net asset value. The Placement resulted in the issuance of 67.7 million new ordinary stapled securities. The new stapled securities were issued at a price of \$6.20 per security and the Placement was fully subscribed. The SPP resulted in the issuance of 12.1 million new ordinary stapled securities on 2 July 2020, issued at a price of \$6.20 per security.

On 15 April 2020, 155,024 stapled securities were issued to fulfil short term incentive ('STI') requirements. These were valued at \$5.71 per security, however they have been issued at zero cost and are subject to a holding lock until the vesting date.

On 16 August 2019, 107,575 stapled securities were issued to fulfil STI requirements. These were valued at \$7.61 per security and have now vested.

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
	Number of shares '000	Number of shares '000	Number of shares '000	Number of shares '000
On issue at the beginning of the period	879,025	683,265	879,025	683,265
Issue of securities	67,742	195,652	67,742	195,652
Issue of STI Securities	155	108	155	108
On issue at the end of the period	946,922	879,025	946,922	879,025

Ordinary shares in ATLIX and in ATLAX

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

On a poll, every securityholder who is present in person or by proxy has one vote for each fully paid share in respect of ATLIX and one vote for each fully paid share in respect of ATLAX.

The directors of ATLIX and ATLAX may declare distributions which are appropriate given the financial position of ATLIX and ATLAX.

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

5.3 Fair value measurement of financial instruments

The fair value measurements of financial assets and liabilities are assessed in accordance with the following hierarchy.

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable valuation input).

The Groups have derivative financial instruments that are measured at fair value on a recurring basis. These instruments are entered to minimize potential variations in cash flows resulting from fluctuations in interest rates and foreign currency and their impact on its variable-rate debt and cash payments and receipts. The Groups do not enter into derivative instruments for any purpose other than economic interest rate and foreign currency hedging. That is, the Groups do not speculate using derivative instruments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. These instruments are measured at Level 2 hierarchy and are revalued using externally provided dealer quotes.

NOTES TO THE INTERIM FINANCIAL REPORTS

The Groups' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers in the current half year.

The Groups do not measure any financial assets or financial liabilities at fair value on a non-recurring basis.

Fair values of other financial instruments (unrecognised)

The Groups also have a number of financial instruments which are not measured at fair value in the balance sheet. With the exception to those listed below, the fair values are not materially different to their carrying amounts as: the interest receivable/payable is either close to current market rates; the instruments are short-term in nature; or the instruments have recently been brought onto the balance sheet and therefore the carrying amount approximated the fair value. The fair value of these financial instruments is determined using discounted cash flow analysis. The fair value of all financial assets (excluding Investments accounted for using the equity method) and financial liabilities approximated their carrying amounts at 30 June 2020. There is no debt at amortised cost in the ATLAX Group.

	Carrying amount \$'000	Fair value \$'000
Debt at amortised cost		
Non-recourse TRIP II bonds and accrued interest thereon	1,467,379	1,430,082
Warnow borrowings and accrued interest thereon	181,290	160,419

5.4 Reserves

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Balance of reserves				
Foreign currency translation reserve	126,575	180,846	35,250	(6,688)
Hedging reserve	-	(25,287)	-	-
Other reserve	1,618	1,339	51	46
Balance at the end of the period	128,193	156,898	35,301	(6,642)

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000	As at 30 Jun 2020 \$'000	As at 31 Dec 2019 \$'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the period	180,846	190,155	(6,688)	(7,669)
Net exchange differences on translation of foreign controlled entities	38,609	(9,309)	3,945	981
Transfer to accumulated losses ^(a)	(92,880)	-	37,993	-
Balance at the end of the period	126,575	180,846	35,250	(6,688)
Hedging reserve				
Balance at the beginning of the period	(25,287)	-	-	-
Change in fair value of the cash flow hedges	-	(25,287)	-	-
Settlement of the cash flow hedge	25,287	-	-	-
Balance at the end of the period	-	(25,287)	-	-
Other reserve				
Balance at the beginning of the period	1,339	-	46	141
Employee share performance rights	279	1,339	5	(95)
Balance at the end of the period	1,618	1,339	51	46

(a) During the half year ended 30 June 2020, foreign exchange translation gains in ATLIX Group of \$92.9 million and foreign exchange translation losses in ATLAX Group of \$38.0 million were transferred to accumulated losses from foreign currency translation reserves following the disposal of foreign operations all prior to 2016.

NOTES TO THE INTERIM FINANCIAL REPORTS

6 Other disclosures

6.1 Contingent liabilities

European Transport Investments (UK) Limited ('ETI UK'), a subsidiary of ATLIX, has made guarantees, totalling €2.0 million (\$3.3 million) (31 December 2019: €2.0 million (\$3.2 million)), in the event of a senior debt payment event of default by Warnowquering GmbH & Co KG.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which \$3.3 million (€2.0 million) (31 December 2019: \$3.2 million (€2.0 million)) has been deposited. These funds are restricted and are classified as restricted cash on the Consolidated Statements of Financial Position. No provision has been raised against this item.

6.2 Events occurring after balance sheet date

Allotment of shares under the SPP

The shares allocated under the SPP were issued on 2 July 2020, with 12.1 million shares issued at a price of \$6.20 per stapled security raising \$75.0 million.

US retail shareholder buyback

Atlas Arteria announced on 3 July 2020 that a sale facility ('Sale Facility') for Atlas Arteria securities had been established for securityholders domiciled in the United States and who are not 'qualified purchasers' (as defined in section 2(a)(51) of the US Investment Company Act of 1940) (such non-qualified purchasers referred to as 'US Retail Securityholders'). The Sale Facility enables US Retail Securityholders to opt in to divest their holding in Atlas Arteria securities for cash at a 15% premium to the Sale Price and without incurring any brokerage costs. The Sale Price will be the average sale price per Stapled Security sold through the Sale Facility over a three business day period (28 August 2020 - 1 September 2020) ('Sale Price'). The 15% premium will be paid by ATLIX and will be immaterial for Atlas Arteria.

The directors of ATLIX and ATLAX 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 operation or the state of affairs of the Groups in years subsequent to the half year ended 30 June 2020.

DIRECTORS' DECLARATION

Atlas Arteria International Limited

The directors of Atlas Arteria International Limited ('ATLIX') declare that:

- a) the Interim Financial Report of ATLIX and its controlled entities ('Atlas Arteria') and notes set out on pages 8 to 24:
 - i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
 - ii) give a true and fair view of the financial position of the Atlas Arteria as at 30 June 2020 and of its performance for the half year ended on that date; and
- b) there are reasonable grounds to believe that ATLIX will be able to pay its debts as and when they become due and payable.

The directors confirm that the Interim Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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



Jeffrey Conyers
Chairman
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2020



Derek Stapley
Director
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2020

Atlas Arteria Limited

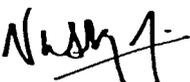
The directors of Atlas Arteria Limited ('ATLAX') declare that:

- a) the Interim Financial Report of ATLAX and its controlled entities ('ATLAX Group') and notes set out on pages 8 to 24: are in accordance with the constitution of ATLAX and the *Corporations Act 2001*, including:
 - i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) giving a true and fair view of the financial position of the ATLAX Group as at 30 June 2020 and of its performance for the half year ended as on that date; and
- b) there are reasonable grounds to believe that ATLAX will be able to pay its debts as and when they become due and payable.

The directors confirm that the Interim Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

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



Nora Scheinkestel
Chairman
Atlas Arteria Limited
Melbourne, Australia
26 August 2020



Debra Goodin
Director
Atlas Arteria Limited
Melbourne, Australia
26 August 2020



Independent auditor's review report to the stapled security holders of Atlas Arteria International Limited and Atlas Arteria Limited

Report on the Interim Financial Reports

We have reviewed the accompanying interim financial reports of:

- Atlas Arteria International Limited (“ATLIX”) and its controlled entities and Atlas Arteria Limited (“ATLAX”) and its controlled entities, together Atlas Arteria (“ALX”)
- Atlas Arteria Limited (“ATLAX”) and its controlled entities, together the ATLAX Group

which comprise the consolidated statements of financial position as at 30 June 2020, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declarations for ATLIX and ATLAX.

ALX comprises ATLIX and the entities it controlled during the half-year and ATLAX and the entities it controlled during the half-year. The Atlas Arteria Limited Group (“ATLAX Group”) comprises ATLAX and the entities it controlled during the half-year.

Directors' responsibility for the interim financial reports

The directors of ATLIX and ATLAX are responsible for the preparation of the interim financial reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the interim financial reports that give a true and fair view and 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 review. We conducted our review 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* including giving a true and fair view of the financial positions of ALX and the ATLAX Group as at 30 June 2020 and of their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of ATLIX and ATLAX, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial reports.

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. 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.

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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 ALX and ATLAX Group interim financial reports are not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of the financial positions of ALX and the ATLAX Group as at 30 June 2020 and of their performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

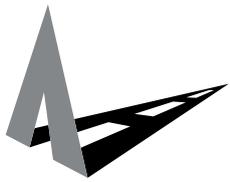
A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in black ink that reads 'Ben Gargett'.

Ben Gargett
Partner

Melbourne
26 August 2020



atlas**Arteria**