MACQUARIE ATLAS ROADS

FINANCIAL REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

This report comprises:

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

Financial Reports
for the year ended 31 December 2016

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

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

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

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

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Directors' Reports
for the year ended 31 December 2016

Directors' Reports

The directors of Macquarie Atlas Roads International Limited ("MARIL") submit the following report together with the Financial Report of Macquarie Atlas Roads ("MQA" or the "Group") for the year ended 31 December 2016.

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

The directors of MARL also submit the following report for the MARL Group for the year ended 31 December 2016.

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

Directors

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

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

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

— Nora Scheinkestel (Chairman)
— Marc de Cure
— Richard England
— John Roberts

Directors' Reports
for the year ended 31 December 2016

Operating and Financial Review

Principal activities

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

Distributions

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

	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000
Distribution of 9.0 cents per stapled security ("cps") paid on 30 September 2016*	**47,712**	-
Distribution of 9.0 cps paid on 31 March 2016**	**46,573**	-
Distribution of 10.0 cps paid on 30 September 2015***	**-**	51,748
Distribution of 6.0 cps paid on 31 March 2015****	**-**	30,692
	94,285	82,440

All of the distributions were paid in full by MARIL.

* Comprised a capital return of 8.7 cps and an ordinary dividend of 0.3 cps.
** Comprised a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.
*** Comprised a capital return of 9.3 cps and an ordinary dividend of 0.7 cps.
**** Comprised a capital return of 4.7 cps and an ordinary dividend of 1.3 cps.

Review and results of operations

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

	MQA Year ended 31 Dec 2016 $'000	MQA Year ended 31 Dec 2015 $'000	**MARL Group Year ended 31 Dec 2016 $'000**	MARL Group Year ended 31 Dec 2015 $'000
Income from operations	**70,647**	2,212	**4,477**	918
Operating expenses from operations	**(167,741)**	(30,442)	**(17,964)**	(4,794)
Share of net profit of investments accounted for using the equity method	**329,976**	113,317	**144,233**	30,381
Income tax expense	**(7,773)**	(5)	**(7,768)**	-
Profit from operations after income tax	**225,109**	85,082	**122,978**	26,505
Profit/(loss) attributable to:				
Equity holders of the parent – MARIL	**102,131**	58,577	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)	**122,978**	26,505	**122,978**	26,505
Stapled security holders	**225,109**	85,082	**122,978**	26,505
	Cents	Cents	**Cents**	Cents
Profit per MQA stapled security	**43.15**	16.53	**23.57**	5.15

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

MQA's profit after tax for the year ended 31 December 2016 was $225.1 million (2015: $85.1 million). The movement in results for the year reflects the following significant items:

- Income from operations of $70.6 million (2015: $2.2 million) has increased primarily due to the reversal of the provision of impairment relating to MQA's investment in Dulles Greenway amounting to $67.4 million (2015: $nil).
- Operating expenses of $167.7 million (2015: $30.4 million) have increased mainly due to an increase in Manager's and Adviser's base fees and performance fees to $163.5 million (2015: $25.9 million). This reflects base fees of $29.4 million (2015: $25.9 million) and all three instalments of the 2016 performance fee of $44.7 million each, the first of which became payable at 30 June 2016 and settled in September 2016. Given the level of outperformance achieved against the benchmark for the performance fee calculation, it is anticipated that the second and third instalments will become payable, subject to further performance conditions. Accounting standards require these instalments to be recognised this year and as such are included in operating expenses.

Directors' Reports

for the year ended 31 December 2016

Operating and Financial Review (continued)

Review and results of operations (continued)

- Share of net profit of investments accounted for using the equity method of $330.0 million (2015: $113.3 million), primarily comprising:
  - (i) APRR profit of $193.9 million (2015: $95.1 million) reflecting improved operational performance, reduction in finance cost and a favourable tax rate change resulting in reduced deferred tax liabilities;
  - (ii) Dulles Greenway loss of $9.5 million (2015: $14.3 million);
  - (iii) Proceeds of $145.5 million (2015: $nil) relating to the sale of Skyway Concession Company LLC ("SCC"); and
  - (iv) No proceeds relating to the sale of ITR Concession Company Holdings LLC ("ITRCCH") received during the year (2015: $32.3 million).
- An estimated tax expense of $7.8 million on the distribution proceeds relating to the sale of SCC (2015: $nil).

Significant changes in state of affairs

Sale of Chicago Skyway

On 25 February 2016, the sale of SCC was completed and a distribution receivable of US$103.9 million ($145.5 million) was recorded. Subsequently on 10 March 2016, MQA received US$103.9 million ($137.3 million at date of receipt) in cash proceeds. This cash was held in US$ at 31 December 2016, so foreign exchange differences are solely translational.

These proceeds are subject to estimated tax expense of US$1.5 million ($2.0 million) for United States Federal Income Tax and US$4.2 million ($5.8 million) for State of Illinois Income Tax. United States Federal Income Tax totalling US$1.5 million ($2.0 million) was paid in four instalments during the year.

Additional consideration for acquisition of stake in APRR

On 31 January 2016 it was published in the Journal officiel de la République française (French Republic Official Journal) that an amendment had been made to the APRR concession contract whereby the Tunnel Maurice Lemaire ("TML") concession has been merged with the APRR concession and TML's tolling schedule has been reduced. As a result, the APRR concession maturity including TML has been extended by 10 months to 30 November 2035. As a result of such extension, MQA paid final contingent consideration of €0.7 million ($1.1 million) in March 2016 relating to the July 2014 purchase of a 1.41% interest in Macquarie Autoroutes de France 2 SA.

Reduction in base fee

On 4 July 2016 MQA announced that notification had been received from MFA that commencing 1 July 2016, and for subsequent quarters until further notice, MFA would revise the base management fee arrangement replacing fee waivers notified previously. The base management fee rate payable has been reduced to a flat 1.00% per annum for all market capitalisations. Base management fee rates payable are:

Market Capitalisation	**Revised fee arrangement***	**Initial fee arrangement****	**Original contract**
Up to $1 billion	**1.00%**	**1.75%**	**2.00%**
Over $1 billion and up to $3 billion	**1.00%**	**1.00%**	**1.25%**
Over $3 billion	**1.00%**	**1.00%**	**1.00%**

* For the period after 1 July 2016 until further notice.
** For the period from 1 January 2014 to 30 June 2016.

Acquisition of additional stake in ADELAC

MQA's indirect interest in ADELAC (held through its associate Macquarie Autoroutes de France 2 SA) increased from 10.04% to 19.74% in November 2016. This did not require any direct funding contribution from MQA. ADELAC is a 19.6 kilometre commuter road between Annecy in eastern France and Geneva in Switzerland and forms part of the APRR concession.

Directors' Reports
for the year ended 31 December 2016

Significant changes in state of affairs (continued)

Impairment reversal for investment in Dulles Greenway

The impairment booked in December 2011 for MQA's interest in Toll Road Investors Partnership II LP (TRIP II), the concessionaire for Dulles Greenway, has been reversed as the overall service potential of the asset has increased, resulting in the recoverable amount of the asset exceeding its carrying value. The amounts of reversal are $67.4 million for MQA and $3.4 million for the MARL Group representing the original amount of impairment booked in 2011. The recoverable amount has been determined on a value in use basis and has been adjusted to reflect updated assumptions with regard to the amount and timing of future cash flows, as well as the discount rate used to discount those cash flows resulting in an increase in service potential. The current carrying values represent the equity accounted balance had the impairment not been booked in December 2011. On 23 February 2017, MQA announced its intention to acquire the remaining 50% economic interest in Dulles Greenway for an acquisition price of US$445.0 million, which when completed will be indicative of the fair value of MQA's current holding.

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

Likely developments and expected results of operations

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

Events occurring after balance sheet date

On 23 February 2017, MQA announced that it will exercise its pre-emptive right and sign a purchase agreement to acquire the remaining 50% economic interest in the Dulles Greenway for US$445.0 million. Financial close is expected during the first half of 2017.

Indemnification and insurance of officers and auditors

During the year, MARL paid premiums of $139,635 and MARIL paid premiums of $135,555 to insure the directors and officers of MARL and MARIL. The liabilities insured are legal and defence costs that may be incurred in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as directors and officers of MARL and MARIL, and any other payments arising from liabilities incurred by the directors and officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the directors and officers or the improper use by the directors and officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to MARL or MARIL. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities. So long as the directors and officers of MARL and MARIL act in accordance with the constitutions and the law, the directors and officers remain indemnified out of the assets of the Groups against any losses incurred while acting on behalf of the Groups.

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

Environmental regulation

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

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

The Groups are of a kind referred to in 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. Amounts in the Directors' 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 Financial Reports for MQA and the MARL Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) Instrument 2015/838.

Directors' Reports

for the year ended 31 December 2016

Additional specific MARL disclosures

The following information is only required to be disclosed for the directors of MARL as MARL is an Australian entity that is required to comply with the *Corporations Act 2001.* The *Corporations Act 2001* does not apply to MARIL, a Bermudan entity, and consequently information is not provided for MARIL.

Information on MARL directors

	Experience and Directorships	Special Responsibilities	Particulars of director's interests in MQA stapled securities as at **31 Dec 2016**	31 Dec 2015
Nora Scheinkestel LLB (Hons), PhD, FAICD Independent Non-Executive Chairman	***Experience:*** Nora Scheinkestel is an experienced company director and adviser, having served as chairman and director on a number of public and private sector boards spanning a wide range of industry sectors for over 20 years. With a background as a senior banking executive in international and project financing, she also consults to government, corporate and institutional clients in areas such as corporate governance, strategy and finance. ***Other current listed company directorships:*** Macquarie Atlas Roads International Limited, Telstra Corporation Limited, Stockland Property Group and AusNet Services Limited. ***Former listed company directorships in last 3 years:*** Orica Limited and Insurance Australia Group Limited.	Chairman of Board and Nomination and Governance Committee	**64,987**	58,603
Marc de Cure BCom (Hons) MWQ FCA Independent Non-Executive Director	***Experience:*** Marc de Cure is a company director and adviser. His former executive roles include Group Chief Financial Officer of American International Assurance Company Ltd in Hong Kong, Group Chief Financial Officer and General Manager Strategy and Development of AMP Limited, Executive Chair of GIO Australia Group and Executive Director of Henderson plc. He was a Principal Adviser to Bain & Company and a senior partner and practice leader at PricewaterhouseCoopers. ***Other current listed company directorships:*** None. ***Former listed company directorships in last 3 years:*** None.	Chairman of Remuneration Committee	**-**	-
Richard England FCA MAICD Independent Non-Executive Director	***Experience:*** Richard England is a former partner of Ernst & Young (Australia) where he was national director of the Corporate Recovery and Insolvency practice. Richard has more than 20 years' experience as a non-executive director and Chairman of multiple ASX listed and unlisted companies across the financial services, banking, healthcare and insurance industries. ***Other current listed company directorships:*** QANTM Intellectual Property Limited, Nanosonics Limited and Japara Healthcare Limited. ***Former listed company directorships in last 3 years:*** Ruralco Holdings Limited, Chandler McLeod Group Limited (de-listed in April 2015).	Chairman of Audit and Risk Committee	**40,000**	40,000
John Roberts LLB Non-Executive Director	***Experience:*** John Roberts is a Consultant to Macquarie and Non-Executive Chairman of Macquarie Infrastructure and Real Assets ("MIRA") (a division of the Macquarie Asset Management Group) which has approximately $136.6 billion of assets under management. John was employed by the Macquarie Group for over 22 years, during which time he held various roles within the organisation, including Head of Europe, Joint Head of Macquarie Capital Advisers and Global Head of Macquarie Capital Funds (now MIRA). ***Other current listed company directorships:*** Sydney Airport Limited. ***Former listed company directorships in last 3 years:*** DUET Group.	-	**46,108**	46,108

Directors' Reports
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MARL Company Secretaries

The Company Secretary of MARL is Christine Williams, an Executive Director of Macquarie Group Limited and Global Head of Legal for MIRA which she joined in 1998. She is a practising solicitor with over 35 years of governance and transactional legal experience. She has also performed company secretarial roles for various listed property and infrastructure funds for the past 24 years.

Lyndal Coates was appointed as dual Company Secretary of MARL on 30 November 2016. She joined MIRA in 2009 and has over 15 years of governance and company secretarial experience.

Meetings of MARL directors

The number of meetings of the MARL board of directors, Audit and Risk Committee, Nomination and Governance Committee and Remuneration Committee held during the year ended 31 December 2016, and the numbers of meetings attended by each director were:

	Board		Audit and Risk Committee		Nomination and Governance Committee		Remuneration Committee	
MARL Directors	**Meetings Held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**	**Meetings held**	**Meetings attended**
Nora Scheinkestel	11	11	5	5	3	3	N/A	N/A
Marc de Cure	11	11	5	5	3	3	3	3
Richard England	11	11	5	5	3	3	3	3
John Roberts	11	11	N/A	N/A	3	3	3	3

MARL Remuneration Report (audited)

Under the Corporations Act it is only Australian listed companies that are required to prepare a remuneration report. Accordingly, the remuneration report that appears below is only for MARL, and only MARL security holders participate in a non-binding vote in respect of it. Detail on MARIL and MQA as a whole has been included in the Annual Report for good corporate governance, however they are not required to prepare a remuneration report.

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

— Principles used to determine the nature and amount of remuneration

— Details of remuneration

— Service agreements

The information provided under the headings listed above includes remuneration disclosures that are required under Accounting Standard *AASB 124 Related Party Disclosures*. These disclosures have been transferred from the Financial Reports and have been audited.

The information provided in this MARL Remuneration Report has been audited as required by s308 (3c) of the *Corporations Act 2001*.

Principles used to determine the nature and amount of remuneration

The remuneration paid to directors is determined by reference to directorships of similar entities. The level of remuneration is not related to the performance of MARL. Refer to remuneration of non-executive directors for further information.

Non-executive directors

The MARL constitution provides that directors (other than the managing or executive directors) are entitled to remuneration in aggregate not exceeding $1,000,000 per annum. For the year ended 31 December 2016 non-executive directors were entitled to directors' fees per the remuneration table on page 10.

MARL non-executive directors are not entitled to MQA options or securities or to retirement benefits as part of their remuneration package.

Executives

MARL has no company executives.

Directors' Reports
for the year ended 31 December 2016

Details of remuneration (audited)

Remuneration of directors

	MARL Group Year ended 31 Dec 16 Director's fees* $	MARL Group Year ended 31 Dec 15 Director's fees $
MARL Non-Executive Directors		
Nora Scheinkestel (Chairman)**	**197,500**	167,363
Marc de Cure	**141,250**	125,000
Richard England	**152,500**	140,000
John Roberts***	**132,500**	88,255
David Walsh****	**-**	54,890
	623,750	575,508

* Increase in Directors' fees effective 1 July 2016. For further details refer to the MQA Remuneration Report included in the Annual Report.
** Appointed as Chairman on 17 April 2015.
*** Previously paid by the Macquarie Group; since 17 April 2015 paid by MARL.
**** Resigned as Chairman and as a director on 17 April 2015.

Except for reimbursements, no payments other than those disclosed in the table above were made by the MARL Group to any of the MARL directors during their year/period of service.

Service agreements

Remuneration for the directors is formalised in appointment letters. Upon termination of the appointment letters, directors are not entitled to any payments, other than directors' fees payable up until the date of termination. Termination is governed by the terms of the appointment letter and the constitution of MARL.

Loans to directors

There were no loans to directors.

Share options granted to directors

No options over unissued ordinary securities of MQA exist or were granted to directors at 31 December 2016.

Directors' holdings of stapled securities

Refer to the Information on Directors on page 8.

MARL non-audit services (audited)

The MARL Group has an auditor independence policy which precludes the auditors from performing certain services. This ensures that the audit firm does not assume the role of management, become an advocate for their own client, audit their own professional expertise or create a mutual or conflicting interest between the audit firm and MQA. When permissible by this policy, the MARL Group may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with MARL and/or the MARL Group are important. Refer to note 5 for details of all audit and non-audit services provided by the auditor during 2016.

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

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

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

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

Directors' Reports
for the year ended 31 December 2016

MARL non-audit services (audited) (continued)

	MARL Group Year ended 31 Dec 16 $	MARL Group Year ended 31 Dec 15 $
Other services		
PricewaterhouseCoopers (Australian firm)	**15,007**	15,039
Total	**15,007**	15,039

Audit services of $217,120 were provided during the year (2015: $226,627).

Auditor's Independence Declaration

A copy of the auditor's independence declaration, as required under section 307C of the *Corporations Act 2001* for MARL is set out on page 12.

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

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
22 February 2017

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
22 February 2017

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

Nora Scheinkestel
Chairman
Macquarie Atlas Roads Limited
Sydney, Australia
23 February 2017

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
23 February 2017

Auditor’s Independence Declaration

As lead auditor for the audits of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited for the year ended 31 December 2016, I declare that to the best of my knowledge and belief there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* (as applicable) in relation to the audits; and

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

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

Stafford

Craig Stafford
Partner
PricewaterhouseCoopers

Sydney
23 February 2017

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Consolidated Statements of Comprehensive Income

	Note	**MQA** **Year ended 31 Dec 2016 $'000**	MQA Year ended 31 Dec 2015 $'000	**MARL Group** **Year ended 31 Dec 2016 $'000**	MARL Group Year ended 31 Dec 2015 $'000
Income from operations					
Income	2(i)	**3,274**	2,212	**1,035**	918
Other income from operations	9(b)	**67,373**	-	**3,442**	-
Total income from operations	2(i)	**70,647**	2,212	**4,477**	918
Operating expenses from operations					
Operating expenses	2(ii)	**(167,741)**	(30,442)	**(17,964)**	(4,794)
Total operating expenses from operations		**(167,741)**	(30,442)	**(17,964)**	(4,794)
Share of net profits of investments accounted for using the equity method	9(b)	**329,976**	113,317	**144,233**	30,381
Profit from operations before income tax		**232,882**	85,087	**130,746**	26,505
Income tax expense	4	**(7,773)**	(5)	**(7,768)**	-
Profit for the year		**225,109**	85,082	**122,978**	26,505
Profit attributable to:					
Equity holders of the parent entity – MARIL		**102,131**	58,577	**-**	-
Equity holders of other stapled entity – MARL (as non-controlling interest/parent entity)		**122,978**	26,505	**122,978**	26,505
Stapled security holders		**225,109**	85,082	**122,978**	26,505
Other comprehensive income					
Items that may be reclassified to profit or loss:					
Exchange differences on translation of foreign operations		**13,580**	26,293	**305**	3,880
Other comprehensive income for the year, net of tax		**13,580**	26,293	**305**	3,880
Total comprehensive income for the year		**238,689**	111,375	**123,283**	30,385
Total comprehensive income attributable to:					
Equity holders of the parent entity – MARIL		**115,406**	80,990	**-**	-
Equity holder of other stapled entity – MARL (as non-controlling interest/parent entity)		**123,283**	30,385	**123,283**	30,385
Stapled security holders		**238,689**	111,375	**123,283**	30,385
Profit per share attributable to MARIL/MARL shareholders					
Basic and diluted profit per share attributable to:		**Cents**	Cents	**Cents**	Cents
MARIL (as parent entity)	16	**19.58**	11.38	**-**	-
MARL (as non-controlling interest)	16	**-**	-	**23.57**	5.15
Profit per MQA stapled security		**43.15**	16.53	**23.57**	5.15

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

Financial Reports
for the year ended 31 December 2016

Consolidated Statements of Financial Position

	Note	**MQA** **As at 31 Dec 2016 $'000**	MQA As at 31 Dec 2015 $'000	**MARL Group** **As at 31 Dec 2016 $'000**	MARL Group As at 31 Dec 2015 $'000
Current assets					
Cash	6	**223,367**	65,381	**204,129**	48,137
Receivables and other assets	7	**728**	18,073	**83**	17,318
Prepayments	8	**126**	128	**61**	57
Total current assets		**224,221**	83,582	**204,273**	65,512
Non-current assets					
Cash not available for use	6	**1,735**	1,773	**-**	**-**
Investments accounted for using the equity method	9	**950,912**	807,969	**19,972**	16,448
Total non-current assets		**952,647**	809,742	**19,972**	16,448
Total assets		**1,176,868**	893,324	**224,245**	81,960
Current liabilities					
Payables and provisions	11	**(59,181)**	(28,366)	**(11,898)**	(3,302)
Total current liabilities		**(59,181)**	(28,366)	**(11,898)**	(3,302)
Non-current liabilities					
Provisions	11	**(44,689)**	-	**(4,337)**	-
Total non-current liabilities		**(44,689)**	-	**(4,337)**	-
Total liabilities		**(103,870)**	(28,366)	**(16,235)**	(3,302)
Net assets		**1,072,998**	864,958	**208,010**	78,658
Equity					
Equity attributable to equity holders of the parent – MARIL					
Contributed equity	12	**1,323,651**	1,355,890	**-**	-
Reserves	13	**58,378**	45,404	**-**	-
Accumulated losses	14	**(517,041)**	(614,994)	**-**	-
MARIL security holders' interest		**864,988**	786,300	**-**	-
Equity attributable to other stapled security holders – MARL					
Contributed equity	12	**213,245**	207,024	**213,245**	207,024
Reserves	13	**(7,131)**	(7,284)	**(7,131)**	(7,284)
Accumulated income/(losses)	14	**1,896**	(121,082)	**1,896**	(121,082)
Other stapled security holders' interest		**208,010**	78,658	**208,010**	78,658
Total equity		**1,072,998**	864,958	**208,010**	78,658

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

As required by Bermuda regulations, the MQA financial information was approved by the Macquarie Atlas Roads International Limited ("MARIL") board of directors on 22 February 2017 and was signed on MARIL's behalf by:

Jeffrey Conyers
Chairman
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda

Consolidated Statements of Changes in Equity

MQA	**Attributable to MARIL security holders**					
	Contributed equity	**Reserves**	**Accumulated losses**	**Total**	**Attributable to MARL security holders**	**Total MQA equity**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**	**$'000**
Total equity at 1 January 2016	1,355,890	45,404	(614,994)	**786,300**	**78,658**	**864,958**
Profit for the year	-	-	102,131	**102,131**	**122,978**	**225,109**
Exchange differences on translation of foreign operations	-	13,275	-	**13,275**	**305**	**13,580**
Total comprehensive income	-	13,275	102,131	**115,406**	**123,283**	**238,689**
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	57,868	-	-	**57,868**	**6,221**	**64,089**
Other equity transactions	-	(301)	-	**(301)**	**(152)**	**(453)**
Capital return*	(90,107)	-	-	**(90,107)**	**-**	**(90,107)**
Dividends paid*	-	-	(4,178)	**(4,178)**	**-**	**(4,178)**
	(32,239)	(301)	(4,178)	**(36,718)**	**6,069**	**(30,649)**
Total equity at 31 December 2016	1,323,651	58,378	(517,041)	**864,988**	**208,010**	**1,072,998**

* On 30 September 2016, MQA paid a distribution of 9.0 cents per security ("cps"), comprising a capital return of 8.7 cps and an ordinary dividend of 0.3 cps. On 31 March 2016, MQA paid a distribution of 9.0 cps, comprising a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.

MQA	Attributable to MARIL security holders					
	Contributed equity	Reserves	Accumulated losses	Total	Attributable to MARL security holders	Total MQA equity
	$'000	$'000	$'000	$'000	$'000	$'000
Total equity at 1 January 2015	1,410,130	22,991	(657,029)	776,092	46,801	822,893
Adjustment in the opening accumulated losses on account of IFRIC 21	-	-	(6,270)	(6,270)	-	(6,270)
Profit for the year	-	-	58,577	58,577	26,505	85,082
Exchange differences on translation of foreign operations	-	22,413	-	22,413	3,880	26,293
Total comprehensive income	-	22,413	52,307	74,720	30,385	105,105
Transactions with equity holders in their capacity as equity holders:						
Application of performance fees to subscription for new securities	17,928	-	-	17,928	1,472	19,400
Capital return**	(72,168)	-	-	(72,168)	-	(72,168)
Dividends paid**	-	-	(10,272)	(10,272)	-	(10,272)
	(54,240)	-	(10,272)	(64,512)	1,472	(63,040)
Total equity at 31 December 2015	1,355,890	45,404	(614,994)	786,300	78,658	864,958

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

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

Consolidated Statements of Changes in Equity (continued)

MARL Group	**Attributable to MARL security holders**			
	Contributed equity $'000	**Reserves $'000**	**Accumulated (losses)/income $'000**	**Total MARL Group equity $'000**
Total equity at 1 January 2016	207,024	(7,284)	(121,082)	**78,658**
Profit for the year	-	-	122,978	**122,978**
Exchange differences on translation of foreign operations	-	305	-	**305**
Total comprehensive income	-	305	122,978	**123,283**
Transactions with equity holders in their capacity as equity holders:				
Application of performance fees to subscription for new securities	6,221	-	-	**6,221**
Other equity transactions	-	(152)	-	**(152)**
	6,221	(152)	-	**6,069**
Total equity at 31 December 2016	213,245	(7,131)	1,896	**208,010**

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

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

Consolidated Statements of Cash Flows

	Note	MQA Year ended 31 Dec 2016 $'000	MQA Year ended 31 Dec 2015 $'000	MARL Group Year ended 31 Dec 2016 $'000	MARL Group Year ended 31 Dec 2015 $'000
Cash flows from operating activities					
M6 Toll management fees received		**1,419**	1,494	**-**	-
Interest received		**1,346**	712	**1,022**	1,206
Net indirect taxes received		**316**	204	**308**	195
Other income received		**265**	375	**-**	-
Manager's and adviser's base fees paid		**(30,374)**	(24,726)	**(3,155)**	(2,015)
Payments to suppliers and employees (inclusive of GST/VAT)		**(4,296)**	(3,533)	**(2,506)**	(1,715)
Estimated US Alternative Minimum Tax ("AMT") received/(paid) on distribution proceeds received from sale of ITR Concession Company Holdings LLC ("ITRCCH")		**17,776**	(16,242)	**17,776**	(16,242)
Income taxes paid		**(2,028)**	(7)	**(2,023)**	-
Net cash flow from operating activities	17	**(15,576)**	(41,723)	**11,422**	(18,571)
Cash flows from investing activities					
Distribution proceeds received from sale of Skyway Concession Company LLC ("SCC")		**137,347**	-	**137,347**	-
Principal and interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA		**124,844**	130,279	**-**	-
Distribution from ITRCCH		**225**	32,284	**225**	32,284
Payment for purchase of investments		**(1,082)**	(3,808)	**-**	-
Net cash flow from investing activities		**261,334**	158,755	**137,572**	32,284
Cash flows from financing activities					
Capital return		**(90,107)**	(72,168)	**-**	-
Dividends paid		**(4,178)**	(10,272)	**-**	-
Loans advanced to related parties		**-**	-	**-**	(10,000)
Repayment of loans from related parties		**-**	-	**596**	14,552
Net cash flow from financing activities		**(94,285)**	(82,440)	**596**	4,552
Net increase in cash		**151,473**	34,592	**149,590**	18,265
Cash and cash equivalents at the beginning of the year		**65,381**	30,116	**48,137**	28,884
Effects of exchange rate movements on cash		**6,513**	673	**6,402**	988
Cash at the end of the year	6	**223,367**	65,381	**204,129**	48,137
Cash not available for use at the beginning of the year		**1,773**	1,763	**-**	-
Effects of exchange rate movements on cash not available for use		**(38)**	10	**-**	-
Cash not available for use at the end of the year	6	**1,735**	1,773	**-**	-
Non-cash financing and investing activities	12	**64,089**	19,400	**6,221**	1,472

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

Notes to the Financial Reports

1 Summary of significant accounting policies

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

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

(a) Basis of preparation

These general purpose Financial Reports for the reporting year ended 31 December 2016 have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board and *the Corporations Act 2001* (where applicable). Both Macquarie Atlas Roads International Limited ("MARIL") and Macquarie Atlas Roads Limited ("MARL") are for-profit entities for the purpose of preparing the Financial Reports.

As permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) Instrument 2015/838, these reports consist of the Financial Report of MARIL and the entities it controlled at the end of and during the year (collectively referred to as "MQA" or the "Group") and the Financial Report of MARL and the entities it controlled at the end of and during the year (collectively referred to as the "MARL Group"). The Group and the MARL Group are collectively referred to as "the Groups".

The Financial Reports were authorised for issue by the directors of the MARIL and the MARL Boards on 22 February 2017 and 23 February 2017 respectively. The Boards have the power to amend and reissue the Financial Reports.

Going concern

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

Compliance with International Financial Reporting Standards ("IFRS")

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

Historical cost convention

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

Stapled security

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

Reclassifications

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

(b) Consolidated accounts and stapling arrangements

AASB 3 Business Combinations and *AASB 10 Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a Financial Report. In accordance with this requirement, MARIL has been identified as the parent entity of the consolidated group comprising MARIL and its subsidiaries and MARL and its subsidiaries, together comprising MQA.

The Financial Report of MQA should be read in conjunction with the separate Financial Report of the MARL Group presented in these reports for the year ended 31 December 2016.

1 Summary of significant accounting policies (continued)

(c) Principles of consolidation

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

The Financial Report of MQA incorporates the assets and liabilities of the entities controlled by MARIL for the year ended 31 December 2016, including those deemed to be controlled by MARIL by identifying it as the parent of MQA, and the results of those controlled entities for the year then ended. The Financial Report of the MARL Group incorporates the assets and liabilities of the entities controlled by MARL for the year ended 31 December 2016. The effects of all transactions between entities in the consolidated entities are eliminated in full. Non-controlling interests in the results and equity are shown separately in the Statement of Comprehensive Income and the Statement of Financial Position. Non-controlling interests are those interests in partly owned subsidiaries which are not held directly or indirectly by MARL or MARIL.

Subsidiaries

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

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

Associates

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

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

When the Groups' share of losses in an associate equals or exceeds its interest in the associate, including any long term interests that, in substance, form part of the Groups' net investment in the associate, the Groups do not recognise further losses, unless they have incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Groups and their associates are eliminated to the extent of the Groups' interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Groups.

Joint Arrangements

Investments in joint arrangements are classified as either joint operations or joint ventures depending upon the contractual rights and obligations each investor has, and the legal structure of the joint arrangement. The Groups have no joint operations and account for joint ventures using the equity method.

(d) Cash, cash equivalents and cash not available for use

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

1 Summary of significant accounting policies (continued)

(e) Impairment of assets and reversal of impairment

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

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

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

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

(f) Performance fees

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

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

Any performance fee determined at 30 June is accounted for in accordance with AASB 137 until the instalment is no longer subject to further performance conditions, from which point the relevant instalment is recognised as a payable to the Adviser/Manager and accounted for as a liability in accordance with *AASB 139 Financial Instruments: Recognition and Measurement*. The liability is recognised at its fair value upon initial recognition. See Note 11 for further details.

(g) Transaction costs

Transaction costs related to a business combination are recognised in the profit or loss. Transaction costs arising on the issue of equity instruments are recognised directly in equity and those arising on borrowings are netted with the liability and included in interest expense using the effective interest method.

(h) Distributions

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

(i) Revenue recognition

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

1 Summary of significant accounting policies (continued)

(j) Income tax

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

Deferred income tax is determined using the balance sheet method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Reports. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority.

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

(k) Foreign currency translation

Functional and presentation currency

Items included in the Financial Reports of each of the Groups' entities are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The Financial Reports are presented in Australian Dollars, which is the functional and presentation currency of MARIL and MARL.

Transactions and balances

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

Group companies

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

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

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

1 Summary of significant accounting policies (continued)

(l) Prepayments

Prepayments recognised comprise costs incurred relating to future financial years.

(m) Loans and receivables

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

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

(n) Payables and other liabilities

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

(o) Provisions

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

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

(p) Earnings per stapled security

Basic earnings per stapled security

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

Diluted earnings per stapled security

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

(q) GST and VAT

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

(r) Segment reporting

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

1 Summary of significant accounting policies (continued)

(s) Critical accounting estimates and judgements

The preparation of the Financial Reports in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the Financial Reports are reasonable. Actual results in the future may differ from those reported.

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

Income tax

The Groups are subject to income taxes in Australia and jurisdictions where they have foreign operations. Significant judgement is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Groups recognise anticipated tax liabilities based on their current understanding of the current tax law.

In addition, the Groups have recognised deferred tax assets relating to carried forward losses to the extent there are sufficient taxable temporary differences (deferred tax liabilities) relating to the same taxation authority against which the unused tax losses can be utilised. The utilisation of tax losses depends on the ability of the entity to satisfy certain tests at the time the losses are recouped.

Impairment and reversal of impairment testing

In accordance with the accounting policy stated in Note 1(e) the carrying amount of non-controlled investments is assessed every reporting period to determine whether there are indications of any impairment of the carrying value. If that is the case an impairment test is performed and an impairment charge is taken against the carrying amount of the assets if the carrying amount is higher than the recoverable amount. There are also estimates and judgements involved in assessing impairment indicators and in determining the recoverable amounts of the assets. Once an impairment has been recorded this impairment is then monitored to assess if any reversal of impairment is required to reflect an increase in the service potential of the investment. Management have determined that the largest driver of service potential is the discount rate. Discount rates would need to increase by more than 50% from the current level in order for the recoverable amounts of assets to be below their 31 December 2016 carrying amounts.

Provision for performance fees

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

Control assessment

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

(t) Offsetting financial instruments

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

(u) Derivative financial instruments

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

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

1 Summary of significant accounting policies (continued)

(v) Accounting standards and interpretations issued

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

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

AASB 9 Financial Instruments addresses the classification, measurement, derecognition of financial assets and financial liabilities and sets out new rules for hedge accounting. The standard is not applicable until 1 January 2018 but is available for early adoption. The Groups are assessing the new standard's impact and currently do not anticipate a significant impact on the Groups' Financial Reports on initial application.

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

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

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

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

(w) Parent entity financial information

The financial information for MARIL and MARL disclosed in Note 20 has been prepared on the same basis as the Financial Reports, except as set out below:

Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the separate financial information of MARIL and MARL.

1 Summary of significant accounting policies (continued)

(w) Parent entity financial information (continued)

Tax consolidation legislation

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

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

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

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

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

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

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

Financial guarantees

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

(x) Presentation of Financial Reports

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

(y) Rounding of amounts

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 Financial Reports. Amounts in the Financial Reports have been rounded to the nearest thousand dollars in accordance with that ASIC Instrument, unless otherwise indicated.

2 Profit for the year

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

(i) Income

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Income:				
Interest income:				
Related parties	**1,361**	409	**1,022**	619
Other persons and corporations	**-**	303	**-**	303
Total interest income	**1,361**	712	**1,022**	922
Other income:				
M6 Toll management fee income	**1,333**	1,538	**-**	-
Warnow Tunnel fees	**265**	347	**-**	-
Net foreign exchange gain/(loss)	**315**	(385)	**13**	(4)
Total other income	**1,913**	1,500	**13**	(4)
Total income	**3,274**	2,212	**1,035**	918
Other income from operations				
Reversal of provision for impairment*	**67,373**	-	**3,442**	-
Total other income from operations	**67,373**	-	**3,442**	-
Total income from operations	**70,647**	2,212	**4,477**	918

* Refer Note 9(b).

(ii) Operating expenses

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Cost of operations:				
Directors' fees	**1,090**	929	**625**	575
	1,090	929	**625**	575
Other operating expenses:				
Consulting and administration fees	**1,967**	2,535	**783**	1,605
Manager's and adviser's base fees	**29,441**	25,873	**2,923**	2,073
Manager's and adviser's performance fees**	**134,084**	-	**13,031**	-
Other expenses	**1,159**	1,105	**602**	541
Total other operating expenses	**166,651**	29,513	**17,339**	4,219
Total operating expenses	**167,741**	30,442	**17,964**	4,794

** Includes instalments anticipated to become payable in 2017 and 2018, contingent on meeting further performance conditions. Refer to Note 11.

3 Distributions

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Distributions paid during the year				
Distribution paid on 30 September 2016*	**47,712**	-	**-**	-
Distribution paid on 31 March 2016**	**46,573**	-	**-**	-
Distribution paid on 30 September 2015***	**-**	51,748	**-**	-
Distribution paid on 31 March 2015****	**-**	30,692	**-**	-
Total distributions paid during the year	**94,285**	82,440	**-**	-

	Cents per stapled security	Cents per stapled security	**Cents per stapled security**	Cents per stapled security
Distributions paid during the year				
Distribution per security paid on 30 September 2016*	**9.0**	**-**	-	-
Distribution per security paid on 31 March 2016**	**9.0**	**-**	-	-
Distribution per security paid on 30 September 2015***	**-**	10.0	-	-
Ordinary dividend per security paid on 31 March 2015****	**-**	6.0	-	-
Total distributions paid during the year	**18.0**	16.0	-	-

All of the distributions were paid in full by MARIL.

* Comprised a capital return of 8.7 cps and an ordinary dividend of 0.3 cps.
** Comprised a capital return of 8.5 cps and an ordinary dividend of 0.5 cps.
*** Comprised a capital return of 9.3 cps and an ordinary dividend of 0.7 cps.
**** Comprised a capital return of 4.7 cps and an ordinary dividend of 1.3 cps.

4 Income tax expense

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
(a) Reconciliation of income tax expense to prima facie tax payable				
Profit from operations before income tax	**232,882**	85,087	**130,746**	26,505
Prima facie income tax on profit at the Australian tax rate of 30%	**69,865**	25,526	**39,224**	7,951
Impact of different tax rates of operations in jurisdictions other than Australia	**16,088**	9,113	**12,611**	3,076
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-assessable income	**(20,212)**	-	**(1,033)**	-
Non-deductible expenditure	**3,356**	758	**3,359**	758
Share of net gain of investments accounted for using the equity method	**(98,993)**	(33,995)	**(43,270)**	(9,114)
Temporary differences not brought to account	**(574)**	4,601	**(483)**	(817)
Deferred tax asset on taxable losses not brought to account	**38,238**	(6,003)	**(2,640)**	(1,854)
Others	**5**	5	**-**	-
Aggregate income tax expense	**7,773**	5	**7,768**	-
(b) Income tax expense				
Aggregate income tax expense comprises:				
Current taxation expense	**7,773**	5	**7,768**	-
	7,773	5	**7,768**	-
(c) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	**231,836**	808,700	**230,874**	807,439
Potential tax benefit of unused tax losses	**88,794**	311,963	**88,554**	311,663

5 Remuneration of auditors

	MQA Year ended 31 Dec 2016 $	MQA Year ended 31 Dec 2015 $	MARL Group Year ended 31 Dec 2016 $	MARL Group Year ended 31 Dec 2015 $
Amounts paid or payable to PricewaterhouseCoopers Australia for:				
Audit services	**380,211**	365,811	**185,889**	198,411
Taxation services	**62,578**	52,000	**2,578**	-
Other assurance services	**117,169**	49,341	**12,429**	4,885
Other services	**-**	19,767	**-**	10,154
	559,958	486,919	**200,896**	213,450
Amounts paid or payable to network firms of PricewaterhouseCoopers for:				
Audit services	**153,976**	150,557	**31,231**	28,216
Taxation services	**18,004**	59,137	**-**	-
	171,980	209,694	**31,231**	28,216

6 Cash and cash not available for use

	MQA As at 31 Dec 2016 $'000	MQA As at 31 Dec 2015 $'000	MARL Group As at 31 Dec 2016 $'000	MARL Group As at 31 Dec 2015 $'000
Current				
Cash at bank (a)	**223,367**	65,381	**204,129**	48,137
	223,367	65,381	**204,129**	48,137
Non-current				
Cash not available for use (b)	**1,735**	1,773	**-**	-
	1,735	1,773	**-**	-

(a) Cash at bank

During the year cash available for use is held in bank accounts earning money market rates of interest between nil% to 2.10% (2015: nil to 2.50%) per annum.

(b) Cash not available for use

This comprises cash-backed guarantees provided in relation to Warnowquerung GmbH & Co. KG ("WQG"), the owner of the Rostock Fixed Crossing Concession. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 19.

7 Receivables

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Current				
Tax receivable	**-**	17,241	**-**	17,241
Receivables from related parties	**645**	761	**-**	10
GST and VAT recoverable	**83**	71	**83**	67
Total current receivables	**728**	18,073	**83**	17,318

The Groups' maximum credit exposure for receivables is the carrying value. Discussion of the Groups' policies concerning the management of credit risk can be found in Note 19. The fair values of receivables approximate their carrying values.

8 Prepayments

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Current				
Prepaid expenses	**126**	128	**61**	57
Total current prepayments	**126**	128	**61**	57

9 Investments accounted for using the equity method

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Investment in associates and joint arrangement – equity method	**950,912**	807,969	**19,972**	16,448
	950,912	807,969	**19,972**	16,448

9 Investments accounted for using the equity method (continued)

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

(a) Carrying amounts

Name of Entity[(1)(2)]	Country of incorporation/ Principal Place of Business	Principal Activity	MQA Economic Interest[(3)]	MQA	MQA	MARL Economic Interest	MARL Group	MARL Group
			As at 31 Dec 2016 and 31 Dec 2015 %	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 and 31 Dec 2015 %**	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Macquarie Autoroutes de France 2 SA ("MAF2")	Luxembourg	Investment in toll road network located in the east of France (APRR)	**40.3**	**716,915**	661,219	**-**	**-**	-
Dulles Greenway Partnership ("DGP")[(4)]	USA	Investment in toll road located in northern Virginia, USA	**50.0**	**233,973**	146,514	**6.7**	**19,948**	16,212
WQG[(5)]	Germany	Investment in toll road located in Rostock, north-eastern Germany	**70.0**	**-**	-	**-**	-	-
Chicago Skyway Partnership ("CSP")[(6)]	USA	Former owner of an investment in toll road located south of Chicago, USA	**50.0** [(6)]	**20**	-	**50.0** [(6)]	**20**	-
Indiana Toll Road Partnership ("ITRP")[(7)]	USA	Former owner of an investment in toll road located in northern Indiana, USA	**49.0**[(7)]	**4**	236	**49.0**[(7)]	**4**	236
Peregrine Motorways Limited[(8)]	UK	Investment in toll road located in the West Midlands, UK	**0.0**[(8)]	**-**	-	**-**	**-**	-
				950,912	807,969		**19,972**	16,448

(1) Except for MAF2, CSP and ITRP, all associates and joint arrangements are in "lockup" under their debt documents, meaning that they are currently unable to make distributions to MQA and the MARL Group. DGP's investment in Toll Road Investors Partnership II LP ("TRIP II") cannot come out of lockup before December 2018 and therefore is not expected to make a distribution to MQA before 2019.

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

(3) The voting power held in the associates and joint arrangement is in proportion to the economic interest held except for Peregrine Motorways Limited.

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

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

(6) On 16 November 2015, MQA announced the signing of a Sale and Purchase Agreement on 13 November 2015 to sell 100% of SCC, the concession holder of the Chicago Skyway Toll Road in Illinois, USA subject to customary conditions precedent and regulatory approvals. On 25 February 2016, financial close was reached on the sale of SCC and subsequently on 10 March 2016, MQA received US$103.9 million ($137.3 million) in distribution proceeds. The small residual investment balance represents cash left in CSP, the former owner of SCC, for payment of expenses.

(7) At 31 December 2016, MQA legally owned a 49% equity interest in ITRP, the former owner of ITRCCH, but was no longer exposed to any variable returns from the ongoing operations of ITRCCH. The small residual investment balance represents cash left in ITRP for payment of expenses.

(8) On 4 June 2013, MQA deconsolidated Macquarie Motorways Group Limited ("MMG") (the previous holding company for the M6 Toll) and commenced equity accounting for its interest as an investment in an associate. A new entity, Peregrine Motorways Limited ("PML"), was incorporated on 2 August 2013 and inserted as the 100% owner of MMG. MQA legally owns a 100% ordinary equity interest in PML but was no longer exposed to any variable returns from the ongoing operations of the investment. As a result, at 31 December 2016 MQA's economic interest in the ongoing operations of PML is nil. However, MQA's representation and participation at Board level leads to significant influence over the asset and as such it is accounted for as an associate.

9 Investments accounted for using the equity method (continued)

(b) Movement in carrying amounts

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Carrying amount at the beginning of the year	**807,969**	835,431	**16,448**	16,456
Impact of adoption of IFRIC 21	**-**	(6,270)	**-**	-
Investment in associates	**1,012**	3,808	**-**	-
Share of profits after income tax*	**329,976**	113,317	**144,233**	30,381
Reversal of provision for impairment **	**67,373**	-	**3,442**	-
Distributions received*	**(262,417)**	(162,563)	**(137,572)**	(32,284)
Foreign exchange movement	**6,999**	24,246	**(6,579)**	1,895
Carrying amount at the end of the year	**950,912**	807,969	**19,972**	16,448

* Included in the share of profits after income tax and distributions received for MQA and the MARL Group are proceeds of $145.5 million (2015: $nil) relating to the sale of SCC.

** The reversal of provision for impairment of $67.4 million and $3.4 million for MQA and MARL Group respectively (representing the original amount of impairment booked in 2011) relates to their economic interests in TRIP II, the concessionaire for Dulles Greenway. The recoverable amount has been determined on a value in use basis and has been adjusted to reflect updated assumptions with regard to the amount and timing of future cash flows, as well as the discount rate used to discount those cash flows. This recoverable amount shows an increase in the service potential of the asset since the impairment was recorded, the largest driver of which has been a reduction in discount rate. Discount rates would need to increase by more than 50% from the current level in order for the recoverable amount to be below the current carrying amount. The current carrying values represent the equity accounted balance had the impairment not been booked in December 2011 and the foreign exchange movement has been reflected in FCTR. On 23 February 2016, MQA announced its intention to acquire the remaining 50% economic interest in Dulles Greenway for an acquisition price of US$445.0 million, which when completed will be indicative of the fair value of MQA's current holding.

(c) Summarised financial information for associates

The following tables provide summarised financial information for those associates that are material to the Groups. The information disclosed reflects the amounts presented in the Financial Reports of the relevant entities and not the Groups' share of those amounts. They have been amended to reflect adjustments made by the Groups when using the equity method, including fair value adjustments and modifications for differences in accounting policy.

	MAF2		**Dulles Greenway Partnership**	
Summarised Statement of Financial Position	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Total current assets	**1,853,197**	1,358,872	**238,218**	224,164
Total non-current assets	**9,149,720**	9,142,526	**1,987,496**	2,003,876
Total current liabilities	**(2,173,235)**	(1,518,929)	**(96,769)**	(93,942)
Total non-current liabilities	**(7,225,164)**	(7,518,434)	**(1,661,000)**	(1,651,820)
Net assets	**1,604,518**	1,464,035	**467,945**	482,278
Reconciliation to carrying amounts:				
Opening net assets as on 1 January	**1,464,035**	1,547,688	**482,278**	456,835
Impact of adoption of IFRIC 21	**-**	(15,564)	**-**	-
Profit/(loss) for the year	**481,413**	236,197	**(18,972)**	(28,699)
Distributions paid	**(309,897)**	(325,117)	**-**	-
Foreign exchange movement	**(31,033)**	20,831	**4,639**	54,142
Closing net assets	**1,604,518**	1,464,035	**467,945**	482,278
MQA's share in %	**40.3%**	40.3%	**50.0%**	50.0%
MQA's share in $	**646,396**	589,801	**233,973**	241,139
MARL Group's share in %	**-**	-	**6.7%**	6.7%
MARL Group's share in $	**-**	-	**31,352**	32,313
MQA's carrying amount	**716,915**	661,219	**233,973**	146,514
MARL Group's carrying amount	**-**	-	**19,948**	16,212

9 Investments accounted for using the equity method (continued)

(c) Summarised financial information for associates (continued)

	MAF2		**Dulles Greenway Partnership**	
Summarised Statement of Comprehensive Income	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Revenue	**1,923,108**	1,761,025	**123,364**	113,498
Profit/(loss) for the year	**481,413**	236,197	**(18,972)**	(28,699)
MQA's share	**193,942**	95,153	**(9,486)**	(14,349)
MARL Group's share	**-**	-	**(1,287)**	(2,133)
MQA's distributions received	**124,845**	130,279	**-**	-
MARL Group's distributions received	**-**	-	**-**	-

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Share of joint venture's losses not brought to account				
Balance at the beginning of the year	**(21,335)**	(19,036)	**-**	-
Share of losses not brought to account	**(1,540)**	(2,299)	**-**	-
Balance at the end of the year	**(22,875)**	(21,335)	**-**	-

* Accounted for using the equity method.

10 Subsidiaries

(a) MQA

Name of controlled entity	Country of establishment	**2016 voting %**	2015 voting %
Macquarie Atlas Roads Limited	Australia	**100.0**	100.0
MQA Infrastructure US Pty Limited (formerly known as Macquarie Infrastructure US Pty Limited)	Australia	**100.0**	100.0
MQA Infrastructure Australia Pty Limited (formerly known as Macquarie Infrastructure Australia Pty Limited)	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
Green Bermudian Holdings Limited	Bermuda	**100.0**	100.0
MQA Investments Limited	Bermuda	**100.0**	100.0
MIBL Finance Luxembourg Sarl	Luxembourg	**100.0**	100.0
Tollway Holdings Limited	UK	**100.0**	100.0
European Transport Investments (UK) Limited	UK	**100.0**	100.0
Tipperhurst Limited	UK	**100.0**	100.0
Greenfinch Motorways Limited	UK	**100.0**	100.0
MQA 125 Holdings Inc (formerly known as Macquarie 125 Holdings Inc)	USA	**100.0**	100.0
MQA Holdings 2 (US) LLC*	USA	**-**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

(b) MARL Group

Name of controlled entity	Country of establishment	**2016 voting %**	2015 voting %
MQA Infrastructure Australia Pty Limited (formerly known as Macquarie Infrastructure Australia Pty Limited)	Australia	**100.0**	100.0
MQA Investments Australia Pty Limited	Australia	**100.0**	100.0
MQA Holdings 2 (US) LLC*	USA	**-**	100.0
MQA Indiana Holdings LLC	USA	**100.0**	100.0
MQA Holdings (US) LLC	USA	**100.0**	100.0

* Merged with MQA Holdings (US) LLC on 9 February 2016.

11 Payables and provisions

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Current				
Manager and adviser fees payable	**6,471**	7,131	**667**	625
Provision for manager and adviser performance fees (i)	**44,689**	19,400	**4,337**	1,287
Sundry creditors and accruals	**2,195**	1,835	**1,068**	1,390
Provision for tax (ii)	**5,826**	-	**5,826**	-
Total current payables and provisions	**59,181**	28,366	**11,898**	3,302
Non-current				
Provision for manager and adviser performance fees (i)	**44,689**	-	**4,337**	-
Total non-current payables and provisions	**44,689**	-	**4,337**	-

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

For the year ended 30 June 2016, a total performance fee of $134.1 million (excluding GST) was calculated for MQA (30 June 2015: $nil). The first instalment of $44.7 million (excluding GST) was applied to a subscription for new MQA securities in September 2016. Current provision for performance fees is made up of the second instalment of the 2016 performance fee of $44.7 million (excluding GST) which will become payable should the performance criteria be met at 30 June 2017.

Non-current provision for performance fees is made up of the third instalment of the 2016 performance fee of $44.7 million, which will become payable should the performance criteria be met at 30 June 2018. Accounting standards require the full liability to be recorded at 31 December 2016 as it is deemed probable that the performance criteria will be met, due to the level of outperformance achieved.

(ii) Proceeds from the sale of SCC are subject to both United States Federal Income Tax and State of Illinois Income Tax. An estimated tax expense of US$5.7 million ($7.8 million) is expected on the SCC sale. The amount of the tax is estimated after deducting the carried forward net operating losses of previous years which are allowed as a deduction against the tax liability. United States Federal Income Tax totalling US$1.5 million ($2.0 million) was paid in four instalments during the year and State of Illinois Income Tax for US$4.2 million ($5.8 million) is payable as at 31 December 2016.

12 Contributed equity

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Ordinary shares	**1,323,651**	1,355,890	**213,245**	207,024
Contributed equity	**1,323,651**	1,355,890	**213,245**	207,024

	Attributable to MARIL equity Holders	Attributable to MARIL equity holders	**Attributable to MARL equity Holders**	Attributable to MARL equity holders
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
On issue at the beginning of the year	**1,355,890**	1,410,130	**207,024**	205,552
Application of performance fees to subscription for new securities*	**57,868**	17,928	**6,221**	1,472
Capital return	**(90,107)**	(72,168)	**-**	-
On issue at the end of the year	**1,323,651**	1,355,890	**213,245**	207,024

	Number of shares '000	Number of shares '000	**Number of shares '000**	Number of shares '000
On issue at the beginning of the year	**517,485**	511,539	**517,485**	511,539
Application of performance fees to subscription for new securities*	**12,645**	5,946	**12,645**	5,946
On issue at the end of the year	**530,130**	517,485	**530,130**	517,485

* During the year ended 31 December 2016, the first instalment of the June 2016 performance fee and third instalment of the June 2014 performance fee (31 December 2015: second instalment of the June 2014 performance fee) were applied to a subscription for new MARIL securities and the first instalment of June 2016 performance fee and the third instalment of the June 2014 performance fee (31 December 2015: second instalment of the June 2014 performance fee) were applied to a subscription for new MARL securities.

Ordinary shares in MARIL and in MARL

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

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

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

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

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13 Reserves

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Balance of reserves				
Foreign currency translation reserve	**58,679**	45,404	**(6,979)**	(7,284)
Other reserve	**(301)**	-	**(152)**	-
	58,378	45,404	**(7,131)**	(7,284)

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	As at 31 Dec 2016 $'000	As at 31 Dec 2015 $'000	**As at 31 Dec 2016 $'000**	As at 31 Dec 2015 $'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the year	**45,404**	22,991	**(7,284)**	(11,164)
Net exchange differences on translation of foreign controlled entities*	**13,275**	22,413	**305**	3,880
Balance at the end of the year	**58,679**	45,404	**(6,979)**	(7,284)
Other reserve				
Balance at the beginning of the year	**-**	-	**-**	-
Other equity transactions	**(301)**	-	**(152)**	-
Balance at the end of the year	**(301)**	-	**(152)**	-

* Includes foreign exchange translation loss of $8.2 million on conversion of distribution proceeds from SCC sale of US$103.9 million ($145.5 million as on the date of recording the receivable and $137.3 million on the date of receipt of cash).

14 Accumulated (losses)/income

	Attributable to MARIL equity holders	Attributable to MARIL equity holders	**Attributable to MARL equity holders**	Attributable to MARL equity holders
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Balance at the beginning of the year	**(614,994)**	(657,029)	**(121,082)**	(147,587)
Adjustment to opening accumulated losses due to adoption of IFRIC 21	**-**	(6,270)	**-**	-
Profit attributable to stapled security holders	**102,131**	58,577	**122,978**	26,505
Dividends paid	**(4,178)**	(10,272)	**-**	-
Balance at the end of the year	**(517,041)**	(614,994)	**1,896**	(121,082)

15 Segment information

(a) Description of segments

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

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

The operating segment note discloses the segment revenue and segment EBITDA for the year ended 31 December 2016 by individual portfolio asset. The MQA Boards are provided with performance information on each asset to monitor the operating performance of each asset.

(b) Segment information provided to the MQA Boards

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2016, based on MQA's economic ownership interest is as follows:

	APRR	**Dulles Greenway**	**Warnow Tunnel**	**Total MQA**
	Year ended 31 Dec 2016	**Year ended 31 Dec 2016**	**Year ended 31 Dec 2016**	**Year ended 31 Dec 2016**
MQA	**$'000**	**$'000**	**$'000**	**$'000**
Segment revenue	**697,519**	**61,640**	**11,149**	**770,308**
Segment expenses	**(192,967)**	**(11,816)**	**(3,151)**	**(207,934)**
Segment EBITDA	**504,552**	**49,824**	**7,998**	**562,374**
EBITDA margin	**72%**	**81%**	**72%**	**73%**

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

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for the year ended 31 December 2015, based on MQA's economic ownership interest was as follows:

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

The proportionally consolidated segment information provided to the MQA Boards for the reportable segments for year ended 31 December 2016 and year ended 31 December 2015, based on the MARL Group's economic ownership interest is as follows:

	Dulles Greenway	**Total MARL Group**	Dulles Greenway	Total MARL Group
	Year ended 31 Dec 2016	**Year ended 31 Dec 2016**	Year ended 31 Dec 2015	Year ended 31 Dec 2015
MARL Group	**$'000**	**$'000**	$'000	$'000
Segment revenue	**8,260**	**8,260**	7,606	7,606
Segment expenses	**(1,583)**	**(1,583)**	(1,690)	(1,690)
Segment EBITDA	**6,677**	**6,677**	5,916	5,916
EBITDA margin	**81%**	**81%**	78%	78%

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

15 Segment information (continued)

(b) Segment information provided to the MQA Boards

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 2016 $'000**	Year ended 31 Dec 2015 $'000
Reconciliation of segment revenue to revenue				
Segment revenue	**770,308**	727,154	**8,260**	7,606
Revenue attributable to investments accounted for under the equity method*	**(770,308)**	(727,154)	**(8,260)**	(7,606)
Unallocated revenue	**70,647**	2,212	**4,477**	918
Total revenue	**70,647**	2,212	**4,477**	918
Reconciliation of segment EBITDA to profit before income tax expense				
Segment EBITDA	**562,374**	523,707	**6,677**	5,916
EBITDA attributable to investments accounted for under the equity method*	**(562,374)**	(523,707)	**(6,677)**	(5,916)
Unallocated revenue	**70,647**	2,212	**4,477**	918
Unallocated expenses	**(167,741)**	(30,442)	**(17,964)**	(4,794)
Share of net profit of investments accounted for using the equity method	**329,976**	113,317	**144,233**	30,381
Profit from operations before income tax expense	**232,882**	85,087	**130,746**	26,505

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

16 Earnings per stapled share

	MARIL	MARIL	**MARL**	MARL
	Year ended 31 Dec 2016 cents	Year ended 31 Dec 2015 cents	**Year ended 31 Dec 2016 cents**	Year ended 31 Dec 2015 cents
Basic and diluted earnings per MARIL/MARL share	**19.58**	11.38	**23.57**	5.15
	$'000	$'000	**$'000**	$'000
Earnings used in the calculation of basic and diluted profit per MARIL/MARL share*	**102,131**	58,577	**122,978**	26,505
	Number	Number	**Number**	Number
Weighted average number of shares used in calculation of basic and diluted earnings per MARIL/MARL share*	**521,665,455**	514,520,046	**521,665,455**	514,520,046

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

The basic and diluted profit per MQA stapled security for the year ended 31 December 2016 was $43.15 cents (2015:16.53 cents) per stapled security using MQA profit attributable to MQA stapled security holders of $225.1 million (2015: $85.1 million).

17 Cash flow information

	MQA	MQA	MARL Group	MARL Group
	Year ended 31 Dec 2016 $'000	Year ended 31 Dec 2015 $'000	**Year ended 31 Dec 16 $'000**	Year ended 31 Dec 15 $,000
Reconciliation of profit after income tax to the net cash flows from operating activities				
Profit/(loss) from activities after income tax	**225,109**	85,082	**122,978**	(26,505)
Gain on equity accounted assets	**(329,976)**	(113,317)	**(144,233)**	(30,381)
Net foreign exchange differences	**(315)**	385	**(13)**	4
Reversal of provision of impairment	**(67,373)**	-	**(3,442)**	-
Issue of securities against performance fees payable	**64,089**	19,400	**5,625**	1,287
Changes in operating assets and liabilities				
Decrease/(increase) in receivables	**17,874**	(16,258)	**17,778**	(15,958)
Increase /(decrease) in payables and provisions	**75,016**	(17,015)	**12,729**	(28)
Net cash outflow from operating activities	**(15,576)**	(41,723)	**11,422**	(18,571)

Non-cash financing and investing activities

Refer to Note 12 for further details on application of performance fees to subscription of new securities.

18 Related party disclosures

Adviser and Manager

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

Directors

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

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

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

— Nora Scheinkestel (Chairman)
— Marc de Cure
— Richard England
— John Roberts

18 Related party disclosures (continued)

Key Management Personnel

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

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

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

	Year ended 31 Dec 2016 Director's fees* $	Year ended 31 Dec 2015 Director's fees $
MARIL		
Jeffrey Conyers	**131,016**	100,514
James Keyes	**97,649**	80,411
Nora Scheinkestel**	**74,375**	45,893
Derek Stapley	**109,277**	93,813
David Walsh****	**-**	19,286
	412,317	339,917
MARL		
Nora Scheinkestel**	**197,500**	167,363
Marc de Cure	**141,250**	125,000
Richard England	**152,500**	140,000
John Roberts***	**132,500**	88,255
David Walsh****	**-**	54,890
	623,750	575,508

* Increase in Directors' fees effective 1 July 2016. For further details refer to the MQA Remuneration Report in the Annual Report.
** Appointed as Chairman of MARL and a director of MARIL on 17 April 2015.
*** Previously paid by the Macquarie Group; since 17 April 2015 paid by MARL.
**** Resigned as Chairman and as a director on 17 April 2015.

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

	Directors' interests in MQA stapled securities At 31 Dec 2016	Directors' interests in MQA stapled securities At 31 Dec 2015
Jeffrey Conyers	**40,000**	40,000
Marc de Cure	**-**	-
Richard England	**40,000**	40,000
James Keyes	**-**	-
John Roberts	**46,108**	46,108
Nora Scheinkestel	**64,987**	58,603
Derek Stapley	**-**	-
Total	**191,095**	184,711

18 Related party disclosures (continued)

Adviser and Manager fees

Under the terms of the governing documents of the individual entities within the Groups, fees incurred (inclusive of non-recoverable GST) to the Adviser/Manager of MQA and the MARL Group were:

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $	**Year ended 31 Dec 2016 $**	Year ended 31 Dec 2015 $
Base fee	**29,441,190**	25,873,078	**2,923,079**	2,072,960
Performance fee	**134,083,863**	-	**13,030,542**	-
Total	**163,525,053**	25,873,078	**15,953,621**	2,072,960

The performance fee is calculated with reference to the performance of the MQA accumulated index compared with the performance of the S&P/ASX 300 Industrials Accumulation Index. For the 12 months ended 30 June 2016, a total performance fee of $134.1 million (excluding GST) was calculated for MQA. This fee is payable in three equal annual instalments. For the period ended 30 June 2015, no new performance fee was expensed as MQA did not meet the performance criteria.

The first instalment of the June 2016 performance fee totalling $44.7 million was applied to a subscription for new MQA securities in September 2016. The third and final instalment of the June 2014 performance fee totalling $19.4 million was also applied to a subscription for new MQA securities in September 2016.

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

On 4 July 2016 MQA announced that notification had been received from MFA that commencing 1 July 2016, and for subsequent quarters until further notice, MFA would revise the base management fee arrangement replacing fee waivers notified previously. The base management fee rate payable has been reduced to a flat 1.00% per annum for all market capitalisations. Base management fee rates payable are:

Market Capitalisation	**Revised fee arrangement***	**Initial fee arrangement****	**Original contract**
Up to $1 billion	**1.00%**	**1.75%**	**2.00%**
Over $1 billion and up to $3 billion	**1.00%**	**1.00%**	**1.25%**
Over $3 billion	**1.00%**	**1.00%**	**1.00%**

* For the period after 1 July 2016 until further notice
** For the period from 1 January 2014 to 30 June 2016

Other transactions

Macquarie Group Limited ("MGL") and companies within the MGL Group undertake various transactions with, and perform various services for, MQA. Fees paid to MGL are approved solely by the independent directors on the boards of MARIL and MARL and, where appropriate, external advice is sought by the directors to ensure that the fees and terms of engagement are representative of arm's length transactions.

At 31 December 2016, Macquarie Capital Group Limited, a subsidiary of MGL, beneficially held 53,218,179 (2015: 80,411,621) stapled securities through its principal position in MQA.

At 31 December 2016, entities within the Groups had the following funds on deposit with Macquarie Bank Limited ("MBL"), a wholly owned subsidiary of MGL:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $	As at 31 Dec 2015 $	**As at 31 Dec 2016 $**	As at 31 Dec 2015 $
Cash held with MBL	**188,404,375**	48,198,517	**169,296,861**	31,117,286
Total	**188,404,375**	48,198,517	**169,296,861**	31,117,286

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18 Related party disclosures (continued)

Other transactions (continued)

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $	**Year ended 31 Dec 2016 $**	Year ended 31 Dec 2015 $
Interest earned on deposits with MBL	**1,360,692**	408,795	**1,022,190**	293,708
Reimbursement of expenses paid by MGL Group Companies on behalf of MQA	**994,970**	711,926	**720,325**	573,976
Fees paid to Macquarie Capital (Australia) Limited	**-**	30,064	**-**	2,527

Other balances and transactions

At 31 December 2016, entities within the Groups had the following balances receivable from Associates:

	MQA	MQA	**MARL Group**	MARL Group
	As at 31 Dec 2016 $	As at 31 Dec 2015 $	**As at 31 Dec 2016 $**	As at 31 Dec 2015 $
M6 Toll management fee	**644,774**	761,404	**-**	-
Total	**644,774**	761,404	**-**	-

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

	MQA	MQA	**MARL Group**	MARL Group
	Year ended 31 Dec 2016 $	Year ended 31 Dec 2015 $	**Year ended 31 Dec 2016 $**	Year ended 31 Dec 2015 $
Principal and interest received from preferred equity certificates issued by Macquarie Autoroutes de France 2 SA	**124,844,915**	130,279,011	**-**	-
Distribution from sale of SCC	**137,346,803**	-	**137,346,803**	-
Distribution from sale of ITRCCH	**224,609**	32,283,955	**224,609**	32,283,955
M6 Toll management fee	**1,418,896**	1,494,202	**-**	-
Directors' fee from Warnowquerung GmbH & Co. KG	**180,696**	253,480	**-**	-
Adviser's fee from Warnowquerung GmbH & Co. KG	**84,545**	93,083	**-**	-
Reimbursement of expenses from MAF SAS	**-**	28,492	**-**	-

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

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

19 Financial risk and capital management

Financial risk management

The Groups' activities expose them to a variety of financial risks: market risk (including foreign exchange risk and fair value interest rate risk), credit risk, liquidity risk and cash flow interest rate risk. The Groups' overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance of the Groups. The Groups use derivative financial instruments such as foreign exchange contracts to hedge certain risk exposures.

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

Market risk

(a) Foreign exchange risk

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

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

The Groups do not hedge the foreign exchange exposure on overseas investments.

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

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

— AUD/EUR exchange rate increased/decreased by 8 Euro cents (2015: 8 Euro cents)

— AUD/GBP exchange rate increased/decreased by 8 UK pence (2015: 6 UK pence)

— AUD/USD exchange rate increased/decreased by 10 US cents (2015: 11 US cents)

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

MQA Group	**Foreign exchange risk**							
	Appreciation in Australian Dollar				**Depreciation in Australian Dollar**			
	P&L 2016 $'000	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000	**P&L 2016 $'000**	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000
Total financial assets	**(515)**	(438)	**-**	-	**671**	573	**-**	-
Total financial liabilities	**19**	31	**-**	-	**(25)**	(42)	**-**	-
Total	**(496)**	(407)	**-**	-	**646**	531	**-**	-

MARL Group	**Foreign exchange risk**							
	Appreciation in Australian Dollar				**Depreciation in Australian Dollar**			
	P&L 2016 $'000	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000	**P&L 2016 $'000**	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000
Total financial assets	**(124)**	(153)	**-**	-	**165**	207	**-**	-
Total financial liabilities	**2**	21	**-**	-	**(3)**	(28)	**-**	-
Total	**(122)**	(132)	**-**	-	**162**	179	**-**	-

Financial assets include cash and cash not available for use and receivables.

Financial liabilities include payables.

19 Financial risk and capital management (continued)

Market risk (continued)

(b) Interest rate risk

The Groups have no significant interest bearing assets and liabilities whose fair value is significantly impacted by changes in market interest rates.

In assessing interest rate risk, management has assumed the following movements in the identified interest rates:

- Bank bill swap reference rate (AUD BBSW 90 days) increased/decreased by 66 bps (2015: 61 bps)
- Bank bill swap reference rate (EURIBOR 90 days) increased/decreased by 35 bps (2015: 43 bps)
- Bank bill swap reference rate (USD LIBOR 90 days) increased/decreased by 18 bps (2015: 16 bps)
- Bank bill swap reference rate (GBP LIBOR 90 days) increased/decreased by 21 bps (2015: 20 bps)
- Bank bill swap reference rate (AUD BBSW 6 months) increased/decreased by 64 bps (2015: 69 bps)

The below tables display the amounts for financial instruments that would be recognised in profit or loss or directly in equity if the above interest rate movements occur. The Groups' management have determined the above movements in interest rates to be a reasonably possible shift following analysis of the interest spreads of comparable debt instruments over the past five years.

	Interest rate risk							
MQA Group	**Increase in interest rates**				**Decrease in interest rates**			
	P&L 2016 $'000	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000	**P&L 2016 $'000**	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000
Total financial assets	**553**	285	**-**	-	**(553)**	(285)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**553**	285	**-**	-	**(553)**	(285)	**-**	-

	Interest rate risk							
MARL Group	**Increase in interest rates**				**Decrease in interest rates**			
	P&L 2016 $'000	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000	**P&L 2016 $'000**	P&L 2015 $'000	**Equity 2016 $'000**	Equity 2015 $'000
Total financial assets	**435**	184	**-**	-	**(435)**	(184)	**-**	-
Total financial liabilities	**-**	-	**-**	-	**-**	-	**-**	-
Total	**435**	184	**-**	-	**(435)**	(184)	**-**	-

Credit risk

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

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

19 Financial risk and capital management (continued)

Credit risk (continued)

The following table sets out the counterparties with which the Groups transact and therefore provides an indication of the credit risk exposures.

	MQA			MARL Group		
	Financial institutions $'000	Corporates and other $'000	Total $'000	Financial institutions $'000	Corporates and other $'000	Total $'000
2016						
Cash	**223,367**	-	**223,367**	**204,129**	-	**204,129**
Cash not available for use	**1,735**	-	**1,735**	-	-	**-**
Receivables	-	**645**	**645**	-	**-**	**-**
Total	**225,102**	**645**	**225,747**	**204,129**	**-**	**204,129**

	MQA			MARL Group		
	Financial institutions $'000	Corporates and other $'000	Total $'000	Financial institutions $'000	Corporates and other $'000	Total $'000
2015						
Cash	65,381	-	65,381	48,137	-	48,137
Cash not available for use	1,773	-	1,773	-	-	-
Receivables	-	761	761	-	10	10
Total	67,154	761	67,915	48,137	10	48,147

Financial institutions

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

Corporates

The MQA and MARL Group credit risk relates to the M6 toll management fee which is received within 30 days of invoice issue.

Liquidity risk

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

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

Financial Liabilities	**MQA Less than 1 year $'000**	**MARL Group Less than 1 year $'000**
December 2016	**8,666**	**1,735**
December 2015	8,966	2,015

19 Financial risk and capital management (continued)

Fair value measurement of financial instruments

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

Capital management

The Groups' capital management objectives are to:

— Ensure sufficient capital resources to support the Groups' business and operational requirements; and

— Safeguard the Groups' ability to continue as a going concern.

Annual reviews of the Groups' capital requirements are performed to ensure the Groups are meeting their objectives.

Capital is defined as contributed equity plus reserves. As at 31 December 2016 the Groups do not have any externally imposed capital requirements.

20 Parent entity financial information

(a) Summary financial information

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

	MARIL	MARIL	**MARL**	MARL
	31 Dec 2016 $'000	31 Dec 2015 $'000	**31 Dec 2016 $'000**	31 Dec 2015 $'000
Statement of Financial Position				
Current assets	**19,627**	17,538	**28,314**	31,182
Non-current assets	**838,920**	683,707	**73,987**	74,541
Total assets	**858,547**	701,245	**102,301**	105,723
Current liabilities	**(47,597)**	(26,021)	**(5,429)**	(2,444)
Non-current liabilities	**(40,351)**	-	**(4,338)**	-
Total liabilities	**(87,948)**	(26,021)	**(9,767)**	(2,444)
Shareholders' equity				
Issued capital	**1,323,650**	1,355,889	**213,245**	207,024
Reserves	**(235)**	-	**(85)**	-
Retained earnings	**(552,816)**	(680,665)	**(120,626)**	(103,745)
	770,599	675,224	**92,534**	103,279
Profit/(loss) for the year	**132,027**	73,039	**(16,881)**	(2,649)
Total comprehensive income	**132,027**	73,039	**(16,881)**	(2,649)

At 31 December 2016, MARIL had a net current liability position of $28.0 million (31 December 2015: net current liability position of $8.5 million). Included within MARIL's current liabilities are performance fees of $40.4 million (excluding GST) (31 December 2015: nil). Management forecasts indicate that MARIL will be able to meet its liabilities as and when they become due and payable.

(b) Guarantees entered into by the parent entities

MARIL and MARL have not provided any financial guarantees in respect to bank overdrafts and loans of subsidiaries as at 31 December 2016 and 31 December 2015. MARIL and MARL have not given any unsecured guarantees at 31 December 2016 and 31 December 2015.

(c) Contingent liabilities of the parent entities

Refer to Note 21 for MARIL and MARL's contingent liabilities as at 31 December 2016 and 31 December 2015.

21 Contingent liabilities

MQA had the following contingent liability at 31 December 2016. No provision has been raised against this item.

Warnow Tunnel

ETIUK, a subsidiary of MARIL, has made two separate guarantees, totalling €1.2 million ($1.7 million) (31 December 2015: €1.2 million ($1.8 million)), in the event of a senior debt payment event of default by WQG, the owner of the Rostock Fixed Crossing Concession. The Group believes it is unlikely to have to make these contributions.

This contingent commitment is backed by an on-demand guarantee, provided through a pledged cash account into which €1.2 million ($1.7 million) (31 December 2015: €1.2 million ($1.8 million)) has been deposited. These funds are restricted and are classified as cash not available for use on the Consolidated Statements of Financial Position.

The MARL Group has no contingent liabilities at 31 December 2016.

22 Events occurring after balance sheet date

On 23 February 2017, MQA announced that it will exercise its pre-emptive right and sign a purchase agreement to acquire the remaining 50% economic interest in the Dulles Greenway for US$445.0 million. Financial close is expected during the first half of 2017.

Since balance date, there have been no other matters or circumstances not otherwise dealt with in the Financial Reports that have significantly affected or may significantly affect the operations of the Groups, the result of those operations or the state of affairs of the Groups in the period subsequent to the year ended 31 December 2016.

Directors' Declaration – Macquarie Atlas Roads International Limited

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

a) the Financial Report of MARIL and its controlled entities ("MQA") and Notes set out on pages 13 to 48:

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

   ii) give a true and fair view of the financial position of the MQA as at 31 December 2016 and of its performance for the year ended on that date; and

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

The Directors confirm that the Financial Report also 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
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
22 February 2017

Derek Stapley
Director
Macquarie Atlas Roads International Limited
Pembroke, Bermuda
22 February 2017

Directors' Declaration – Macquarie Atlas Roads Limited

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

a) the Financial Report of MARL and its controlled entities (the "MARL Group") and Notes set out on pages 13 to 48 are in accordance with the constitution of MARL and the *Corporations Act 2001*, including:

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

   ii) giving a true and fair view of the financial position of the MARL Group as at 31 December 2016 and of their performance for the year ended as on that date; and

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

The Directors confirm that the Financial Report also 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
Macquarie Atlas Roads Limited
Sydney, Australia
23 February 2017

Richard England
Director
Macquarie Atlas Roads Limited
Sydney, Australia
23 February 2017

Independent auditor's report

To the security holders of Macquarie Atlas Roads International Limited and Macquarie Atlas Roads Limited

Report on the audits of the financial reports

Our opinion

In our opinion, the accompanying financial reports of Macquarie Atlas Roads International Limited ("MARIL") and Macquarie Atlas Roads Limited ("MARL") are in accordance with the *Corporations Act 2001* (as applicable), including:

a) giving a true and fair view of Macquarie Atlas Roads' ("MQA" or "the Group") and Macquarie Atlas Roads Limited Group's ("the MARL Group") financial positions as at 31 December 2016 and of their financial performance for the year then ended

b) complying with Australian Accounting Standards and the *Corporations Regulations 2001* (as applicable).

What we have audited

The MARIL and MARL financial reports comprise:

- the consolidated statements of financial position as at 31 December 2016
- the consolidated statements of comprehensive income
- the consolidated statements of changes in equity
- the consolidated statements of cash flows for the year then ended
- a summary of significant accounting policies and other explanatory notes
- the directors' declarations for MARIL and MARL

MQA comprises MARIL and the entities it controlled at year's end or from time to time during the financial year, and MARL and the entities it controlled at year's end or from time to time during the financial year. The MARL Group comprises MARL and the entities it controlled at year's end or from time to time during the financial year.

Basis for opinion

We conducted our audits in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audits of the financial reports* section of our report.

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

Independence

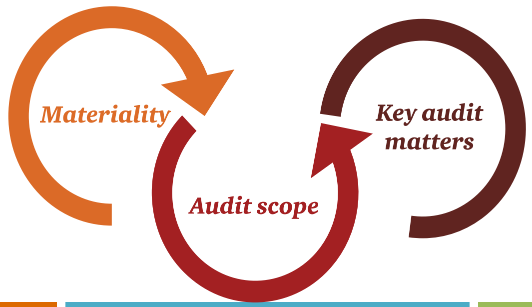
We are independent of MARIL and MARL in accordance with the auditor independence requirements of the Corporations Act 2001 (as applicable) and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of financial reports in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Our audit approach for MQA

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.

MQA invests in an international portfolio of toll road assets, the most significant of which are a 20.14% interest in French motorway network operator APRR and a 50% economic interest in US toll road operator Dulles Greenway ("DG"). MQA has determined that it has significant influence over these assets and accounts for them as "associates". We engaged the local auditors of both APRR and DG to express an audit opinion to us on the financial position and performance of those groups.



Materiality

- For the purpose of our audit we used overall Group materiality of \$8.2 million which represents 1% of the Group total assets.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit, the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose total assets because the Group is in effect an investment vehicle and as such is assessed on the value of its assets.
- We selected 1% based on our professional judgement, noting that it is also within the range of commonly accepted asset-related benchmarks.

Audit scope

- Our audit focused on where the directors made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We decided the nature, timing and extent of work that needed to be performed by us and by other auditors operating under our instruction ("component auditors").
- For APRR and DG we determined the level of involvement we needed to have in the audit work performed by the component auditors to enable us to conclude whether sufficient appropriate audit evidence had been obtained. Our involvement included discussions, written instructions and reviewing their work.

Key audit matters

- Amongst other relevant topics, we communicated the following key audit matters to the Audit and Risk Committee:
  - Carrying value of investments in APRR and DG
  - Accounting for the Group's share of the net profit of these investments in associates
  - Recognition and measurement of performance fees.
- They are further described in the *Key audit matters* section of our report.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audits of the financial reports for the current period. The following key audit matters are those that were applicable to our audits of both MQA and MARL ("the Groups"). They were addressed in the context of our audit of the financial reports as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary of the outcomes of a particular audit procedure is made in that context.

Key audit matter of MQA and MARL	How our audits addressed the key audit matter
Carrying value of investments in APRR ($717m) and DG ($169m) *Refer to Note 1 and Note 9.* The "equity accounted carrying value" of these investments (i.e. purchase price adjusted downwards for dividends or share of accounting losses and upwards for share of accounting profits) has to be assessed at each reporting date to test for impairment or reversal thereof. An asset is considered impaired if its carrying value exceeds its "recoverable amount", which is the higher of "fair value less costs of disposal" and "value in use" (being the net present value of cash flows forecast to be derived from holding the asset). These assessments involve significant judgement in estimating future cash flows and the rate at which they are discounted. The investment in DG was impaired by US$69m in 2011 following downward revisions to traffic forecasts and challenging economic conditions at that time. The Groups reversed this impairment in the current year following an assessment of the recoverable amount of DG as at 31 December 2016. We considered the assessment of carrying values of APRR and DG to be a key audit matter due to the judgemental nature of both assessments.	The Groups assessed the carrying values of their stakes in APRR and DG. Based on the assessments, the Groups determined that there were no indicators of impairment at APRR or DG and that there were indicators of impairment reversal at DG. We evaluated these assessments by comparing the underlying analysis to our knowledge of APRR and DG and the environment in which they operate. We found the assessments to be consistent with our expectations. We evaluated the Group's cash flow forecasts for the investment in DG, and the process by which they were developed. Our procedures included: • evaluation of the discount rate applied to dividend forecasts with reference to analysis undertaken by an independent expert engaged by management, and to analysis undertaken by our own valuation experts with reference to valuations of comparable assets. This evaluation led us to assess as reasonable the discount rate used by the Groups • comparison of previous forecasts to actual results to assess the reliability of forecasting • comparison of the Groups' forecasts of traffic volumes and tolling levels, as key inputs into the dividend forecasts, to modelling that was separately performed by a third party expert appointed by management • application of sensitivity analysis to key assumptions including discount rate and DG's underlying revenue growth rate.
Share of net profits of associates ($330m) *Refer to Note 1 and Note 9* The Groups apply equity accounting to each of their investments, and in doing so are required to make a number of adjustments to the underlying financial information. Certain of these adjustments are material and can require complex technical analysis.	Through interaction with the Groups and the APRR and DG audit teams, we obtained an understanding of operational developments at the investments and the nature and extent of any accounting standard or accounting policy adjustments required to align with those of the Groups. Upon receipt of the audited balance sheets and income statements for both APRR and DG, we re-calculated the share of net profits of each associate and compared the outcomes to those calculated by the

Key audit matter of MQA and MARL	How our audits addressed the key audit matter
	Groups. This exercise identified no material exceptions.
Recognition and measurement of performance fees ($134m) *Refer to Note 1, Note 2(ii) and Note 11* Macquarie Fund Advisers Pty Limited ("MFA") acts as manager and adviser to the Groups. A performance fee is payable to MFA at 30 June each year in the event that MQA securities outperform the S&P/ASX 300 Industrials Accumulation Index over a specified period. This performance fee is split into three equal annual instalments, with the second and third instalments only paid if MQA continues to outperform the index on a cumulative basis. We focused on this matter because performance fees have the capacity to be financially significant to the Groups and recognition is determined by estimating the probability that performance hurdles applicable to future instalments will be met.	We recalculated the 2016 performance fee with reference to the relevant agreements and checked the inputs to third party sources (such as the weighted average share price of MQA and the number of shares on issue for the calculation period) where applicable. We also evaluated the Groups' analysis of the likelihood that the remaining two instalments of the 2016 performance fee will be payable, having regard to the extent of out-performance achieved to date.

Other information

The directors of MARIL and MARL are responsible for the other information in the annual report. This other information comprises the following sections of the annual report: Macquarie Atlas Roads highlights, letter from the Chairpersons and the CEO, Macquarie Atlas Roads and its toll road portfolio, environmental and social responsibility management, Directors' profiles, corporate governance, Directors' Reports, stapled security holder information, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial reports does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audits of the financial reports, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial reports or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial reports

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

In preparing the financial reports, the directors are responsible for assessing MQA and the MARL Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate MQA or the MARL Group, to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audits of the financial reports

Our objectives are to obtain reasonable assurance about whether the financial reports as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial reports.

A further description of our responsibilities for the audit of the financial reports is located at the Auditing and Assurance Standards Board website at: http://www.auasb.gov.au/auditors_files/ar2.pdf

Report on the MARL remuneration report

Our opinion on the MARL remuneration report

We have audited Macquarie Atlas Roads Limited's remuneration report included in pages 9 to 11 of the Directors' report for the year ended 31 December 2016.

In our opinion, the remuneration report of Macquarie Atlas Roads Limited for the year ended 31 December 2016 complies with section 300A of the *Corporations Act 2001*.

Responsibilities of the MARL directors for the MARL remuneration report

The directors of Macquarie Atlas Roads Limited are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

C Stafford

Craig Stafford
Partner

Sydney
23 February 2017