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RIVERCITY MOTORWAY GROUP

FINANCIAL REPORT

YEAR ENDED 30 JUNE 2009

RiverCity Motorway Holding Trust Group

Financial Report

For the year ended 30 June 2009

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1. Group structure

In respect of the year ended 30 June 2009, the Directors of RiverCity Motorway Management Limited (ABN 33 117 343 361 / AFSL 297 867), being the responsible entity of the RiverCity Motorway Holding Trust (RCMHT) and RiverCity Motorway Investment Trust (RCMIT) stapled group and their controlled entities (RiverCity Motorway Group / Group), submit the following Directors' Report together with the financial report of the Group for the year ended 30 June 2009 and the auditors report thereon.

RiverCity Motorway Management Limited (RCMML) is a wholly owned subsidiary of RiverCity Motorway RE Holdings Pty Limited (a wholly owned subsidiary of RiverCity Motorway Holding Trust).

The units of RCMHT and RCMIT are stapled together and quoted as one on the ASX Limited (ASX).

AASB 3 *Business Combinations* excludes stapling arrangements. However, AASB Interpretation 1002 *Post-date-of-transition Stapling Arrangements* requires entities combining under stapling arrangements to identify one entity acquirer or parent entity. The parent entity is required to prepare consolidated financial statements in accordance with the principles of AASB 3 and AASB 127 *Consolidated and Separate Financial Statements*.

Units in RCMHT and RCMIT were stapled and registered with the Australian Securities and Investments Commission (ASIC) prior to entering into the project deed. Accordingly, the combination of the RiverCity Motorway Group occurred prior to being awarded the project deed when there were only nominal assets and liabilities in each Trust. As a result, no fair value adjustment was required on consolidation of the RiverCity Motorway Group.

In accordance with these requirements RCMHT has been identified as the parent entity of the RiverCity Motorway Group on the basis that it comprises 99% of the value of the stapled units on issue.

The financial statements have been prepared by consolidating the financial statements of all the entities that comprise RiverCity Motorway Group. Consistent accounting policies have been employed in the preparation and presentation of the financial statements. In preparing the financial statements, all transactions within the RiverCity Motorway Group have been eliminated in full.

The Group includes the following entities: RCMHT and its controlled entities: RiverCity Motorway RE Holdings Pty Ltd, RiverCity Motorway Management Limited, RiverCity Motorway Asset Nominee 2 Pty Limited, RiverCity Motorway Asset Nominee Pty Limited and RiverCity Motorway Finance Pty Limited, and RCMIT and its controlled entities: RiverCity Motorway Holdings Pty Limited, RiverCity Motorway Pty Limited, RiverCity Motorway Services Pty Limited, Flow Tolling Pty Limited and RiverCity Motorway Construction Pty Limited.

The Group was listed on the ASX on 3 August 2006. The ASX reserves the right (but without limiting its absolute discretion) to remove RCMHT or RCMIT or both from the official list if any of the units in RCMHT and the units in RCMIT cease to be stapled together, or any equity securities are issued by either of the Stapled Trusts which are not stapled to equivalent securities in the other entity.

2. Directors

The Directors of RCMML (responsible entity) during the year and up to the date of this report are:

Name, qualifications and independence status	Experience, special responsibilities and other directorships
Mr Robert Francis Morris BSc BE(Sydney) MEng Sci (UNSW) Chairperson Independent Non-executive Director	Robert Morris is also an Independent Director of Macquarie Airports Management Limited and Aspire Schools Financing Services (Qld) Pty Limited. During his time with Leighton Contractors (where he held the position of Director and General Manager, Land Transport) from 1994 to 2002, Robert managed the successful proposals of Leighton Contractors and its partners to the New South Wales Government for the Eastern Distributor and the Westlink M7 toll road projects. Robert was Chairman of the Sydney Roads Group from its ASX listing in 2006 through to its takeover in 2007. Appointed 3 June 2006. (Appointed Chairman 26 September 2008)
Mr John Collis Barry BA AICA Non-executive Director	John Barry has been a consultant to ABN AMRO Australia over the last 4 years involved in the bank's property and infrastructure areas. John has over 25 years experience in the financial services market including significant experience in the corporate finance and funds management industry. Prior to working with ABN AMRO Australia, John was an Executive Director of Challenger International and was on the boards of various funds management and life insurance companies of the Challenger Group as well as heading Challenger International's property group. John has extensive corporate finance experience having held senior positions in major investment banks. John is currently a director of Connector Motorways and Trilogy Funds Management Appointed 28 April 2006. (Chairman until 26 September 2008)
Mr Bernard Rowley Independent Non-executive Director	Bernard Rowley was the Chief Executive Officer of Suncorp for 10 years. Bernard is currently chairman of CUNA Mutual and Burrell Stockbroking and Superannuation, a Director of Texon Petroleum and a member of the Motor Accident Insurance Commission Advisory Committee. He is a Fellow of the Australian Institute of Company Directors and the Institute of Actuaries. Appointed 26 September 2008.

2. Directors (continued)

Name, qualifications and independence status

Experience, special responsibilities and other directorships

Mr Ken MacDonald
Independent
Non-executive Director

Ken MacDonald is currently Deputy Chairman of QIC Limited, Chairman of ASX Listed Highlands Pacific Limited and a Director of QIC Private Capital Pty Ltd, QIC Retail Pty Ltd and Q-Invest Limited. He consults to the law firm Allens Arthur Robinson where he was previously a Partner, Board Member and Executive Partner in charge of the Energy Resources and Infrastructure Department.

Appointed 26 September 2008.

Mr Peter Hicks
Non-executive Director

Peter Hicks is presently the General Manager Investment and Facility Management, Leighton Contractors and was the Bid Leader and initial CEO for the successful RiverCity Motorway proposal selected in 2006. Peter is a Board Member of Cross City Tunnel, Aspire (Qld Schools PPP), Praeco (Defence HQ PPP) and several not for profit Boards. Peter is a former Board member of Westlink M7 and Australian Council for Infrastructure Development. Peter is a Fellow of the Australian Institute of Company Directors.

Appointed 26 September 2008.

Mr Fritz Syvertsen
Non-executive Director

Fritz Syvertsen was Chief Executive Officer of Bilfinger Berger Projects in Australia, responsible for investments in development and concession project activities for Bilfinger Berger Project Investments GmbH in Australia. A senior executive with extensive experience gained in the management of international construction companies. Fritz has worked in the Asia Pacific region since leaving Germany in 1991. During his previous assignment as Managing Director for Baulderstone Hornibrook, he oversaw the company's strategic reorientation towards major infrastructure projects.

Appointed 26 September 2008. Resigned 30 March 2009.

Ms Thao Oakey
Non-executive Director
(Alternate for Peter Hicks)

Thao Oakey is currently a Project Director within Leighton Contractors' Investment and Facilities Management division, responsible for leading and procuring finance for large infrastructure projects and managing Leighton's investments in such projects. Thao has over 14 years experience in the infrastructure finance industry and prior to joining Leighton Contractors, was a senior Vice President in Deutsche Bank's investment banking division specialising in infrastructure.

Appointed 26 September 2008.

2. Directors (continued)

Name, qualifications and independence status

Experience, special responsibilities and other directorships

Mr Charles Mott

Non-executive Director

Charles Mott is Chief Executive Officer of Bilfinger Berger Project Investments Pty Limited, a specialist sponsor, investor and manager of public private partnership (PPP) projects. Charles has been involved in a wide variety of PPP projects in Australia including Sydney's Cross City Tunnel, Western Sydney Orbital and the Victorian Royal Womens' Hospital. Charles also led the Bilfinger Berger Project Investments' team on the CLEM7 Project. Prior to his current role, Charles spent 2 years as Chief Financial Officer of Transfield Services Infrastructure Fund, an investor in a range of infrastructure assets in the thermal power, renewable power and water treatment sectors. Previously Charles held a number of senior financial positions within Bilfinger Berger Project Investments' sister company Boulderstone Pty Ltd, including Chief Financial Officer and Group Commercial Director.

Appointed 17 June 2009.

Mr Peter Hollingsworth

Independent Non-executive Director

Peter Hollingsworth qualified as a civil engineer from University of Queensland in 1951 and as a licensed surveyor in 1954. Peter partnered the founding of Coffey & Hollingsworth consulting in geotechnical engineering in Australia and South-East Asia. In 1974 he founded Hollingsworth Consultants specialising in environmental impact studies and geotechnical engineering in Australia and Papua New Guinea. In the mid to late 1980s he was involved in the geotechnical aspects of tunnels in Queensland and Papua New Guinea. Peter retired from the firm in 1993 and now consults as Hollingsworth Project Consultant in business development in the engineering sector. Peter has received a number of prestigious awards, appointments and accreditations including being Awarded AM in Order of Australia Honours January 2004, Professional Engineer of the Year 2001 and being made an Honorary Fellow of the Institution of Engineers Australia in October 2002.

Appointed 26 September 2008.

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2. Directors (continued)

Name, qualifications and independence status

Experience, special responsibilities and other directorships

Mr Peter Emery
BA LLB Grad.Dip.Mgt FAICD
FFin FAIM

Independent
Non-executive Director

Peter Emery has had over thirty years experience in business management as a lawyer, investment banker, company director, consultant and academic. He held senior and general management positions with international bank NatWest later becoming a director of the Australian group of companies. He is currently Chief Executive Officer of Medigard Limited, Board member of LANDS Inc, QCOSS Inc and Health and Medical Gold Coast Inc, chairman and member of several Managed Investment Compliance Committees and is a presenter in the AICD governance and director programs.

Appointed 3 April 2007. Resigned 26 September 2008.

Mr Paul Dortkamp
FAICD (Dip) F Fin

Independent
Non-executive Director

Paul Dortkamp has been involved in the Australian Securities industry since 1971 beginning his career in the Securities Markets Department of the Reserve Bank of Australia. Paul specialises in investment process and compliance and is an external member of registered scheme compliance committees for a wide range of schemes and responsible entities. He is also an independent member of the Investment Sub Committee for a major bank. He is a co-founder of the Independent Compliance Committee Member Forum. He has a detailed knowledge of the investment process, combined with an understanding of the practical workings of compliance.

Appointed 3 April 2007. Resigned 26 September 2008.

Mr Philip Howe
BSc (Hons) AIFS (London)

Executive Director

Philip Howe joined Barclays in the United Kingdom in 1970. In 1988 he moved to Barclays in Australia and continued to specialise in corporate and investment banking. Subsequently ABN AMRO Bank purchased the Barclays investment banking business in Australia. Philip is the Head of Corporate Management Group at ABN AMRO, Australia. His other directorships include Brisbane Airtrain, Southern Cross Station, Melbourne, Darwin Convention Centre and Victorian Emergency Communications Network.

Appointed 5 September 2007. Resigned 26 September 2008.

3. Company Secretary

The Company Secretaries during the year and up to the date of this report are:

- (a) Mr Martin Conley – Resigned 26 September 2008;
- (b) Mr Trevor Watson – Resigned 26 September 2008;
- (c) Mrs Christine Hayward – Appointed 26 September 2008.
Christine holds a Bachelor of Commerce, is a CPA and qualified Chartered Secretary.

4. Meetings of Directors

The number of meetings of the RiverCity Motorway Group's Board of Directors and of each Board Committee held during the year ended 30 June 2009, and the number of meetings attended by each Director is:

	Full Meetings of Directors		Meetings of Audit Risk and Compliance Committee	
	A	B	A	B
	Robert Morris	13	13	6
John Barry	12	13	1	1
Peter Emery (resigned 26 September 2008)	5	5	1	1
Paul Dortkamp (resigned 26 September 2008)	5	5	1	1
Philip Howe (resigned 26 September 2008)	5	5	*	*
Bernard Rowley (appointed 26 September 2008)	8	8	6	6
Ken MacDonald (appointed 26 September 2008)	7	8	5	6
Peter Hollingsworth (appointed 26 September 2008)	8	8	*	*
Peter Hicks (appointed 26 September 2008)	4	8	*	*
Thao Oakey (appointed 26 September 2008)	8	8	*	*
Charles Mott (appointed 17 June 2009)	1	1	*	*
Fritz Syvertsen (appointed 26 September 2008) (resigned 30 March 2009)	3	5	*	*

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office during the year.

* = Not a member of the relevant committee.

5. Corporate governance statement

RiverCity Motorway Group has adopted a set of objectives and guiding principles that underline our approach to corporate governance and the conduct of our daily activities. This approach includes a commitment to conducting our activities ethically and lawfully, and aims to create value for our unitholders while providing accountability and internal control systems commensurate with the risks involved.

As RiverCity Motorway Group is listed on the ASX, we pay particular attention to Australian regulatory requirements and the Corporate Governance Principles and Recommendations 2nd Edition published by the ASX Corporate Governance Council (ASXCGC).

5. Corporate governance statement (continued)

5.1 ASX Principles and Recommendations and Revisions

RiverCity Motorway Group considers that our corporate governance arrangements during the reporting period and up to the date of this statement comply with the ASXCGC's best practice recommendations except for the following two exceptions:

- Recommendation 2.4 – Nomination Committee
- Recommendation 8.1 – Remuneration Committee

Having due regard to the Group's size, complexity and ownership structure, the Board considered the establishment of a separate nomination committee and a separate remuneration committee was not necessary or efficient during the period ending 30 June 2009. The Board has appropriate processes in place to manage tasks normally undertaken by the nominations committee and remuneration committee.

Following a review of the Group's key corporate governance policies during July 2009, the Board resolved to appoint a joint nomination and remuneration committee to support the Board in carrying out these duties.

As described in this statement, we have published our key corporate governance policies on our website at www.rivercitymotorway.com.au.

5.2 Clem Jones Tunnel (North-South Bypass Tunnel)

RiverCity Motorway Group operates under a Concession Deed with the Brisbane City Council (BCC), under which RiverCity Motorway Group has the right and obligation to finance, design, construct, commission, operate and maintain the Clem Jones Tunnel (CLEM7) as a toll road until 2051. After that date, the tunnel and related assets will be returned to BCC.

RiverCity Motorway Group has engaged Leighton Contractors Pty Limited, Baulderstone Hornibrook Pty Ltd, Bilfinger Berger Civil Pty Ltd and Baulderstone Hornibrook Queensland Pty Ltd (LBBJV), an unincorporated joint venture, under a construction contract to design and construct the tunnel and associated facilities. Leighton Infrastructure Investments Pty Limited and Bilfinger Berger BOT GmbH have also committed to subscribe an aggregate of \$155 million at \$1.00 per unit for the issue of units in RiverCity Motorway Group at any time before the earlier of completion of CLEM7 and October 2010.

Once the tunnel is constructed, Brisbane Motorway Services Pty Limited a company jointly owned by Leighton Contractors Pty Limited and Bilfinger Berger Services (Australia) Pty Limited, will maintain the tollroad for an initial contract term of five years.

RiverCity Motorway Group will directly develop and operate the tolling system, including managing customer service relations and marketing.

5.3 Corporate structure

RiverCity Motorway Group is made up of two Australian unit trusts, RCMHT and RCMIT (Trusts). Units in the Trusts are stapled together and traded as one on the ASX.

The Trusts are managed by RCMML, a wholly-owned subsidiary of RiverCity Motorway RE Holdings Pty Ltd whose only function is to act as the responsible entity of the Trusts. RCMML itself retains responsibility for the corporate governance of the Trusts and the protection of unitholders' interests.

The RCMML Board has appointed RiverCity Motorway Services Pty Limited (RCMS) as Manager to assume the specific responsibilities in respect of the day-to-day management of the Group and has delegated management of the day-to-day business affairs of the Trusts to RCMS, which is wholly owned by RiverCity Motorway Holdings Pty Limited. A reference in this financial report to RCMML generally includes a reference to RCMS as the delegate of RCMML.

5. Corporate governance statement (continued)

5.3 Corporate structure (continued)

RCMML and RCMS maintained separate Boards of Directors until 26 September 2008 when RCMML was purchased from ABN AMRO Australia Pty Limited by RiverCity Motorway RE Holdings Pty Ltd at which time the same Directors were appointed to the RCMML and RCMS boards. The Board of Directors of RCMML are referred to as the Board in this financial report.

Under the terms of the Trusts' Constitutions, the Trusts pay RCMML a fixed management fee (indexed annually according to movements in the Consumer Price Index), together with reimbursement of expenses reasonably incurred by it in the proper performance of its duties as responsible entity of the Trusts. Details of the fees paid and payable to RCMML are set out in Note 28 to the financial report.

RiverCity Motorway Group exercised its call option to require ABN AMRO to transfer ownership of RCMML 18 August 2008, with final settlement occurring on 26 September 2008.

5.4 Principle 1 – Lay solid foundations for management and oversight

The Board has adopted the following objectives for RiverCity Motorway Group:

- to act in the best interests of unitholders to maximise returns, commensurate with sound business principles and the effective management of risk;
- to comply with the requirements of the Concession Deed, corporate charters and regulatory requirements;
- to provide:
 - a safe and healthy working environment with a goal of no harm to employees, contractors and community; and
 - a tunnel that is safe for motorists to use;
- to satisfy the following objectives insofar as they align with the above objectives:
 - maximise the efficiency of the Group; and
 - build loyalty and long-term satisfaction among customers and stakeholders by providing an outstanding level of service.

The Board

The role of the Board is to provide overall strategic guidance for unitholders and effective oversight of management. The Board ensures that the activities of the RiverCity Motorway Group comply with the Stapled Trusts' constitutions. The Board provides direction and guidance, with the aims of building a solid and reliable corporate identity and ensuring that RiverCity Motorway Group works in the best interests of unitholders, and at all times with integrity.

The Board has adopted a Board Charter, which defines the role and responsibilities of the Board and describes the processes the Board follows to discharge its role and responsibilities. The Board Charter can be found on our website at www.rivercitymotorway.com.au.

5. Corporate governance statement (continued)

5.4 Principle 1 - Lay solid foundations for management and oversight (continued)

The Board's responsibilities include:

- providing input into, reviewing and approving strategic plans and performance objectives;
- monitoring senior executive's performance in the implementation of strategic plans;
- ensuring effective communications with unitholders, including convening unitholder meetings, listening and responding to investor views of management and on the Group;
- facilitating the effective exercise of unitholder rights;
- reporting to unitholders and ensuring that all regulatory requirements are met;
- establishing and maintaining, for the responsible entity, employment and occupational, health and safety policies;
- actively promoting ethical and responsible decision-making;
- overseeing the Group, including its control and accountability systems;
- establishing a system of accountability for unethical practices;
- approving and monitoring financial and other reporting;
- monitoring and overseeing the accounting and financial management systems;
- reviewing and monitoring the progress of major capital expenditure, capital management, major acquisitions and divestitures and material commitments;
- determining the distribution policy and declaring distributions;
- reviewing, ratifying and monitoring systems, risk management and internal control, codes of conduct and legal compliance;
- appointing and removing the Chief Executive Officer;
- where appropriate ratifying the appointment and removal of senior executives; and
- ensuring appropriate resources are available to senior executives.

The day-to-day management functions are performed by the Manager's staff. RCMML therefore monitors RCMS's compliance with its regulatory and contractual obligations in relation to the Trusts and RCMS's performance as Manager. Key members of RCMS's staff must be approved by RCMML.

The Manager engages a team of people to perform the functions equivalent to those that would ordinarily be performed by senior management, including a Chief Executive Officer (CEO), Chief Financial Officer (CFO), Investor Relations and Corporate Communications Manager, Engineering Manager and Customer Operations Manager. The Board has delegated to the CEO all powers and authority to achieve the Group's objectives.

Included in the Management Deed RCMML has with RCMS are details of the responsibilities delegated to RCMS and senior executives. The Board has delegated authority and powers to the Chief Executive Officer as necessary to recommend and implement the strategies approved by the Board and to manage the day-to-day operation and administration of the Group. The Chief Executive Officer is the Board's principal link to the senior management team.

The CEO is accountable to the Board for exercise of these delegated powers and authority, and for the performance of RiverCity Motorway Group towards achievement of the Group's objectives. The CEO is required to ensure that reporting to the Board is open and effective and addresses material developments affecting achievement of the Group's objectives.

5. Corporate governance statement (continued)

5.4 Principle 1 - Lay solid foundations for management and oversight (continued)

The Chief Executive Officer may further delegate within specific policies and delegation limits to members of the senior management team, but remains accountable for all authority delegated to its members. The Board ensures that the senior management team is appropriately qualified, experienced and resourced to discharge its responsibilities. The Board has in place procedures to assess the performance of the Chief Executive Officer and other members of the senior management team.

During the year the Group maintained a detailed induction program to enable any new executives to gain an understanding of the Group's financial performance, strategies, operations and risk management processes and the respective rights, duties responsibilities and roles of the Board and senior executives.

5.5 Principle 2 – Structure the board to add value

Composition of the Board

The names of the Directors of the Group in office at the date of this report are set out in the Directors' report on pages 3 to 6 of this report. The composition of the Board is determined using the following principles:

- a minimum of three Directors with a broad range of expertise; and
- a majority of Independent Non-executive Directors.

An Independent Director is a Director who is not a member of management (a Non-executive Director) and who is free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment or be perceived to do so.

During the period 1 July 2008 to 26 September 2008 John Barry as Chairperson was not considered to be an Independent Chairperson, however, Robert Morris (an Independent Non-executive Director) was the appointed Lead Independent Non-executive Director.

On 26 September 2008, John Barry resigned as Chairperson and Robert Morris was appointed as the RCMML Independent Non-executive Chairperson.

The Board regularly assesses the independence of each Director in light of the interests disclosed by them.

Skills, knowledge and experience of the Board

The Board considers that its members collectively have the range of skills, experience and expertise required to govern RiverCity Motorway Group. Information about each of the Directors is detailed on pages 3 to 6 of the financial report.

The Board aims to have Directors with a range of qualifications and expertise appropriate to the activities and needs of the RiverCity Motorway Group and considers that the present seven Directors, meet this criteria. The Board has a majority of independent directors who each meet the independence criteria as set out in the ASXCGS recommendations

Director education

The Group has a formal process to educate new Directors about the nature of the business, current issues, corporate strategy and the expectations of the Group concerning performance of Directors. Directors also have the opportunity to visit the Manager's facilities and meet with management to gain a better understanding of business operations. Directors are given access to continuing education opportunities to update and enhance their skills and knowledge.

5. Corporate governance statement (continued)

5.5 Principle 2 – Structure the board to add value (continued)

Independent professional advice and access to company information

Each Director has the right of access to all relevant Group information and to the Group's executives, and subject to prior consultation with the Chairperson, may seek independent professional advice from a suitably qualified adviser at the Group's expense. The Director must consult with an advisor suitably qualified in the relevant field, and obtain the Chairperson's approval of the fee payable for the advice before proceeding with the consultation. A copy of the advice received by the Director is made available to all other members of the Board.

Nomination Committee

The Board did not appoint a Nomination Committee during the reporting period as they did not consider a Nomination Committee to be appropriate at the time.

The Board considered appropriate selection criteria in relation to the assessment of the necessary and desirable competencies of the Board members. Those are:

- integrity;
- experience in the particular infrastructure sector and experience in other relevant areas such as finance, investments, funds management, legal and corporate governance, and the degree to which they complement the skill set of the existing Board members; and
- in the case of prospective Independent Directors, their actual and perceived independence.

Before accepting appointment, Independent Directors will be formally advised of the reasons why they have been asked to join the Board and will be provided with a letter of appointment which includes an outline of what the Board expects of them.

The Board appointed a joint nomination and remuneration committee in July 2009.

Remuneration Committee

The Board did not appoint a Remuneration Committee during the reporting period. Directors are entitled to be paid fees out of the Stapled Trusts. All Directors are entitled to cost reimbursements.

The Stapled Trusts do not have senior executives. One of the responsibilities of the Manager under the Management Deeds is to provide the day-to-day executive functions in the management of the Group. The Manager is not paid a management fee under the Management Deeds. However it is entitled to be reimbursed for costs incurred in properly performing its functions and the Stapled Trusts and the related controlled entities will ultimately be liable for those costs.

The Board did not consider it necessary or appropriate to constitute a Remuneration Committee given its limited exposure to remuneration expenses during the reporting period.

The Board appointed a joint nomination and remuneration committee in July 2009.

Board processes

To assist in the execution of its responsibilities, the Board has established an Audit Risk and Compliance Committee. The Audit Risk and Compliance Committee has a written charter which is reviewed on a regular basis.

All Board meetings are conducted in accordance with the Group's constitutions and the *Corporations Act 2001*.

5. Corporate governance statement (continued)

5.5 Principle 2 – Structure the board to add value (continued)

Board processes (continued)

Directors are committed to collective decision making, but have a duty to question and raise any issues of concern to them. Matters are to be debated openly and constructively amongst the Directors. Individual Directors must utilise their particular skills, experience and knowledge when discussing matters at Board meetings.

The Board has also established a framework for the management of the Group including a system of internal control, a business risk management process and the establishment of appropriate ethical standards.

The Board currently holds ten scheduled meetings each year, plus extraordinary meetings at such other times as may be necessary to address any specific significant matters that may arise.

The agenda for meetings is prepared in conjunction with the Chairperson, CFO and Company Secretary. Standing items include the Chief Executive Officer's report, financial reports, strategic matters, governance and compliance. Board papers are circulated in advance. Executives are regularly involved in Board discussions and Directors have other opportunities, including visits to the Manager's business operations, for contact with a wider group of employees.

A structured process has been established by the Board to review and evaluate the effectiveness of itself, individual directors and interactions with management on a regular basis.

5.6 Principle 3 – Promote ethical and responsible decision-making

Ethical standards

All Directors, managers and employees are expected to act with the utmost integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Every employee has a nominated supervisor to whom they may refer any issues arising from their employment. The Board reviews the Group's Code of Conduct annually and processes are in place to promote and communicate these policies.

The Board has approved a Code of Conduct to help Directors, management and contractors to understand their responsibilities to uphold the guiding principles to which RiverCity Motorway Group aspires and to conduct business in accordance with those guiding principles. The Code is reflected in and supported by RiverCity Motorway Group's other internal policies and procedures.

The Board oversees the development, promotion and maintenance of the Code. The Code of Conduct incorporates a whistleblower policy that enables RiverCity Motorway Group employees to voice genuine concerns in relation to breaches of our guiding principles or laws or inappropriate workplace behaviour.

Conflict of interest

Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Group. The Board has developed procedures to assist Directors to disclose potential conflicts of interest.

Where the Board believes that a significant conflict exists for a Director on a Board matter, the Director concerned does not receive the relevant board papers and is not present at the meeting whilst the item is considered.

5. Corporate governance statement (continued)

5.6 Principle 3 – Promote ethical and responsible decision-making (continued)

Code of Conduct

The Group has advised each Director, manager and employee that they must comply with the Code of Conduct. The Code of Conduct covers the following:

- aligning behaviour of the Board, management and employees with the Code of Conduct by maintaining appropriate core Group values and objectives;
- fulfilling responsibilities to unitholders by delivering unitholder value;
- usefulness of financial information by maintaining appropriate accounting policies, practices and disclosure;
- employment practices such as occupational health and safety, employment opportunity, community activities, sponsorships and donations;
- responsibilities to the individual, such as privacy, use of privileged or confidential information, and conflict resolution;
- compliance with legislation;
- conflicts of interest;
- corporate opportunities such as preventing Directors and key executives from taking advantage of property, information or position for personal gain;
- confidentiality of corporate information;
- fair dealing;
- protection and proper use of the Group's assets;
- compliance with laws; and
- reporting of unethical behaviour.

Trading in general Group stapled units by Directors and employees

The key elements of the Group's Trading Policy are:

- to identify individuals restricted from trading. Directors and senior executives may acquire stapled units in the Group, but are prohibited from dealing in the Group's stapled units during the following black-out periods:
 - in the period from the end of the relevant financial reporting period until the preliminary announcement of the half-yearly or annual results;
 - in the period two weeks immediately before the release of any regular trading update;
 - at such other times as the Board of the Manager designates; and
 - whilst in possession of price sensitive information;
- to raise the awareness of legal prohibitions, including transactions with colleagues and external advisers;
- to require details to be provided of intended trading of the Group's stapled units;
- to require details to be provided of the subsequent confirmation of the trade; and
- to identify instances and processes where discretions may be exercised in unusual circumstances such as financial hardship.

The policy also details the insider trading provisions of the *Corporations Act 2001*.

5. Corporate governance statement (continued)

5.7 Principle 4 – Safeguard integrity in financial reporting

Audit Risk and Compliance Committee

The Audit Risk and Compliance Committee has a documented charter, approved by the Board. All members must be Non-executive Directors with a majority being independent. The Chairperson may not be the Chairperson of the Board. The Committee advises on the establishment and maintenance of a framework of internal control and appropriate ethical standards for the management of the Group.

The members of the Audit Risk and Compliance Committee are Bernard Rowley (Chairperson, Independent Non-executive Director), Ken MacDonald (Independent Non-executive Director), and Robert Morris (Independent Non-executive Director).

Prior to the change in ownership of RCMML on 26 September 2008, the Committee members were Paul Dortkamp (Chairperson, Independent Non-executive Director), Peter Emery (Independent Non-executive Director) and John Barry (Non-executive Director). The Company Secretary acts as secretary to the Committee.

The Board annually reviews the composition of the Audit Risk and Compliance Committee. It most recently did so in September 2008. The Board confirmed that the composition of the Committee is appropriate and, in particular, complies with the recommendations of the ASXCGC.

The Audit Committee focuses on the following matters:

- the integrity of external financial reporting and financial statements;
- the appointment, remuneration, independence and competence of the external auditors;
- the performance of the internal and external audit functions and review of the audits;
- the effectiveness of the system of risk management and internal controls; and
- the systems or procedures for compliance with applicable legal and regulatory requirements.

The Committee will liaise with the Manager in performing its role, as the Manager is responsible for the risk management and financial operations (including keeping accounting records and the preparation of financial statements) as part of the management services under the Management Deeds with RCMML.

5. Corporate governance statement (continued)

5.7 Principle 4 – Safeguard integrity in financial reporting (continued)

Audit Risk and Compliance Committee

The Committee reports, and recommends appropriate actions, to the Board on matters arising from the Committee's activities. The minutes of each meeting of the Audit Risk and Compliance Committee are considered at the next meeting of the Board, and the Committee Chairperson reports to the Board on issues of particular relevance to the Board. Papers for each meeting of the Audit Risk and Compliance Committee are made available for consideration before the meeting for all Committee members.

The Audit Risk and Compliance Committee met seven times during the reporting period. Details of attendance by Committee members at Committee meetings are set out in the Directors' Report.

Each meeting of the Committee may also be attended by the CEO, CFO and Company Secretary. Other executives attend from time-to-time to report on matters within the Committee's areas of focus.

Representatives of the external auditors, KPMG, attended two meetings of the Audit Risk and Compliance Committee during the reporting period. These meetings included a private session between the Committee and the external auditors without any members of management present.

The Audit Risk and Compliance Committee's charter is available on the Group's website.

The responsibilities of the Audit Risk and Compliance Committee include:

- reviewing the appropriateness of the accounting principles in the composition and presentation of financial reports;
- overseeing the preparation of financial reports and reviewing the results of external audits of these reports;
- assessing significant estimates and judgments in financial reports;
- reviewing the Manager's processes for ensuring and monitoring compliance with laws, regulations and other requirements relating to the preparation of accounts and external reporting of financial and non-financial information;
- assessing (before publication) whether external reporting is consistent with Committee members' information and knowledge and is adequate for unitholder needs;
- reviewing material documents and reports prepared for lodgement with regulators, assessing their impact and making recommendations to the Board;
- ensuring that a comprehensive continuous disclosure reporting process is established;
- reviewing the completeness and accuracy of the Group's main corporate governance practices as required by the ASX Listing Rules;
- assessing solvency and the going concern assumption; and
- recommending to the Board whether the financial and non-financial statements should be signed based on the Committee's assessment of them.

In fulfilling its responsibilities, the Committee will receive regular reports from the Manager.

5. Corporate governance statement (continued)

5.8 Principle 5 – Make timely and balanced disclosure

Communication with unitholders

The Board provides unitholders with information using a comprehensive Disclosure Policy which includes identifying matters that may have a material effect on the price of the Group's securities, notifying them to the ASX, posting them on the Group's website and issuing media releases. More details of the policy are available on the Group's website.

In summary, the Disclosure Policy operates as follows:

- the CEO, CFO and the Company Secretary (of RCMML and the Manager) are responsible for interpreting the Group's policy and where necessary informing the Board. The Company Secretary is responsible for all communications with the ASX. Such matters are advised to the ASX within the appropriate timeframes, and senior executives monitor all areas of the Group's internal and external environment;
- the full Annual Financial Report is available to all unitholders should they request it;
- the half-yearly interim report contains summarised financial information and a review of the operations of the Group during the period. The half-year interim financial report is lodged with ASIC and the ASX, and sent to unitholders who request it;
- proposed major changes in the Group which may impact on unit ownership rights are submitted to a vote of unitholders;
- meetings are held annually to provide unitholders with information, and an opportunity to meet members of the Board and senior management;
- all announcements made to the market, and related information (including information provided to analysts or the media during briefings), are placed on the Group's website after they are released to the ASX; and
- the full text of notices of meetings and associated explanatory material are placed on the Group's website.

All of the above information is made available on the Group's website within the appropriate timeframes.

Community communications and participation

The Group is committed to being a good neighbour to those living and working in the CLEM7 corridor and to ensuring that community concerns and aspirations about the project are properly addressed.

The Group in conjunction with the design and construction contractor has developed a comprehensive plan for fostering community involvement during the construction phase. Under this plan, there is regular consultation with the community, developing links with stakeholders in the region, providing community information using a range of methods and developing partnerships with community groups and schools to help enhance the quality of life in Brisbane.

During the construction phase, a number of consultative groups have been established to provide regular and up-to-date information to the community about progress on the delivery of the project and to obtain community feedback for the project parties.

During operations the Group will continue to foster positive relationships with nearby residents and business, as well as the wider Brisbane community. The Group's communication and community relations activities during operations will be outlined in the Communication and Community Relations Management Plan.

5. Corporate governance statement (continued)

5.9 Principle 6 – Respect the rights of unitholders

The Group elects to hold an annual information update meeting for unitholders. Because the Group is not required by law to hold an annual general meeting, there is usually no formal business to be considered at the annual meeting. However, unitholders are encouraged to participate in the annual meeting by asking questions about the Group's activities. Unitholders can submit questions in advance of the annual meeting. Frequently asked questions and answers will be posted on our website. The external auditor is invited to attend the annual meeting and is available to answer questions.

The Group's website provides a facility for unitholders to email investor queries for response, maintains a copy of all ASX releases as well as contact details of the Group's share registry, Link Market Services.

All unitholders receive electronic copies of the Group's annual report, unless they have elected to receive hard copies.

5.10 Principle 7 – Recognise and manage risk

Oversight of the risk management system

The Board oversees the establishment, implementation and annual review of the Group's risk management system. The Manager has established and implemented the risk management system for assessing, monitoring and managing operations, financial reporting, and compliance risks for the Group.

The CEO and CFO have declared, in writing to the Board that the financial reporting risk management and associated compliance and controls have been assessed and found to be operating efficiently and effectively. The operational and other risk management compliance and controls have also been assessed and found to be operating efficiently and effectively. All risk assessments covered the whole reporting period and the period up to the signing of the Annual Financial Report for all material operations in the Group.

Risk profile

The CEO and senior management are responsible for implementing the risk management plan, including developing, monitoring and reporting on risk procedures and treatment plans. A risk register is maintained setting out all risks identified and is reviewed quarterly. Based on analysis of likelihood and consequence, each risk is rated low, medium or high, and an assessment of residual risk is made after application of those treatments.

The risk register is updated and provided to the Board on a quarterly basis with the Audit Risk and Compliance Committee undertaking a detailed review quarterly.

5. Corporate governance statement (continued)

5.10 Principle 7 – Recognise and manage risk (continued)

Risk management and compliance and control

The Board is responsible for the overall internal control framework, but recognises that no cost-effective internal control system will preclude all errors and irregularities. Comprehensive internal control systems have been established to ensure:

- capital expenditure and revenue commitments above a certain size obtain prior Board approval;
- financial exposures are controlled, including the use of derivatives;
- occupational health and safety standards and management systems are monitored and reviewed to achieve high standards of performance and compliance with regulations;
- business transactions are properly authorised and executed;
- the quality and integrity of personnel is maintained;
- financial reporting accuracy and compliance with the financial reporting regulatory framework; and
- environmental regulation compliance.

Quality and integrity of personnel

Formal appraisals are conducted at least annually for all employees of the Manager. Training and development, appropriate remuneration and incentives with regular performance reviews create an environment of cooperation and constructive dialogue with employees and senior management.

Financial reporting

The CEO and CFO have declared in writing to the Board that the Group's financial reports are founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board.

Monthly management results are reported against budgets approved by the Directors and revised forecasts for the year are prepared regularly.

Environmental regulation

The Group's construction phase is subject to environmental regulation under the Commonwealth, State and local legislation in relation to the design and construction of the CLEM7. The Group's design and construction contractor has established and maintains an environmental management plan.

The CEO and Engineering Manager monitor the environmental management plan. The design and construction contractor reports monthly on the environmental management plan outcomes.

Based on the results of enquiries made and reports received, the Board is not aware of any significant breaches during the period covered by this report. The Group's operations and maintenance contractor is required to establish and maintain an environmental management plan. The operations and maintenance contractor will report monthly against this plan. The CEO and Engineering Manager will monitor the environmental management plan outcomes during operations.

5. Corporate governance statement (continued)

5.11 Principle 8 – Remunerate fairly and responsibly

Remuneration Report

Principles of compensation

Remuneration is referred to as compensation throughout this report.

The management of the Group is outsourced to the Manager who in turn employs the key management personnel (other than Directors of RCMLL).

Key management personnel of the Manager, have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of RCMLL and executives for the Manager including the five most highly remunerated S300A executives.

Compensation levels for key management personnel and secretaries of the Group and key management personnel of the Manager are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board of the Manager obtains independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the Group's compensation strategy.

Compensation packages may include a mix of fixed and variable compensation.

Executive remuneration policy

Executive remuneration arrangements are designed to reward employees competitively and appropriately for their individual performance, including their contribution to the business results delivered. Individual remuneration is aligned with contribution towards achievement of the Group objectives.

Service contracts for senior executives, including the CEO, are unlimited in term. Each contract can be terminated by the giving of a fixed period of notice. The Manager, RCMS, has the right to terminate the contract immediately, by making a payment in lieu of notice.

Executive remuneration is made up of a fixed component and an at-risk component. The fixed component is structured as a total employment cost package, including cash, voluntary superannuation and benefits. Fringe benefits tax costs are taken into account in the total employment cost calculation. The fixed component is set by reference to the scope and nature of the executive's role, and the executive's performance and experience. It is reviewed annually by reference to market benchmarks, the executive's performance and any changes in the executive's role or responsibilities.

The at-risk component of executive remuneration is linked to the achievement of individual key performance indicators. The at-risk remuneration component is paid in cash.

Individual goals for each executive are tailored to the accountabilities of the executive's role and the capacity of the executive to affect RiverCity Motorway Group's performance. Individual goals focus on the achievement of the Group objectives and vision.

The performance of the Group's senior executives has been assessed this year in accordance with the process adopted by the Board. The Chief Executive Officer's performance is formally assessed annually by the Chairman. The Chief Executive Officer is responsible for evaluating the performance of the Chief Financial Officer, the Investor Relations and Communications Manager and the Engineering Manager.

5. Corporate governance statement (continued)

5.11 Principle 8 – Remunerate fairly and responsibly (continued)

Remuneration Report (continued)

Executive remuneration policy (continued)

RiverCity Motorway Group does not currently provide any equity-based incentives, nor incentives related directly to total unitholder returns. The Board will review the appropriateness of introducing incentives of these kinds as the Group approaches operations.

Performance of RiverCity Motorway Group

The Group's strategic goals for the year ended 30 June 2009 measured performance in risk management, supporting completion of the CLEM7 as a quality project, developing relationships with key stakeholders (including BCC, the community and investors), preparation for tollroad opening and adding unitholder value.

In reviewing performance against these strategic goals, the Board principally considered reports from management at each regular meeting of the Board. The Chairman and other Directors of RCMS attended meetings on key issues with senior personnel of the construction contractor, LBBJV. The Board also received reports and presentations from independent consultants, particularly with respect to the perceptions of key stakeholders. The Board is satisfied that these methods were adequate to enable it to assess performance against the goals. The Board determined that the goals set in each of these areas were substantially achieved during the reporting period.

The Board has approved goals for the year ending 30 June 2010 to measure performance in the same areas, and, in addition, in the Group's preparations for operation of the CLEM7 after completion of the construction period.

Senior executives

Key management personnel (other than Directors)

RCMS is an organisation currently employing thirteen people, the key management personnel are the five executives and RCMML, who collectively have the greatest authority for the strategic direction and management of RiverCity Motorway Group. This section contains information relating to the Group's key management personnel.

The Group (through RCMS) and each key management personnel have entered into a service contract that sets out the remuneration and other terms of employment of the key management personnel. Each services contract outlines the components of remuneration (including eligibility for incentives), but does not prescribe the level of remuneration from year-to-year.

Service contracts do not have a specified term.

The service contracts for the key management personnel contain the following termination provisions. The Group may give a payment in lieu of notice equivalent to the remuneration for the notice period.

5. Corporate governance statement (continued)

5.11 Principle 8 – Remunerate fairly and responsibly (continued)

Remuneration Report (continued)

Senior executives (continued)

Name	Notice by Group	Notice by Employee	Termination Provisions
Flan Cleary Chief Executive Officer	18 months	6 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Christine Hayward Chief Financial Officer	18 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Anthony Havers Investor Relations and Corporate Communications Manager	12 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Colin Richmond Engineering Manager	12 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Teisha Peterson Customer Operations Manager	3 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.

RiverCity Motorway Group has not provided any loans to executives or Directors.

At-risk remuneration

The table below summarises the at-risk component of the remuneration under the service contracts between the Group and the key management personnel who are in office as at the date of this report.

Name	Short Term Incentives (Annual)*
Flan Cleary	Discretionary
Christine Hayward	\$20,000
Anthony Havers	\$20,000
Colin Richmond	Discretionary
Teisha Peterson	Discretionary

* Higher amounts may be paid at the Board's discretion.

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5. Corporate governance statement (continued)

5.11 Principle 8 – Remunerate fairly and responsibly (continued)

Remuneration Report (continued)

At risk remuneration (continued)

Name	Milestone Retention Bonus	
	Flan Cleary	Up to 65% of base salary at tolling system completion
Christine Hayward	Up to 65% of base salary at commencement of tolling	Up to 35% of base salary at 12 months after tolling system completion
Anthony Havers	Up to 65% of base salary at tolling system completion	Up to 35% of base salary at defects completion
Colin Richmond	Up to 65% of base salary at tolling system completion	Up to 35% of base salary at defects completion
Teisha Peterson	Up to 65% of base salary at commencement of tolling	Up to 35% of base salary at 12 months after tolling system completion

Remuneration paid to responsible entity

Details of remuneration for key management personnel for the year ended 30 June 2009 are set out below. No long term incentive payments were made during the current or prior period.

The responsible entity, RCMML has received \$364,667 management fees during the year (2008: \$524,910). Full details of the responsible entity arrangements are included at Note 28.

Remuneration policy

The remuneration of Non-executive Directors is related to the extent of their involvement at Board and Committee level. The Board is conscious that the remuneration for Non-executive Directors should be set at a level that takes account of the time commitment levels and will attract the calibre of Director required to contribute to a high-performing Board.

Each Non-executive Director is paid a fixed annual fee. The fees paid to the Non-executive Directors are periodically reviewed by the Board having regard to the matters described above.

During the period there was no remuneration paid to Philip Howe who was appointed by ABN AMRO, he is remunerated as an executive of ABN AMRO. No remuneration was paid to Thao Oakey during the period as she was appointed as an alternate Director for Peter Hicks.

Other than for statutory superannuation, there is no provision for retirement allowances for Non-executive Directors, nor for payment of compensation on early termination of their appointment.

As outlined in the Group's Product Disclosure Statement of June 2006, the base remuneration paid to Non-executive Directors for the year ended 30 June 2009 (and prior period), and payable for the year ending 30 June 2009 is as follows:

	30 June 2009	30 June 2008
Base fee – Chairman	\$175,000	\$175,000
Base fee – Non-executive Directors	\$70,000	\$70,000
Base fee – Sponsor appointed Directors	\$70,000	\$70,000
Base fee – Independent Non-executive Directors (including Audit, Risk and Compliance Committee Duties)	Between \$30,000 and \$32,500	Between \$30,000 and \$32,500

5. Corporate governance statement (continued)

5.11 Principle 8 – Remunerate fairly and responsibly (continued)

Remuneration Report (continued)

Directors Interests

The relevant interest of each Director in stapled units in the Group, as notified by the Directors to the ASX in accordance with S205G(1) of the *Corporations Act 2001* at the date of this report is as follows:

Name	Balance at the start of year	Units acquired during the year	Balance at the end of the year	Value* of units at the end of the year \$
Directors of RiverCity Motorway Management Limited				
Robert Morris	231,017	24,976	255,993	43,519
John Barry	-	-	-	-
Bernard Rowley	23,101	2,499	25,600	4,352
Ken MacDonald	80,856	8,742	89,598	15,232
Peter Hollingsworth	11,550	1,250	12,800	2,176
Peter Hicks	493,159	53,315	546,474	92,900
Fritz Syvertsen	-	-	-	-
Thao Oakey	100,000	-	100,000	17,000
Charles Mott	25,000	-	25,000	4,250
Paul Dortkamp	-	-	-	-
Peter Emery	-	-	-	-
Philip Howe	-	-	-	-

* The basis of valuation of the stapled units at reporting year end is the closing unit price as at 30 June 2009 (\$0.17 per stapled unit)

Stapled Unit Holdings

The numbers of stapled units in the RiverCity Motorway Group held during the year by each of the key management personnel of the Group, including their personally-related entities, are set out below.

Name	Balance at the start of year	Units acquired during the year	Balance at the end of the year	Value of units at the end of the year \$
Key management personnel of the RiverCity Motorway Group (RiverCity Motorway Services Pty Limited)				
Flan Cleary	-	-	-	-
Christine Hayward	-	-	-	-
Anthony Havers	-	-	-	-
Colin Richmond	-	-	-	-
Teisha Peterson	-	-	-	-

Nil movements in units in 2008.

6. Principal activities

RiverCity Motorway Group was awarded the 45 year Concession to finance, design, construct and operate the CLEM7 and commenced trading on the ASX on 4 August 2006. The principal activities of the Group during the course of the reporting period were to monitor the construction progress of the CLEM7, continued development of the tolling billing system and operations business practices.

7. State of affairs

There were no significant changes in the nature of the activities of the Group during the year.

8. Review of operations

The Group is currently in the design and construction phase of the CLEM7. Accordingly the Group has capitalised all construction related costs to intangible assets and expensed all general and administration costs. The principal activities of the Group during the financial year were to monitor construction progress of the CLEM7 and continue the development of the back office tolling system and general business operating systems.

In line with other infrastructure projects, RiverCity Motorway mitigates interest rate risk by entering into forward hedges that fix the interest payable on its debt facilities. The Group has fixed its interest at 100% for the construction debt facility and 70% of the term debt facility until 2016, 6 years after the planned opening to traffic. The level of hedging is required under the Project and Finance documents.

Accounting standards require that for each reporting period, the accounts show the value of all hedges relative to the current floating interest rate environment. The value is shown in the accounts as income or expenditure under the heading of "Derivative Income/Derivative Expense".

Investors should note that this valuation will fluctuate with changes in prevailing interest rates. For example, up to the period ended 30 June 2008, the reported derivative income was a total of \$61,007,860. In the current reporting period ending 30 June 2009 a derivative expense of \$125,186,301 has been reported.

It is important to note that the Derivative Income/Derivative Expense value reported for any debt facility will reduce to zero when the hedge expires. The fundamental business case for the project remains unaffected.

RiverCity Motorway will continue to fix its interest payable for substantial parts of future debt obligations. Consequently there will be continued reported income or expenditure under the Derivative Income/Derivative Expense heading in each accounting period. This value will fluctuate depending on the prevailing rates and the magnitude of the Group's debt.

The Group is a member of a consortium led by Leighton Contractors that has been selected by Brisbane City Council to provide the tolling hardware and operations for the new Hale Street Link bridge. The Group has the pivotal role of providing tolling products, customer service and tolling operations for this new bridge, which is expected to open in mid 2010. Tolling operations will be delivered using the tolling system and back office resources that are necessary to operate the CLEM7. There will be no change to the Group's ongoing operating costs. By providing tolling services for a number of roads, the Group expects to expand its customer base and continually drive down transaction costs.

9. Distributions

Distributions declared by the Group to unitholders during the financial year were:

Declared during the year 2009	Cents per stapled unit	Total amount \$	Tax deferred
1 July 2008 to 31 December 2008	0.00	-	-
1 January 2009 to 30 June 2009	0.00	-	-
Total amount	0.00	-	-

Cash distribution during the year 2009	Cents per stapled unit	Total amount cash component \$	Tax deferred
1 July 2008 to 31 December 2008	0.00	-	-
1 January 2009 to 30 June 2009	0.00	-	-
Total amount	0.00	-	-

10. Distribution Reinvestment Plan

There was no unitholders participation in the Distribution Reinvestment Plan (DRP) during the financial year.

11. Events subsequent to reporting date

In the opinion of the Directors, no matter or circumstance has arisen since 30 June 2009 that has significantly affected, or may significantly affect the operations of the Group, the results of those operations or the state of affairs of the Group in subsequent years.

12. Likely developments

Information on likely developments in the operations of the Group and the expected results of those operations has not been included in this report, other than those matters referred to in the Chairman's address because the disclosure of the information would be likely to result in an unreasonable prejudice to the Group.

13. Retirement, election and continuation in office of Directors

There is no requirement for Directors to retire by rotation within the Board Charter.

14. Indemnification and insurance of Directors and officers

Each Director, Company Secretary and every other person who is or has been a RiverCity Motorway officer is indemnified to the extent permitted by law, against:

- liability to third parties arising out of conduct undertaken in good faith in their capacity as a RiverCity Motorway officer; and
- the costs and expenses of defending legal proceedings arising out of conduct undertaken in their capacity as a current or former RiverCity Motorway officer, unless the defence is unsuccessful.

No indemnities were paid to current or former officers during or since the end of the year.

No insurance premiums are paid for out of the assets of the Trust in regard to insurance cover provided to RCMML. So long as RCMML acts in accordance with the Trust Constitutions and the Law, RCMML remains indemnified out of the assets of the Trust against any losses incurred while acting on behalf of the Trust. The auditor of the Trust is not indemnified out of the assets of the Trust.

15. Non-audit services

During the year KPMG, the Group's auditor, has performed certain other services in addition to their statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and in accordance with written advice provided by resolution of the Audit Risk and Compliance Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the *Corporations Act 2001* for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the Audit Risk and Compliance Committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants*, as it did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Details of the amounts paid to the auditor of the Group, KPMG, and its related practices for audit and non-audit services provided during the year are set out below.

In AUD	Consolidated		Parent	
	2009	2008	2009	2008
Audit Services				
<i>Statutory Audit Services</i>				
Audit and review of financial reports	93,750	75,000	-	-
Compliance plan audit	21,000	20,000	-	-
RCMML audit of financial report	13,000	-	-	-
RCMML Australian Financial Services License	11,500	-	-	-
<i>Other regulatory audit services</i>				
Building Services Authority Licenses audit	-	6,300	-	-
	139,250	101,300	-	-
Other services				
Accounting advice	-	12,805	-	-
	139,250	12,805	-	-

The Group may only decide to employ the auditor on assignments additional to their statutory audit duties where the auditors' expertise and experience with the Group are important and do not impact on the independence, integrity and objectivity of the auditor.

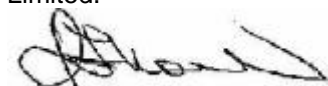
16. Lead auditors' independence declaration

The lead auditor's independence declaration is set out on page 28 and forms part of the Directors' report for the financial year ended 30 June 2009.

17. Rounding off

The Group is of a kind referred to in Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report and Directors' report have been rounded off to the nearest thousand dollars, unless otherwise stated.

This report is made in accordance with a resolution of the Directors of RiverCity Motorway Management Limited.



Robert Morris, Chairman
Brisbane, 26 August 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of RiverCity Motorway Management Limited, the responsible entity of the RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2009 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

Scott Guse

Scott Guse
Partner

Brisbane
26 August 2009

Balance Sheets
as at 30 June 2009

	Notes	Consolidated		Parent	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Current Assets					
Cash and cash equivalents	10	14,372	9,592	11	10
Other financial assets	10	64,079	77,827	-	-
Receivables	15	153,648	5,882	772,632	646,286
Capital Works in Progress	13	353,243	-	-	-
TOTAL CURRENT ASSETS		585,342	93,301	772,643	646,296
Non-Current Assets					
Receivables	15	-	134,595	-	133,249
Plant and equipment	12	1,444	35	-	-
Intangible assets	16	1,377,460	792,816	-	-
Capital works in progress	13	-	252,489	-	-
Hedge asset		-	61,008	-	-
Other non-current assets		10,451	12,507	-	-
Deferred tax assets	9(c)	28,383	-	-	-
TOTAL NON-CURRENT ASSETS		1,417,738	1,253,450	-	133,249
TOTAL ASSETS		2,003,080	1,346,751	772,643	779,545
Current Liabilities					
Trust distribution payable		9	15,225	9	15,072
Employee benefits	27	100	62	-	-
Other payables	17	73,064	50,313	174	163
Other liabilities		1,320	-	-	-
Loans and borrowings	18	595,609	-	-	-
Lease liabilities		8	8	-	-
Current tax liability		90	-	-	-
Hedge liabilities	5	59,851	-	-	-
TOTAL CURRENT LIABILITIES		730,051	65,608	183	15,235
Non-Current Liabilities					
Loans and borrowings	18	551,972	452,447	-	-
Other liabilities		-	3,564	-	-
Lease liabilities		24	32	-	-
Deferred tax liabilities	9(c)	-	11,320	-	-
Hedge liabilities	5	4,327	-	-	-
TOTAL NON-CURRENT LIABILITIES		556,323	467,363	-	-
TOTAL LIABILITIES		1,286,374	532,971	183	15,235
NET ASSETS		716,706	813,780	772,460	764,310
EQUITY					
Issued capital / units		639,303	639,303	639,303	639,303
Deferred capital / unit contribution		109,902	109,902	109,902	109,902
Accumulated profits (losses)		(19,775)	72,726	23,255	15,105
TOTAL EQUITY ATTRIBUTABLE TO UNITHOLDERS		729,430	821,931	772,460	764,310
Minority interest		(12,724)	(8,151)	-	-
TOTAL EQUITY	19	716,706	813,780	772,460	764,310

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

Income Statements

For the year ended 30 June 2009

	Notes	Consolidated		Parent Entity	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Revenue					
Construction revenue		616,283	406,893	-	-
Income					
Other Income	4	12,153	11,925	8,979	8,978
		628,436	418,818	8,979	8,978
Expenses					
Administrative expenses		12,708	12,230	829	1,119
Construction expenses		616,283	406,893	-	-
		628,991	419,123	829	1,119
Results from operating activities		(555)	(305)	8,150	7,859
Financial income	7	5,066	7,969	-	-
Financial expenses	7	16,013	4	-	-
Derivative income	7, 3(l)	-	38,572	-	-
Derivative expenses	7, 3(l)	125,186	-	-	-
Net financing income/(expense)	7	(136,133)	46,537	-	-
Profit (Loss) before income tax expense		(136,688)	46,232	8,150	7,859
Income tax expense/(benefit)	8	(39,614)	8,582	-	-
Profit (Loss) after income tax expense		(97,074)	37,650	8,150	7,859
Net Profit (Loss) for the period attributable to unitholders		(92,501)	44,005	8,150	7,859
Net Profit (Loss) for the period attributable to minority interests		(4,573)	(6,355)	-	-
Net Profit (Loss) for the period		(97,074)	37,650	8,150	7,859
Earnings per stapled unit		Cents	Cents		
Basic earnings per unit (loss per unit)		(23.26)	11.76		
Diluted earnings per unit (loss per unit)		(23.26)	7.74		

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

Statement of Changes in Equity - Consolidated
For the year ended 30 June 2009

	Issued Capital \$'000	Deferred Capital \$'000	Accumulated Profits \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Opening balance 1 July 2008	639,303	109,902	72,726	821,931	(8,151)	813,780
Profit (loss) for the period	-	-	(92,501)	(92,501)	(4,573)	(97,074)
Closing balance at 30 June 2009	639,303	109,902	(19,775)	729,430	(12,724)	716,706

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

Statement of Changes in Equity - Consolidated
For the year ended 30 June 2008

	Issued Capital \$'000	Deferred Capital \$'000	Accumulated Profits \$'000	Total \$'000	Minority Interest \$'000	Total \$'000
Opening balance 1 July 2007	654,556	109,902	28,721	793,179	(1,642)	791,537
Trust Distribution paid 25 February 2008	(21,935)	-	-	(21,935)	(222)	(22,157)
Stapled units issued (under the Distribution Reinvestment Plan for the period 1 July 2007 to 31 December 2007) 25 February 2008	12,287	-	-	12,287	124	12,411
Stapled units issued (under the DRP Underwriting Agreement for the period 1 July 2007 to 31 December 2007) 25 February 2008 (net of costs)	9,459	-	-	9,459	96	9,555
Trust Distribution payable 27 August 2008	(22,965)	-	-	(22,965)	(232)	(23,197)
Stapled units to be issued (under the Distribution Reinvestment Plan for the period 1 January 2008 to 30 June 2008)	7,901	-	-	7,901	80	7,981
Profit for the period	-	-	44,005	44,005	(6,355)	37,650
Closing balance at 30 June 2008	639,303	109,902	72,726	821,931	(8,151)	813,780

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

Statement of Changes in Equity - Parent
For the year ended 30 June 2009

	Issued Capital \$'000	Deferred Capital \$'000	Accumulated Profits \$'000	Total Equity \$'000
Opening balance 1 July 2008	639,303	109,902	15,105	764,310
Profit for the period	-	-	8,150	8,150
Closing balance at 30 June 2009	639,303	109,902	23,255	772,460

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

Statement of Changes in Equity - Parent
For the year ended 30 June 2008

	Issued Capital \$'000	Deferred Capital \$'000	Accumulated Profits \$'000	Total Equity \$'000
Opening balance 1 July 2007	654,560	109,902	7,246	771,708
Trust Distribution paid 25 February 2008	(21,935)	-	-	(21,935)
Stapled units issued (under the Distribution Reinvestment Plan for the period 1 July 2007 to 31 December 2007) 25 February 2008	12,287	-	-	12,287
Stapled units issued (under the DRP Underwriting Agreement for the period 1 July 2007 to 31 December 2007) 25 February 2008	9,458	-	-	9,458
Trust Distribution payable 27 August 2008	(22,968)	-	-	(22,968)
Stapled units to be issued (under the Distribution Reinvestment Plan for the period 1 January 2008 to 30 June 2008)	7,901	-	-	7,901
Profit for the period	-	-	7,859	7,859
Closing balance at 30 June 2008	639,303	109,902	15,105	764,310

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

Statements of Cash Flows
For the year ended 30 June 2009

	Notes	Consolidated		Parent	
		30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Cash Flows from Operating Activities					
Cash paid to suppliers and employees		(16,824)	(14,116)	(699)	(1,066)
Interest received		5,160	5,552	-	-
Interest paid		(60,864)	(23,195)	-	-
Net Cash Inflow (Outflow) from Operating Activities	11	(72,528)	(31,759)	(699)	(1,066)
Cash Flows from Investing Activities					
Payments for intangible asset and capital works in progress		(600,154)	(413,695)	-	-
Payments for plant and equipment		(924)	(7)	-	-
Amounts advanced to/from related parties		-	-	-	(347,664)
Net Cash Outflow from Investing Activities		(601,078)	(413,702)	-	(347,664)
Cash Flows from Financing Activities					
Proceeds from issue of units		-	371,367	-	367,653
Payment of transaction costs		-	(195)	-	(193)
Proceeds from borrowings		679,856	447,333	-	-
Payment for borrowings		-	(342,111)	-	-
Distributions to unitholders		(15,218)	(18,918)	(9)	(18,720)
Net Cash Inflow from Financing Activities		664,638	457,476	(9)	348,740
Net Increase (Decrease) in Cash Held		(8,968)	12,015	1	10
Cash and cash equivalents at the beginning of the period		87,419	75,404	10	-
Cash and cash equivalents at the end of the period ⁽¹⁾	10	78,451	87,419	11	10

(1) Comprises cash and cash equivalents at the year end \$14,371,914 (2008: \$9,592,162) and other financial instruments which comprise short-term bank bills and negotiable certificates of deposit \$64,078,630 (2008: \$77,826,883).

The above Statements of cash flows should be read in conjunction with the accompanying notes.

1. Reporting entity

In respect of the year ended 30 June 2009, the Directors of RiverCity Motorway Management Limited (ABN 33 117 343 361 / AFSL 297 867), being the responsible entity of the RiverCity Motorway Holding Trust (RCMHT) and RiverCity Motorway Investment Trust (RCMIT) stapled group and their controlled entities (RiverCity Motorway Group / Group), submit the financial report of the Group for the year ended 30 June 2009 and the auditors report thereon.

RiverCity Motorway Management Limited (RCMML) is a wholly owned subsidiary of RiverCity Motorway RE Holdings Pty Limited (RCMRE).

The units of RCMHT and RCMIT are stapled together and quoted as one on the ASX Limited (ASX).

RCMHT and RCMIT were established in Australia. Under the Trust Deed they have been set up as 'indefinite' life trusts. As these trusts will never terminate, contributions by unitholders have been classified as equity in the balance sheet.

The Group was listed on the ASX on 3 August 2006. The ASX reserves the right (but without limiting its absolute discretion) to remove RCMHT or RCMIT or both from the official list if any of the units in RCMHT and the units in RCMIT cease to be stapled together, or any equity securities are issued by either of the Stapled Trusts which are not stapled to equivalent securities in the other entity.

2. Basis of preparation

(a) Statement of compliance

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001*. The consolidated financial report of the Group and the financial report of the parent also complies with the International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial report was authorised for issue by the Directors of RCMML on 26 August 2009.

(b) Basis of measurement

These financial statements have been prepared under the historical cost convention except for derivative financial instruments that are measured at fair value.

(c) Functional and presentation currency

These consolidated financial statements are presented in Australian dollars, which is the Group's functional currency. The Group is of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, all financial information presented in Australian dollars has been rounded to the nearest thousand unless otherwise stated.

(d) Use of estimates and judgments

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The key critical estimate made by the Group is that of "traffic usage of the motorway" once it opens. This traffic usage forecast is key in assessing whether there is any potential impairment to the Group's intangible asset carrying value or its related assets.

2. Basis of preparation (continued)

(d) Use of estimates and judgments (continued)

The Group regularly monitors traffic usage forecasts to ensure they are still appropriate.

Whilst the current economic downturn and the traffic disruption on the approach roads may have some impact on opening traffic, the traffic usage forecasts used in the impairment testing are those outlined in the product disclosure statement dated 13 June 2006. These figures were supplied by independent traffic experts Maunsell Australia Pty Limited. Sensitivities reflecting differences in traffic volumes from the product disclosure statement forecasts over the entire concession period has been carried out.

Refer to Note 16 for detailed information regarding impairment testing and sensitivity analysis.

(e) Adjustment to the Recognition and Disclosure of Revenue and Expenses

There has been a change in the recognition and presentation of revenue and expenses in this financial report.

Revenue and expenses disclosed in the Income Statement (current and comparative periods) have been grossed up to reflect the recognition of revenue and expenses arising from the Group project managing construction of the toll road. As the Group pays for the toll road construction, a revenue and corresponding expense item is recorded. There is no impact on the Group's reported profit and no impact on the balance sheet, cash flow statement or statement of changes in equity.

The effect of this change in this financial report is as follows:

	30 June 2009 \$'000	30 June 2008 \$'000
Additional line – Construction revenue	616,283	406,893
Additional line – Construction expenses	616,283	406,893
Impact on net profit before tax	Nil	Nil

(f) Disclosure of Minority Interests

Under accounting standards, RCMIT and its subsidiaries are identified as the minority interest in the Group for accounting purposes, refer Note 3(a)(i). The minority interest has been separately disclosed in the 30 June 2009 financial statements (current year and comparatives). The minority interest is not material to Group's current and previously reported financial performance or position, however upon tolling commencement the minority interest will become material. The apportionment to RMIT and its subsidiaries has resulted in disclosure changes to the following primary financial statements:

- Balance sheet
- Income Statement
- Statement of Changes in Equity

The change has also resulted in an adjustment to the basis for calculation of earnings per unit (now calculated excluding minority interests). These calculations are detailed in note 20 to the financial statements and the adjusted prior period earnings per unit have been disclosed on the face to the Income Statement. The changes are highlighted below:

	Prior year disclosure	Revised prior year disclosure
Basic	5.03	11.76
Diluted	3.16	7.74

3. Significant accounting policies

The financial statements have been prepared by consolidating the financial statements of all the entities that comprise RiverCity Motorway Group. Consistent accounting policies have been employed in the preparation and presentation of the financial statements.

(a) Basis of consolidation

(i) Stapling

The units of RCMHT and RCMIT are combined and issued as stapled units. The units of the Trusts cannot be traded separately and can only be traded as stapled units.

The Group financial statements reflect the aggregation of the consolidated financial statements of RCMHT and RCMIT. For statutory reporting purposes, in accordance with AASBs, specifically the requirements of AASB Interpretation 1002 and AASB 3, RCMHT has been identified as the acquirer in the Stapled Group based on the size of its net assets and its operations and accordingly, it will present the consolidated financial report of the Stapled Group.

These aggregated financial statements incorporate an elimination of inter-entity balances and other adjustments necessary to present the financial statements on a combined basis.

Minority interests represent the equity attributable to the unitholders of RCMIT. Minority interest is defined as that portion of the profit and loss and net assets of RCMIT and its subsidiaries' as they are not owned, directly or indirectly through subsidiaries, by the Parent. On the basis that there is no ownership interest between the entities involved in the stapling arrangement, the net assets of a consolidated acquiree shall be identified as minority interests and presented in the consolidated balance sheet within equity, separately from the parent unitholders equity. The profit or loss of the acquiree is separately disclosed as minority interests in the profit or loss of the Group.

(ii) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group as at 30 June 2009 and the results of all subsidiaries for the financial year then ended. RCMHT and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group (refer to Note 3(n)).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated.

3. Significant accounting policies (continued)

(b) Financial instruments

Debt and equity instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangements.

Transaction costs on the issue of equity instruments

Transactions costs arising on the issue of the Stapled Units are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transactions costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

(i) Fair value estimation

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

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

(ii) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial assets to another party without retaining control or substantially all risks and rewards of the asset. Regular way purchases and sales of financial assets are accounted for at trade date, ie., the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the Income Statement over the period of the borrowings using the effective interest method. Borrowings are classified as current liabilities unless the Group has a right to defer settlement of the liability for at least 12 months after the Balance Sheet date.

All of the Group's other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

3. Significant accounting policies (continued)

(b) Financial instruments (continued)

Accounting for finance income and expense is discussed at Note (l).

(iii) Derivative financial instruments

The Group holds derivative financial instruments to hedge its interest rate risk exposure, including interest rate swaps. Derivatives are recognised initially at fair value on the date a derivative contract is entered into, attributable transactions costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Derivatives which do not qualify for cashflow hedge accounting are recognised at fair value through the income statement.

In accordance with its treasury policy, the Group does not hold or issue financial instruments for trading purposes.

(c) Equity/unitholders funds

Ordinary units

Incremental costs directly attributable to issue of equity/unitholders funds are recognised as a deduction from equity, net of any related income tax benefit.

(d) Property, plant and equipment

(i) Recognition and measurement

Items of plant and equipment are measured at cost less accumulated depreciation and impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the assets. The cost of self-constructed assets includes the cost of material and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the cost of dismantling and removing the items and restoring the site on which they are located. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

3. Significant accounting policies (continued)

(d) Property, plant and equipment (continued)

(ii) Depreciation

Depreciation is recognised in profit or loss on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter term of the lease term and their useful lives. Land is not depreciated.

The estimated useful lives of each class for the current year and prior period of asset are:

Plant and Equipment	2 – 15 years
Lease assets	5 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

(e) Distributions

A provision for fixed trust distributions is recognised on an accruals basis.

(f) Capital works in progress

The Group has undertaken to manage the outsourced construction of various entry and exit points to the Clem Jones Tunnel (CLEM7) on behalf of the Brisbane City Council (BCC). The costs of this construction have been recorded in capital works in progress and will be reimbursed by BCC at construction completion.

(g) Intangible assets

(i) Expenses carried forward

Project deed for RiverCity Motorway Project – Clem Jones Tunnel (North-South Bypass Tunnel)

Costs associated with the project deed (concession deed) for RiverCity Motorway Project will be capitalised up to the date when the asset is substantially complete and ready for use. Completion is contractually scheduled for October 2010. These costs will then be amortised on a straight line basis over the period during which the benefits are expected to arise, which is 41 years.

The RiverCity Motorway Group recognises an intangible asset arising from a service concession in accordance with Interpretation 12 *Service Concession Arrangements*.

Therefore, in accordance with the interpretation, during construction an intangible asset, representing the cost of construction services provided in exchange for the right to the project deed, will be recognised as BCC does not have the primary obligation to pay RiverCity Motorway Group for the concession services. No profit or loss has been recognised on the exchange of the construction services for the intangible asset.

The cost of intangibles, relating to future tolling rights includes:

- Costs incurred by the Group prior to entering into the concession deed with BCC in relation to the design and construction of the CLEM7;
- All directly related expenditure incurred in construction of the assets comprising the CLEM7; and
- Interest payments on loans relating to the project up to the date of commencement of operations are capitalised as part of intangibles.

The right to the project deed is amortised over the period of the project deed, from construction completion (41 years from contracted construction completion of October 2010).

3. Significant accounting policies (continued)

(g) Intangible assets

(ii) Amortisation

Amortisation will be recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the day they are available for use. The estimated useful life for the current year and prior period is as follows:

- tolling rights 41 years

(h) Impairment

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired.

A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its current fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a *pro rata* basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

3. Significant accounting policies (continued)

(h) Impairment

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(i) Revenue and income

Revenue

Construction revenue represents the contractual arrangements arising from the Group project managing construction of the toll road and associated council works. A corresponding expense item is recorded.

Income

Derivative income represents the change in fair value of hedging instruments that are recorded at fair value through the profit and loss.

Other income earned during construction primarily relates to the earning of interest on cash, deferred capital injections and the land option (refer Note 4). Other income is being earned as it accrues.

The interest on the land option relates to the fair value of land to be received by the Group. This land was provided by BCC as part of the project deed, and its primary use is to facilitate access to and from the construction site. This income, being the fair value of the land provided by BCC, is being earned over the construction period (approximately 4 years) which is the period over which the Group is expected to benefit from this land.

(j) Employee benefits

(i) Wages and Salaries and Annual Leave

Liabilities for wages and salaries, including non-monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in employee benefits in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled. Liabilities for non-accumulating sick leave are recognised when the leave is taken and measured at the rates paid or payable.

(ii) Defined contribution superannuation funds

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution superannuation funds are recognised as an expense in profit or loss when they are due.

(k) Provisions

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

3. Significant accounting policies (continued)

(l) Finance income and expenses

Finance income comprises interest income on funds invested and gains on interest rate swaps. Interest income is recognised as it accrues, using the effective interest method.

Finance expense comprises interest expense on borrowings, losses on interest rate swaps and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method, except those which are capitalised to the intangible asset.

(m) Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is recognised using the balance sheet method. Temporary differences are the differences that arise between the tax base of an asset or liability and its carrying amount in the balance sheet. The tax base for an asset or liability is the amount attributed to it for tax purposes.

Prima facie a deferred tax liability will be recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit; and
- deferred tax liability in relation to taxable temporary differences arising from the initial recognition of goodwill.

Deferred tax liabilities are recognised in relation to investments in subsidiaries, branches and associates, and interests in joint ventures except to the extent that there is control over the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future. Deferred tax assets relating to tax losses are recognised when the Group believes their recoverability is probable.

Deferred tax is measured at the tax rates that are expected to be applied in the period that the underlying asset or liability giving rise to the difference are realised, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the method settling the assets and liabilities as is held at reporting date.

3. Significant accounting policies (continued)

(m) Income tax (continued)

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the holder's intention is to settle its current tax assets and liabilities on a net basis.

RiverCity Motorway Holding Trust

Pursuant to provisions of Division 6A of the Income Tax Assessment Act 1936 (the Act), it is intended that RCMHT will not be liable for income tax under the Act, to the extent that the unitholders are presently entitled to all of the net income of the Trust in each year. Accordingly, income tax and tax-effect accounting will not be applied in relation to RCMHT.

RiverCity Motorway Investment Trust

RCMIT is the head company of an income tax consolidated group and therefore is treated as a company for income tax purposes.

Tax consolidation

RCMIT and its wholly owned Australian resident entities have formed an income tax-consolidated group under Australian taxation law. RCMIT is the head entity of the income tax-consolidated group.

Current tax expense/income, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group will be recognised in the separate financial statements of the members of the RCMIT income tax consolidated group using the 'stand alone taxpayer' approach. This is in line with the Tax Funding Agreement executed by the RCMIT income tax consolidated group.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries will be assumed by the head entity in the tax-consolidated group and will be recognised by the Group as amounts payable (receivable) to/(from) other entities in the tax consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts will be recognised by the Group as an equity contribution or distribution.

(n) Acquisition of assets

The purchase method of accounting is used to account for all acquisitions of assets (including business combinations) regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of the exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets of the subsidiary acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net asset acquired.

3. Significant accounting policies (continued)

(n) Acquisition of assets (continued)

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(o) Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) Borrowing costs

Borrowing costs comprise interest and amortisation costs incurred in establishing borrowing facilities.

Where borrowings are specifically incurred in relation to qualifying assets, the actual borrowing costs are capitalised into the carrying value of those assets. Where borrowings are not specifically incurred in relation to qualifying assets, the amount of borrowing costs to be capitalised to qualifying assets is determined by applying a capitalisation rate to the weighted average accumulated expenditure relating to qualifying assets during the period.

The capitalisation rate used to determine the amount of borrowing costs to be capitalised is the weighted average interest rate applicable to the entity's outstanding borrowings during the period. Borrowing costs are capitalised up to the date when the asset is substantially complete and ready for use and are subsequently amortised over the useful life of the asset.

(q) Trade and other creditors

These amounts represent liabilities for goods and services provided to the Group prior to the end of the financial period and which are unpaid and are measured at amortised cost. The amounts are unsecured and are usually paid within 30 days of recognition.

(r) Lease payments

Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(s) Rounding of amounts

The Group is of a kind referred to in Class Order 98/0100, issued by ASIC, relating to the 'rounding off' of amounts in the Directors' Report and financial report. Amounts in the Directors' Report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

3. Significant accounting policies (continued)

(t) Goods and services tax

Revenue, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the taxation authority. In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the Australian Taxation Office (ATO) is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities which are recoverable from, or payable to, the ATO are classified as operating cash flows.

(u) Earnings per stapled unit

The Group presents basic and diluted earnings per stapled unit (EPS) data for its ordinary stapled units. Basic EPS is calculated by dividing the profit or loss attributable to ordinary stapled unitholders of the Group by the weighted average number of ordinary stapled units outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary stapled unitholders and the weighted average number of ordinary unitholders outstanding for the effects of all dilutive potential ordinary stapled units.

(v) Segment reporting

A segment is a distinguishable component of the Group that is engaged either in providing related products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

(w) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report:

- Revised AASB 3 *Business Combinations* (2008) incorporates the following changes that are likely to be relevant to the Group's operations:
 - The definition of a business has been broadened, which is likely to result in more acquisitions being treated as business combinations;
 - Contingent consideration will be measured at fair value, with subsequent changes therein recognised in profit or loss;
 - Transactions costs, other than share and debt issue costs, will be expensed as incurred;
 - Any pre-existing interest in the acquiree will be measured at fair value with the gain or loss recognised in the profit or loss;
 - Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis.

Revised AASB 3, which becomes mandatory for the Group's 30 June 2010 financial statements, is not expected to have a material impact on the Group.

3. Significant accounting policies (continued)

(w) New standards and interpretations not yet adopted (continued)

- AASB 8 *Operating Segments* introduces the “management approach” to segment reporting. AASB 8, which becomes mandatory for the Group’s 30 June 2010 financial statements, will require a change in the presentation and disclosure of segment information based on the internal reports regularly reviewed by the Group’s Chief Operating Decision Maker in order to assess each segment’s performance and to allocated resources to them. Currently the Group presents segment information as one business segment in one geographic segment and this is not expected to change under AASB 8.
- AASB 101 *Presentation of Financial Statements (2007)* introduces the term total comprehensive income, which represents changes in equity during a period other than those changes resulting from transactions with owners in their capacity as owners. Total comprehensive income may be presented in either a single statement of comprehensive income (effectively combining both the income statement and all non-owner changes in equity in a single statement) or, in an income statement and a separate statement of comprehensive income. Revised AASB 101, which becomes mandatory for the Group’s 30 June 2010 financial statements, is expected to have a significant impact on the presentation of the consolidated financial statements. The Group plans to provide total comprehensive income in a single statement of comprehensive income for its 2010 consolidated financial statements.
- AASB 123 *Borrowing Costs* removes the option to expense borrowing costs and requires that an entity capitalise borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for the Group’s 30 June 2010 financial statements. As the Group already capitalises borrowing costs there will be no impact.
- AASB 127 *Consolidated and Separate Financial Statements (2008)* requires accounting for changes in ownership interests by the Group in a subsidiary, while maintaining control, to be recognised as an equity transaction. When the Group loses control of a subsidiary, any interest retained in the former subsidiary will be measured at fair value with the gain or loss recognised in profit or loss. The amendments to AASB 127, which become mandatory for the Group’s 30 June 2010 financial statements are not expected to have a significant impact on the consolidated financial statements.
- AASB 2008-5 *Amendments to Australian Accounting Standards arising from the Annual Improvements Process* and 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Process* affect various AASBs resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which become mandatory for the Group’s 30 June 2010 financial statements, are not expected to have any impact on the financial statements.
- AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate* changes the recognition and measurement dividend receipts as income and addresses the accounting of a newly formed parent entity in the separate financial statements. The amendments become mandatory for the Group’s 30 June 2010 financial statements. The Group has not yet determined the potential effect of the amendments.
- AASB 2008-8 *Amendments to Australian Accounting Standards – Eligible Hedged Items* clarifies the effect of using options as hedging instruments and the circumstances in which inflation risk can be hedged. The amendments become mandatory for the Group’s 30 June 2010 financial statements, with retrospective application. The Group does not anticipate this to have an impact.
- AASB 2009-2 *Amendments to Australian Accounting Standards – Improving Disclosures about Financial Instruments* (April 2009), AASB 2009-4 *Amendments to Australian Accounting Standards* arising from the Annual Improvements Process, AASB 2009-6 *Amendments to Australian Accounting Standards* (June 2009) and AASB 2009-7 *Amendments to Australian Accounting Standards* (may 2009) will apply to the Group’s 30 June 2010 financial statements. The impact of these standards has not yet been assessed.

3. Significant accounting policies (continued)

(w) New standards and interpretations not yet adopted (continued)

- AASB 2009-5 *Further Amendments to Australian Accounting Standards* arising from the Annual Improvement Process (May 2009) will apply to the Group's 30 June 2011 financial statements. The impact of this standard has not yet been assessed.

(x) Current asset deficiency

The balance sheet currently discloses a net current asset deficiency of \$144,709,000. This deficiency arises primarily due to:

- Fair value of short term hedges of \$59,851,000,
- Timing differences on council works drawdowns of \$97,246,000.

This current asset deficiency will be eliminated through existing committed borrowing arrangements which are long term in nature and have been committed. Accordingly the Group does not envisage any short term funding or liquidity issues due to this current asset deficiency.

4. Income

Income	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Other income				
Amortised interest on deferred capital	9,069	9,069	8,979	8,978
Amortised interest on land option	2,856	2,856	-	-
Management Fees	228	-	-	-
	12,153	11,925	8,979	8,978

5. Derivative Income/Expense

RiverCity Motorway mitigates interest rate risk by entering into forward hedges that fix the interest payable on its debt facilities. The Group has fixed its interest at 100% for the construction debt facility and 70% of the term debt facility until 2016, 6 years after the planned opening to traffic. This level of hedging is required under Project and Finance documents.

During the year, the Group recorded a Derivative Expense of \$125,186,301 (refer Note 7) being a reversal of the Group's previously booked Derivative Asset (2008: \$61,007,860) and the further expensing of the mark-to-market valuation of the interest rate swaps in place at 30 June 2009 of \$64,178,450 (\$59,851,000 current liability and \$4,327,000 non-current liability). The recent reduction in interest rates has lead to this expense.

6. Employee expenses

Employee expenses	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Wages and salaries	1,788	1,259	-	-
Other associated personnel expenses	127	85	-	-
Contributions to defined contribution superannuation funds	140	96	-	-
Increase in liability for annual leave	37	21	-	-
Increase in liability for long-service leave	-	-	-	-
	2,092	1,461	-	-

7. Finance income and expense

Finance income and expense

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Finance income				
Interest	5,066	7,969	-	-
Derivative income	-	38,572	-	-
Finance expense				
Interest expense	(16,013)	(4)	-	-
Derivative expense	(125,186)	-	-	-
Net finance income and expense	(136,133)	46,537	-	-

8. Current tax expense

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Current tax expense				
Current period	(10,388)	(8,083)	-	-
Adjustment for prior periods	(206)	(106)	-	-
Deferred tax expense				
Origination and reversal of temporary differences	-	-	-	-
Income tax expense from continuing operations	(29,020)	16,771	-	-
Total income tax expense /(benefit)	(39,614)	8,582	-	-
Numerical reconciliation between tax expense and pre-tax accounting profit / (loss)				
Profit / (Loss) for the period	(97,074)	37,650	8,149	7,859
Total income tax expense / (benefit)	(39,614)	8,582	-	-
Profit / (Loss) excluding income tax	(136,688)	46,232	8,149	7,859
Income tax at entity rate 30% (2008: 30%)	(41,006)	13,870	2,445	2,358
Income in entities not subject to income tax	1,603	(5,053)	(2,445)	(2,358)
Non-deductible expenses	(5)	44	-	-
Other	-	(385)	-	-
Under/(Over) Provided in prior years	(206)	106	-	-
Income tax expense / (benefit)	(39,614)	8,582	-	-

9. Tax assets and liabilities

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
(a) Income tax expense				
Current tax	(10,594)	(8,190)	-	-
Deferred tax	(29,020)	16,772	-	-
Total income tax expense / (benefit)	(39,614)	8,582	-	-
(b) Deferred income tax expense				
Deferred income tax (revenue) expense included in income tax expense comprises:				
Decrease (increase) in deferred tax assets				
Hedges	(19,254)			
Other	(17,118)	(15,764)	-	-
Provisions	64	(19)	-	-
Accruals	(12)	(39)	-	-
Tax losses*	(10,846)	(6,064)	-	-
	(47,166)	(21,886)	-	-
(Decrease) increase in deferred tax liabilities:				
Hedges	(18,303)	11,572	-	-
Other costs	25,766	18,896	-	-
Total movement in deferred tax balances	(39,703)	8,582	-	-

* The deferred tax asset attributable to tax losses does not exceed taxable amounts arising from the reversal of existing assessable temporary differences.

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
(c) Deferred tax asset and liability				
Deferred tax asset				
Other	35,509	20,557	-	-
Provisions	30	87	-	-
Hedges	19,254	-	-	-
Accruals	52	44	-	-
Tax losses	25,568	12,558	-	-
Balance at 30 June	80,413	33,246	-	-
Deferred tax liability				
Hedges	-	18,303	-	-
Other costs	52,030	26,263	-	-
Balance at 30 June	52,030	44,566	-	-
Net deferred tax liability / (asset)	(28,383)	11,320	-	-

9. Tax assets and liabilities (continued)

(d) Tax losses

RiverCity Motorway Holding Trust

Pursuant to provisions of Division 6A of the Income Tax Assessment Act, it is intended that RCMHT will not be liable for income tax under the Act, provided that the taxable income of the Trust is fully distributed to unitholders each year. Accordingly, income tax and tax-effect accounting will not be applied in relation to RCMHT.

RiverCity Motorway Investment Trust

RCMIT is the head company of an income tax consolidated group and therefore is treated as a company for income tax purposes.

(e) Tax consolidation

Relevance of tax consolidation to the Group

RCMIT and its wholly-owned Australian resident entities have formed an income tax consolidated group effective 1 July 2006 under Australian taxation law. RCMIT is the head entity of the income tax consolidated group.

The members of the tax-consolidated group are RiverCity Motorway Holdings Pty Limited, RiverCity Motorway Services Pty Limited, RiverCity Motorway Pty Limited, RiverCity Motorway Asset Nominee 2 Pty Limited, RiverCity Motorway Asset Nominee Pty Limited and RiverCity Motorway Construction Pty Limited. The decision to consolidate for tax purposes has been formally notified to the ATO.

Current tax expense/income, deferred tax liability and deferred tax assets arising from temporary differences of the members of the income tax consolidated group will be recognised in the separate financial statements of the members of the RCMIT income tax consolidated group.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries will be assumed by RCMIT as head company of the income tax consolidated group and will be recognised as amounts payable (receivables) to/(from) other entities in the income tax consolidated group in line with the Tax Funding Arrangement amounts (refer below). Any difference between these amounts will be recognised as an equity contribution or distribution.

(f) Nature of tax funding arrangements and tax sharing arrangements

RCMIT, in conjunction with other members of the tax-consolidated group, have entered into a Tax Funding Arrangements which sets out the funding obligations of members of the tax consolidated group in respect of tax amounts.

The RCMIT income tax consolidated group has elected to apply the stand-alone taxpayer approach to determine the appropriate allocation of current tax expense and deferred tax assets and liabilities.

10. Cash and cash equivalents

For purposes of the Statements of Cash Flows, cash includes deposits at call with financial institutions and other highly liquid investments with original maturities of three months or less which are readily convertible to cash on hand and are subject to an insignificant risk of changes in value.

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Cash at bank and on hand	14,372	9,592	11	10
Other financial assets	64,079	77,827	-	-
	78,451	87,419	11	10

Other financial assets comprising short term deposits earn an average interest of 6.46% as at 30 June 2009 (2008: 7.31%).

11. Reconciliation of cash flows from operating activities

Cash flows from operating activities

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Profit (loss) for the period	(97,074)	37,650	8,150	7,859
Adjustments for:				
Depreciation	57	15	-	-
Amortisation of intangible assets	-	-	-	-
Net finance income / expense	16,009	(7,965)	-	-
Non-cash income items (<i>interest on land & deferred equity & derivative income</i>)	113,261	(50,497)	(8,978)	(8,978)
Income tax expense	(39,614)	8,582	-	-
Operating profit before changes in working capital and provisions	(7,361)	(12,215)	(828)	(1,119)
Change in receivables	(2,623)	(861)	-	-
Change in trade and other payables	(5,401)	(229)	129	53
Change in prepayments	(1,476)	(832)	-	-
Change in provisions and employee benefits	37	21	-	-
Interest paid	(60,864)	(23,195)	-	-
Interest received	5,160	5,552	-	-
Net cash from operating activities	(72,528)	(31,759)	(699)	(1,066)

12. Property, plant and equipment

	Consolidated			Parent		
	Plant and equipment	Leased assets	Total	Plant and equipment	Leased assets	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Cost						
Opening balance 1 July 2007	7	51	58	-	-	-
Additions	-	-	-	-	-	-
Balance at 30 June 2008	7	51	58	-	-	-
Opening balance 1 July 2008	7	51	58	-	-	-
Additions	1,465	-	1,465	-	-	-
Balance at 30 June 2009	1,472	51	1,523	-	-	-
Depreciation						
Opening balance 1 July 2007	1	8	9	-	-	-
Depreciation for the period	2	13	15	-	-	-
Balance at 30 June 2008	3	21	24	-	-	-
Opening balance 1 July 2008	3	21	24	-	-	-
Depreciation for the period	43	12	55	-	-	-
Balance at 30 June 2009	46	33	79	-	-	-
Written down value at 30 June 2009	1,426	18	1,444	-	-	-
Written down value at 30 June 2008	4	31	35	-	-	-

13. Capital works in progress

	Consolidated		Parent	
	Capital works in progress	Total	Capital works in progress	Total
	\$'000	\$'000	\$'000	\$'000
Cost				
Opening balance 1 July 2007	133,683	133,683	-	-
Costs capitalised	102,611	102,611	-	-
Interest capitalised	16,195	16,195	-	-
Balance at 30 June 2008	252,489	252,489	-	-
Opening balance 1 July 2008	252,489	252,489	-	-
Costs capitalised	72,449	72,449	-	-
Interest capitalised	28,305	28,305	-	-
Balance at 30 June 2009	353,243	353,243	-	-

Interest was capitalised at an effective interest rate of 5% (2008: 8%).

14. Remuneration of auditors

During the period the following fees were paid or payable for services provided by the auditor of the Group, KPMG:

In AUD	Consolidated		Parent	
	2009	2008	2009	2008
Audit Services				
<i>Statutory Audit Services</i>				
Audit and review of financial reports	93,750	75,000	-	-
Compliance plan audit	21,000	20,000	-	-
RCMML audit of financial report	13,000	-	-	-
RCMML Australian Financial Services License	11,500	-	-	-
<i>Other regulatory audit services</i>				
Building Services Authority Licenses audit	-	6,300	-	-
	139,250	101,300	-	-
Other services				
Accounting advice	-	12,805	-	-
	139,250	12,805	-	-

The remuneration of auditors has not been apportioned to the parent as a reasonable apportionment cannot be made.

15. Receivables

Current	Consolidated		Parent	
	30 June 2009	30 June 2008	30 June 2009	30 June 2008
	\$'000	\$'000	\$'000	\$'000
Receivables	9,984	5,882	3	4
Deferred equity contribution ⁽¹⁾	143,664	-	142,227	-
Intercompany receivables	-	-	630,402	646,282
Total Current Receivables	153,648	5,882	772,632	646,286
Non Current				
Deferred equity contribution ⁽¹⁾	-	134,595	-	133,249
Total Non Current Receivables	-	134,595	-	133,249

The Group's and Parent's exposure to credit risk and impairment losses related to receivables are disclosed in note 22.

(1) Leighton and Bilfinger have subscribed for 155 million stapled units at \$1.00 per stapled unit on the deferred equity contribution date (currently expected to occur at construction completion).

The \$143,663,989 receivable is shown at present value at 30 June 2009 (2008: \$134,594,857). The present value of the receivable will increase to \$155,000,000 at the time the deferred equity contribution is received.

16. Non-current assets – intangibles

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Future Tolling Rights				
Design and development costs	107,805	93,412	-	-
Construction – work in progress	1,230,614	681,933	-	-
Capitalised interest	39,041	17,471	-	-
Less: accumulated amortisation	-	-	-	-
Total Intangible Assets	1,377,460	792,816	-	-

Interest was capitalised at an effective interest rate of 5% (2008: 7%).

	Consolidated		Parent	
	Intangible Asset \$'000	Total \$'000	Intangible Asset \$'000	Total \$'000
Cost				
Opening balance 1 July 2007	465,135	465,135	-	-
Acquisitions	327,681	327,681	-	-
Balance at 30 June 2008	792,816	792,816	-	-
Opening balance 1 July 2008	792,816	792,816	-	-
Acquisitions	584,644	584,644	-	-
Balance at 30 June 2009	1,377,460	1,377,460	-	-

No amortisation has been charged as the asset is still under construction.

At each reporting date the Group assesses whether there is any indication that the intangible asset may be impaired. The Group then makes a formal estimate of the recoverable amount of the asset, using a value in use calculation.

CLEM7 has not yet commenced tolling operations, which are scheduled to commence during the period ending 30 June 2010.

In assessing value in use, the estimated future operating cashflows from the road over the remaining 41 year life of the concession are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For these purposes, a pre-tax discount rate of 10.88% has been used. A cashflow model covering the full concession period has been used and is considered appropriate for these testing purposes given the single revenue stream and long term stable cashflows generated.

Solely for the purposes of the value in use estimate, a series of assumptions have been made as to future traffic volumes. Whilst the current economic downturn and disruption on approach roads due to construction activity may have some impact on the traffic at opening, the traffic usage forecasts used are those set out in the 2006 product disclosure statement. Using these assumptions the impairment test shows an excess value in use of \$65 million over the carrying value of the asset and accordingly the RiverCity Motorway Group has determined that there is no impairment.

16. Non-current assets – intangibles (continued)

The value in use estimate is sensitive to changes in assumptions regarding traffic. Traffic sensitivities include assumptions regarding length of time to achieve full ramp-up and steady state traffic assumptions. If traffic assumptions over the entire concession period differed to estimates by +/- 5% then the value in use would be impacted by +/- \$99 million. The value in use is also sensitive to changes in the discount rate. For example, a 50 basis point change in the discount rate will impact the value in use by +/- \$119 million. If either of these sensitivities occurred it would result in an impairment. The RiverCity Motorway Group will re-perform the impairment test at the half year and will continue to review traffic data in assessing estimates used in the value in use calculation.

17. Trade and other payables

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Trade creditors and accruals	73,064	50,313	174	163
Intercompany payables	-	-	-	-
	73,064	50,313	174	163

18. Loans and borrowings

Current

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Equity Bridge Facility	145,119	-	-	-
Council Works Facility	453,289	-	-	-
Sub total	598,408	-	-	-
Less deferred debt establishment costs	(2,799)	-	-	-
Loans and borrowings	595,609	-	-	-

Non-current

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Equity Bridge Facility	-	132,317	-	-
Council Works Facility	-	346,988	-	-
Construction Facility	565,772	-	-	-
Sub total	565,772	479,305	-	-
Less deferred debt establishment costs	(13,800)	(26,858)	-	-
Loans and borrowings	551,972	452,447	-	-

The interest rate payable on the Equity Bridge Facility is the bank bill swap rate (BBSY) plus 40 basis points. The interest rate payable on the Council Works Facility and Construction Facility is the bank bill swap rate (BBSY) 150 basis points.

The Equity Bridge Facility and the Council Works Facility have been classified as current as at 30 June 2009, as they are expected to be repaid within 12 months of report date. These facilities will be repaid from the proceeds of the deferred equity contribution and the Brisbane City Council respectively.

19. Equity

Consolidated

Movements in total equity and ordinary stapled units issued during the year 1 July 2008 to 30 June 2009

Date	Details	Number of Units	\$'000
	Opening balance 1 July 2008	773,245,704	813,780
27 August 2008	Issue of units under DRP	28,764,411	-
30 June 2009	Profit (Loss) for the year	-	(97,074)
30 June 2009	Closing Balance	802,010,115	716,706

Ordinary stapled units

The units of RCMHT and RCMIT are stapled and the number units issued by each entity is the same, however, their values differ. Currently their respective values are apportioned 99% (RCMHT) and 1% (RCMIT).

Parent

Movements in total equity and ordinary stapled units issued during the year 1 July 2008 to 30 June 2009

Date	Details	Number of Units	\$'000
	Opening balance 1 July 2008	386,622,852	764,310
27 August 2008	Issue of units under DRP	14,382,206	-
30 June 2009	Profit (Loss) for the year	-	8,150
30 June 2009	Closing Balance	401,005,058	772,460

19. Equity (continued)

Consolidated

Consolidated

Movements in total equity and ordinary stapled units issued during the year 1 July 2007 to 30 June 2008

Date	Details	Number of Units	\$'000
	Opening balance 1 July 2007	723,238,317	791,537
27 August 2007	Issue of units under DRP	15,368,817	-
25 February 2008	Distribution (return of capital)	-	(22,157)
25 February 2008	Issue of units under the DRP	19,400,768	12,411
25 February 2008	Issue of units under the DRP underwriting agreement	15,237,802	9,555
30 June 2008	Distribution payable 27 August 2008 (return of capital)	-	(23,197)
30 June 2008	Issue of units under the DRP	-	7,981
30 June 2008	Profit (Loss) for the year	-	37,650
30 June 2008	Closing Balance	773,245,704	813,780

Ordinary stapled units

The units of RCMHT and RCMIT are stapled and the number units issued by each entity is the same, however, their values differ. Currently their respective values are apportioned 99% (RCMHT) and 1% (RCMIT).

Parent

Movements in total equity and ordinary stapled units issued during the year 1 July 2007 to 30 June 2008

Date	Details	Number of Units	\$'000
	Opening balance 1 July 2007	361,619,158	771,708
27 August 2007	Issue of units under DRP	7,684,409	-
25 February 2008	Distribution (return of capital)	-	(21,935)
25 February 2008	Issue of units under the DRP	9,700,384	12,287
25 February 2008	Issue of units under the DRP underwriting agreement	7,618,901	9,458
30 June 2008	Distribution payable 27 August 2008 (return of capital)	-	(22,968)
30 June 2008	Issue of units under the DRP	-	7,901
30 June 2008	Profit (Loss) for the year	-	7,859
30 June 2008	Closing Balance	386,622,852	764,310

20. Earning per unit

Basic Earnings per unit

The calculation of earnings per unit at 30 June 2009 was based on a profit/(loss) of (\$92,501,000) (2008: \$44,005,000) and a weighted average number of ordinary units outstanding of 397,630,268 (2008: 374,048,196).

Diluted Earnings per unit

The calculation of diluted earnings per unit at 30 June 2009 was based on profit/(loss) of (\$92,501,000) (2008: \$35,027,000) and a weighted average number of ordinary units outstanding after adjustment for the effects of all dilutive potential ordinary units of 397,630,268 (2008: 451,548,196) calculated as follows:

Profit attributable to ordinary unitholders (diluted)

	Consolidated 2009 \$'000	Consolidated 2008 \$'000
Net profit attributable to ordinary unitholders	(92,501)	44,005
Amortised interest on deferred capital	-	(8,978)
Net profit / (loss) attributable to ordinary unitholders	<u>(92,501)</u>	<u>35,027</u>

Weighted average number of ordinary units (diluted)

	Consolidated 2009 '000	Consolidated 2008 '000
Weighted average number of ordinary unitholders	397,630	374,048
Effect of deferred capital contribution ⁽¹⁾	-	77,500
	<u>397,630</u>	<u>451,548</u>

The value used for the purposes of calculating the dilutive effect of the deferred capital contribution was \$1 per stapled unit as this is the value the parties are contracted to subscribe for.

⁽¹⁾ Nil effect in 30 June 2009 as parent is in a loss position.

21. Distributions – consolidated Group

1 July 2008 to 30 June 2009

No distributions were declared or recognised during the year ended 30 June 2009.

1 July 2007 to 30 June 2008

	Note	30 June 2008 \$'000
Distributions for the period 1 July 2007 to 31 December 2007 of 3.0 cents per stapled unit paid on 25 February 2008	(i)	22,158
Distribution for the period from 1 January 2008 to 30 June 2008 of 3.0 cents per stapled unit payable on 27 August 2008	(ii)	23,197
		<u>45,355</u>

(i) Distribution on 738,607,134 issued units – 25 February 2008

The distribution was underwritten by the DRP Underwriter (ABN AMRO). To the extent that a Unitholder elects not to participate in the DRP, the DRP Underwriter will subscribe or procure subscription for Stapled Units to fund the cash distribution to be made to Unitholders. If a Unitholder does not participate in the DRP, the issue of new Stapled Units under the DRP (including to the DRP Underwriter), will dilute that Unitholder's holdings of Stapled Units relative to other holders of Stapled Units.

21. Distributions – consolidated Group (continued)

The distribution for the period ending 31 December 2007 was paid on 25 February 2008 in the following manner, cash component \$9,747,622 and DRP component \$12,410,592. The cash component of \$9,747,622 was underwritten by ABN AMRO which were issued 15,237,802 Stapled Units. Under the DRP and underwritten component, there was an issue of units on 25 February 2008 at a price of \$0.6397 per unit. The general operation of the mechanism used to price these units is as detailed above.

(ii) Distribution on 773,245,704 issued units – 27 August 2008

The distribution for the six month period ending 30 June 2008 will be paid on 27 August 2008 in the following manner, cash component \$15,215,976 and DRP component \$7,981,395. Under the DRP component, there will be an issue of units on or about 27 August 2008 at a price of \$0.2775 per unit. The general operation of the mechanism used to price these units is as detailed above.

With the exception of the first two distributions for the period ending 31 December 2006 and 30 June 2007, the DRP will be underwritten by the DRP Underwriter (ABN AMRO Rothschild) if required up to 3.25% of market capitalisation.

The cash component of \$15,215,976 will be funded from the Group's Distribution Reserve Account.

22. Financial instruments

The Group's and Parent's activities expose them to a variety of financial risks, including credit risk, liquidity risk and market risk. This note presents information about the Group's and Parent's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework.

Risk management policies are established to identify and analyse the risks faced by the Group and Parent, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies are reviewed regularly to reflect changes in market conditions and the Group's and Parent's activities. The Group and Parent, through their training and management standards and procedures, aim to develop a discipline and constructive control environment in which all employees understand their roles and obligations.

The Group Audit Committee oversees how management monitors compliance with the Group's and Parent's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced.

Risk management is carried out by management under policies approved by the Board of Directors.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, deferred equity contribution (Leighton and Bilfinger subscription for \$155 million of stapled units at \$1.00 per stapled unit) and other parties. For the Parent it arises from receivables due from subsidiaries and the deferred equity contribution.

At reporting date, apart from the deferred equity contribution, there were no significant concentrations of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, including derivatives in the balance sheet. Management does not expect any counterparty to fail to meet its obligations.

22. Financial instruments (continued)

Credit risk (continued)

Trade and other receivables

The Group and Parent are currently in a construction phase and do not have a customer base. Therefore there is no risk of default, however further review of this risk area is planned once the toll road is in operation. The Group will establish appropriate customer credit policies including standard payment terms and conditions. Purchase limits will be established for each customer, representing the maximum open amount without requiring approval which will be reviewed quarterly. Customers that fail to meet the benchmark creditworthiness may transact only on a prepayment basis.

As the Group and Parent enter operations, monitoring will commence for customer credit risk, with customer grouping according to their credit characteristics, including whether they are an individual or legal entity, whether they are wholesale, retail or end-user customer, geographic location, industry, aging profile, maturity and existence of financial difficulties.

The Group and Parent will establish an allowance for impairment that represents their estimate of incurred losses in respect of trade and other receivables and investments. The main components of this allowance will be a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. The collective loss allowance will be determined based on historical data of payment statistics for similar financial assets.

Investments

The Group has all its cash and other financial assets with National Australia Bank. Derivative counterparties and cash transactions are limited to high credit quality financial institutions. The Group has policies that limit the amount of credit exposure to any one financial institution.

Debt funding

In light of the global financial crisis, 'Debt Funding Risk' has increased for the Group.

The term of the primary debt funding facility (used to construct and then operate the toll road) is locked in place until 2014. This funding is being provided by a syndicate of Australian and global banks.

The ability of the Group to make drawdown's against the funding is contingent upon two aspects, firstly the Group meeting its obligations under the funding arrangements and secondly that these banks are and remain financially viable.

The global financial crisis has significantly impacted the banking industry and a number of banks, including several of those providing funding to the Group, have recently experienced rating downgrades.

At the date of this report the majority of the banks in the syndicate had a Standard and Poors rating of A- or greater, while four of the banks have a Standard and Poors rating of BBB+ or BBB.

In the event that a bank in the syndicate is unable to continue to provide funding, alternative funding arrangements will be required. As at the date of this financial report all banks have met their drawdown obligations. The Group continually monitors the situation.

22. Financial instruments (continued)

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's and Parent's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group/Parent reputation.

Prudent liquidity risk management implies maintaining sufficient cash and term deposits, the availability of funding through an adequate amount of committed credit facilities and the ability to close-out market positions. At reporting date the Group had sufficient funds and facilities available to meet payments as they arose.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Cash flow and fair value interest-rate risk

The Group enters into derivatives, and also incurs financial liabilities, in order to manage market risks. The Group's interest-rate risk arises from long-term borrowings and cash and other financial assets. Borrowings, cash and other financial assets issued at variable rates expose the Group to cash flow interest-rate risk.

The Group's funding arrangements are in place until 4 August 2014 and the interest rate exposure is fully hedged up to construction completion in 2010 with a further 70% hedged to 2014.

The Group manages its cash flow interest-rate risk by using floating-to-fixed interest rate swaps. Such interest rate swaps have the economic effect of converting borrowings from floating rates to fixed rates. The Group raises long-term borrowings at floating rates and swaps them into fixed rates. Under the interest-rate swaps, the Group agrees with other parties to exchange, at specified intervals the difference between the fixed contract rates and floating-rate interest amounts calculated by reference to the agreed notional principal amounts.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business during the construction phase. Once operations commence the board of Directors will monitor the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board of Directors also monitors the level of distributions to ordinary stapled security unitholders.

There were no changes in the Group's approach to capital management during the year.

Neither the Group nor any of its subsidiaries are subject to externally imposed capital requirements.

22. Financial instruments (continued)

Credit risk

Exposure to credit risk

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at the reporting date was:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Cash and cash equivalents	14,372	9,592	11	10
Other financial assets	64,079	77,827	-	-
Receivables	153,648	140,477	142,230	133,253
Hedge asset	-	61,008	-	-
Due from subsidiaries	-	-	630,403	646,282
	232,099	288,904	772,644	779,545

None of the Group's or Parent's financial assets were past due. In relation to the deferred equity contribution Leighton and Bilfinger have provided a bank guarantee as security to the value of \$155 million.

Impairment losses

The Group and Parent believe that no impairment allowance is necessary in respect of the existing financial assets (2008: nil). No impairment loss was recognised (2008: nil).

22. Financial instruments (continued)

Liquidity risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements and interest rate swaps. During the contracted construction period up to October 2010, the Group will continue to make monthly drawdowns on the available facilities to cover capital expenditure and interest (refer note 23).

Consolidated 30 June 2009	Carrying Amount	Contract -ual Cash flows	6 mths or less	6-12 mths	1-2 years	2-5 years	More than 5 years	Average effective interest rate
<i>In thousands of AUD</i>								
Non-derivative financial liabilities								
Trade creditors and accruals	73,064	73,064	73,064	-	-	-	-	0.000%
Finance lease liabilities	32	36	5	31	-	-	-	4.278%
Secured bank loans	1,147,581	1,248,236	29,123	35,626	1,183,487	-	-	4.415%
Interest rate contracts used for hedging	64,178	64,178	21,533	38,318	2,163	2,164	-	-
	1,284,855	1,385,514	123,725	73,975	1,185,650	2,164	-	
Consolidated 30 June 2008								
<i>In thousands of AUD</i>								
Non-derivative financial liabilities								
Secured bank loans	452,447	575,627	20,375	20,614	43,815	490,823	-	8.135%
Finance lease liabilities	40	43	5	9	9	20	-	4.278%
Trade creditors and accruals	50,313	50,313	50,313	-	-	-	-	0.000%
	502,800	625,983	70,693	20,623	43,824	490,843	-	
Parent 30 June 2009								
<i>In thousands of AUD</i>								
Trade creditors and accruals	174	174	174	-	-	-	-	0%
	174	174	174	-	-	-	-	
Parent 30 June 2008								
<i>In thousands of AUD</i>								
Trade creditors and accruals	163	163	163	-	-	-	-	0%
	163	163	163	-	-	-	-	

22. Financial instruments (continued)

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2008.

<i>In thousands of AUD</i>	Consolidated Profit or loss		Parent Profit or loss	
	100bp increase	100bp decrease	100bp increase	100bp decrease
30 June 2009				
Variable rate instruments	(10,611)	10,611	-	-
Interest rate swap	62,255	(62,255)	-	-
Cash flow hedge sensitivity (net)	51,644	(51,644)	-	-
30 June 2008				
Variable rate instruments	(3,919)	3,919	-	-
Interest rate swap	61,700	(61,700)	-	-
Cash flow hedge sensitivity (net)	57,781	(57,781)	-	-

Fair values

Fair value approximates the carrying amount of financial assets and liabilities for the consolidated and parent entity as they are short-term in nature, or where long-term in nature, the rates received on assets or rates payable on liabilities are variable and reflect current market rates.

23. Non-current liabilities – borrowings

Financing arrangements

The borrowing entity under the financing facilities is RiverCity Motorway Finance Pty Limited (a controlled entity of the Group). RiverCity Motorway Finance Pty Limited has an onlending agreement with RiverCity Motorway Asset Trust, a controlled entity of the Group.

The debt financing for the NSBT is being provided through a syndicated senior bank debt facility.

Access was available at balance date to the following lines of credit:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Financing Facilities				
Total facilities	1,993,826	1,993,826	-	-
Used at balance date ⁽¹⁾	1,164,180	479,305	-	-
Unused at balance date	829,646	1,514,521	-	-

⁽¹⁾ Used at balance date is actual drawdown and accrued interest.

The unused finance facilities comprise the following at balance date:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Finance Facilities				
Equity Bridge Facility	9,881	22,683	-	-
Council Works Facility	49,537	155,838	-	-
Construction Facility/Term Facility	770,228	1,336,000	-	-
	829,646	1,514,521	-	-

23. Non-current liabilities – borrowings (continued)

Financing arrangements (continued)

Assets pledged as security

RiverCity Motorway Asset Nominee Pty Limited (as trustee of the RiverCity Motorway Asset Trust), RiverCity Motorway Pty Limited, RiverCity Motorway Finance Pty Limited, RiverCity Motorway Services Pty Limited, RiverCity Motorway Construction Pty Limited, RiverCity Motorway Asset Nominee 2 Pty Limited (as trustee of the RiverCity Motorway Asset Trust 2) and RiverCity Motorway Holdings Pty Limited have granted mortgages and charges over their assets and undertakings to secure the funding provided by the financiers and hedge providers.

The pledged assets relate to the entire assets held by the controlled entities of the RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust.

Subject to receiving approval from the Brisbane City Council and the financiers, Flow Tolling will accede to the finance documents and grant a mortgage and charge over its assets and undertakings to secure funding provided by the financiers and hedge providers.

Equity Bridge Facility, Council Works Facility and Construction Facility

Funds drawn under the Equity Bridge Facility, Council Works Facility and the Construction Facility will be applied towards meeting costs incurred by the Group, specifically:

- construction costs – certain amounts payable to the construction contractor under the design and construction contract;
- development costs – costs incurred at financial close and during the construction period;
- operating costs incurred prior to construction completion – costs payable to the operator, fees payable to the lenders' engineer or the security Trustee, operating expenses, amounts payable to comply with project documents, capital maintenance contributions and taxes (including GST);
- financing costs incurred prior to construction completion – funding interest (net of payments under the swap arrangements), fees and other expenses incurred during the construction period in relation to the debt and other fees due;
- reserve accounts – funding the required debt services reserve account, ramp up reserve account, equity contingency reserve account, DRP reserve; and
- other – meeting any other costs approved by the lenders.

Drawings under the facilities may be requested monthly. The drawings are deposited into an account controlled by the lenders. Withdrawals from the account are permitted subject to certain conditions precedent:

- no specified event of default, potential event of default, or review event subsists or will occur;
- all necessary authorisations have been obtained for the withdrawal and for the relevant stage of the design and construction contract;
- a withdrawal notice has been received by the lenders' agent; and
- receipt by the lenders' agent of a progress certificate which demonstrates satisfaction of the cost to complete test (demonstrating that there are enough available funds to finance construction until construction completion).

The Equity Bridge Facility will be repaid with the proceeds from the deferred equity tranche. The Council Works Facility will be repaid by BCC on construction completion.

23. Non-current liabilities – borrowings (continued)

Financing arrangements (continued)

Term Facility

The construction facility will be converted into loans owing under the Term Facility at construction completion (October 2010 or earlier). The Term Facility will comprise two medium-term, interest only tranches, repayable as follows:

- Tranche A: 50% of principal outstanding, repayable on 4 August 2014; and
- Tranche B: 50% of principal outstanding, repayable on 4 August 2016.

24. Commitments

Commitments for the cost of various goods and services to be supplied but not recognised as liabilities:

Capital expenditure

RiverCity Motorway Group has entered into a construction contract with Leighton Contractors Pty Limited, Boulderstone Hornibrook Pty Ltd, Bilfinger Berger Civil Pty Ltd and Boulderstone Hornibrook Queensland Pty Ltd (LBBJV) to complete the required construction activities over the expected period of 50 months from August 2006.

Construction commitments contracted for, but not recognised in the balance sheet, are payable as follows:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Within one year	431,829	616,283	-	-
One year or later and no later than five years	39,999	471,828	-	-
	471,828	1,088,111	-	-

Maintenance contract

RiverCity Motorway Group has entered into a maintenance agreement with Brisbane Motorway Services Pty Limited, with a term that ends on the expiration of the concession period unless earlier terminated or extended in accordance with the contract.

Construction period

Amounts payable during the fifty month construction period are as follows:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Within one year	3,451	467	-	-
One year or later and no later than five years	48	3,499	-	-
	3,499	3,966	-	-

24. Commitments (continued)

Commencement of operations

The maintenance fees are renegotiated each five years following commencement of operations. Amounts payable for the initial five year period (adjusted for CPI increases) are as follows:

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
From construction completion:				
Within one year	15,056	14,191	-	-
One year or later and no later than five years	57,973	54,643	-	-
Later than five years	-	-	-	-
	73,029	68,834	-	-

Operating Leases

RiverCity Motorway has entered into a 10 year lease with Westpac Funds Management as trustee for the Cannon Hill Office Trust for the provision of premises for Flow Tolling Pty Ltd commencing 1 January 2009.

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Within one year	478	-	-	-
One year or later and no later than five years	2,060	-	-	-
Later than five years	2,626	-	-	-
	5,164	-	-	-

During the year ended 30 June 2009 \$179,837 was recognised as an expense in the Income Statement in respect of the operating leases (30 June 2008: nil).

25. Contingent liabilities

Responsible Entity put and call option

It is a requirement of the *Corporations Act 2001* for registered managed investment schemes to have a responsible entity. RCMML is part of the RiverCity Motorway Group and a wholly owned subsidiary of RiverCity Motorway RE Holdings Pty Ltd and has been engaged to act as responsible entity of the Trusts as it has the appropriate Australian Financial Services License.

RCMML (and other entities in RiverCity Motorway Group) and RiverCity Motorway Services Pty Limited (RCMS) have entered into five year management deeds (renewable by any party for a further one year) that document the administrative and asset management functions to be performed by RCMS.

At 30 June 2008, the Group disclosed a contingent liability relating to the purchase of RiverCity Motorway Management Limited. RiverCity Motorway Management Limited was purchased on 26 September 2008 refer notes 22 and 31.

25. Contingent liabilities (continued)

In accordance with the RiverCity Motorway Group construction contract an early completion incentive will be payable to the construction contractor for achieving project completion ahead of the contract completion date of October 2010. The amount of the bonus payable has been determined based on estimated traffic assumptions during the ramp-up period and by reference to the length of the period of early completion. The bonus is payable on construction completion and is fixed at an amount of \$268,960 per day for each day of early completion. A provision has not been raised given the uncertainty of the construction completion date. Any payment will be included in the value of the intangible asset and therefore there will be no impact to the income statement.

26. Insurance

The Group has secured a 10% Claims Experience Discount (CED) amounting to \$1,154,044 on the first and second instalment of the Construction Risks DISU insurance premium. In the event that the Group submits a claim under this class of insurance, then the CED will be repayable in full to the underwriters.

27. Employee benefits

	Consolidated		Parent	
	30 June 2009 \$'000	30 June 2008 \$'000	30 June 2009 \$'000	30 June 2008 \$'000
Current				
Liability for annual leave	100	62	-	-
Total employee benefits - current	100	62	-	-

28. Related party transactions

Aggregate amount of transactions with related parties incurred in relation to the RiverCity Motorway Group being awarded the concession to finance, design, build, maintain and operate the CLEM7.

	30 June 2009 \$	30 June 2008 \$
ABN AMRO Rothschild		
DRP Underwriting fee	-	194,952
ABN AMRO Australia Pty Limited		
Financial manager agreement	-	75,000
Transfer fee for purchase of RiverCity Motorway Management Limited	500,000	-
RiverCity Motorway Management Limited as responsible entity		
Management fees	364,667	524,910
Hollingsworth Project Consultant (Peter Hollingsworth – Director)		
Consultant fees	10,000	-

There were no outstanding balances with above related parties at current or prior period end other than as disclosed below.

Leighton Contractors Pty Limited, Baulderstone Hornibrook Pty Ltd, Bilfinger Civil Pty Ltd and Baulderstone Hornibrook Queensland Pty Ltd (LBBJV) has been engaged to complete the construction activities. The amount payable to LBBJV during the period was \$616,283,004 (2008: \$406,892,604). The amount outstanding at 30 June 2009 was \$63,711,217 (2008: \$41,133,817).

28. Related party transactions (continued)

The following were key management personnel of the Group at any time during the reporting period (appointment dates are listed):

Directors of RCMML (responsible entity)	Resignation date	Appointment date
Robert Morris		3/06/2006
John Barry		28/04/2006
Bernard Rowley		26/09/2008
Ken MacDonald		26/09/2008
Peter Hollingsworth		26/09/2008
Peter Hicks		26/09/2008
Fritz Syvertsen	30/03/2009	26/09/2008
Thao Oakey		26/09/2008
Charles Mott		17/06/2009
Peter Emery	26/09/2008	3/04/2007
Paul Dortkamp	26/09/2008	3/04/2007
Philip Howe	26/09/2008	5/09/2007
Key management personnel		
Flan Cleary		23/10/2006
Christine Hayward		9/10/2006
Anthony Havers		15/01/2007
Colin Richmond		26/02/2007
Teisha Peterson		26/09/2008

Principles of compensation

Remuneration is referred to as compensation.

The management of the Group is outsourced to the Manager who in turn employs the key management personnel (other than Directors of RCMML).

Key management personnel of the Manager, have authority and responsibility for planning, directing and controlling the activities of the Group. Key management personnel comprise the Directors of RCMML and executives for the Manager including the four most highly remunerated executives (only four executives in the Group).

Compensation levels for key management personnel and secretaries of the Group and key management personnel of the Manager are competitively set to attract and retain appropriately qualified and experienced Directors and executives. The Board of the Manager obtains independent advice on the appropriateness of compensation packages given trends in comparative companies and the objectives of the Group's compensation strategy.

Compensation packages may include a mix of fixed and variable compensation.

Executive remuneration policy

Executive remuneration arrangements are designed to reward employees competitively and appropriately for their individual performance, including their contribution to the business results delivered. Individual remuneration is aligned with contribution towards achievement of the Group objectives.

Service contracts for senior executives, including the CEO, are unlimited in term. Each contract can be terminated by the giving of a fixed period of notice. The Manager, RCMS, has the right to terminate the contract immediately, by making a payment in lieu of notice.

28. Related party transactions (continued)

Executive remuneration policy (continued)

Executive remuneration is made up of a fixed component and an at-risk component. The fixed component is structured as a total employment cost package, including cash, voluntary superannuation and benefits. Fringe benefits tax costs are taken into account in the total employment cost calculation. The fixed component is set by reference to the scope and nature of the executive's role, and the executive's performance and experience. It is reviewed annually by reference to market benchmarks, the executive's performance and any changes in the executive's role or responsibilities.

The at-risk component of executive remuneration is linked to the achievement of individual key performance indicators. The at-risk remuneration component is paid in cash.

Individual goals for each executive are tailored to the accountabilities of the executive's role and the capacity of the executive to affect RiverCity Motorway Group's performance. Individual goals focus on the achievement of the Group objectives and vision.

RiverCity Motorway Group does not currently provide any equity-based incentives, nor incentives related directly to total unitholder returns. The Board will review the appropriateness of introducing incentives of these kinds as the Group approaches operations.

Performance of RiverCity Motorway Group

The Group's strategic goals for the year ended 30 June 2009 measured performance in risk management, supporting completion of the CLEM7 as a quality project, developing relationships with key stakeholders (including BCC, the community and investors) and adding unitholder value.

In reviewing performance against these strategic goals, the Board principally considered reports from management at each regular meeting of the Board. The Chairman and other Directors of RCMS attended meetings on key issues with senior personnel of the construction contractor, LBBJV. The Board also received reports and presentations from independent consultants, particularly with respect to the perceptions of key stakeholders. The Board is satisfied that these methods were adequate to enable it to assess performance against the goals. The Board determined that the goals set in each of these areas were substantially achieved during the reporting period.

The Board has approved goals for the year ending 30 June 2010 to measure performance in the same areas, and, in addition, in the Group's preparations for operation of the NSBT after completion of the construction period.

Senior executives

Key management personnel (other than Directors)

RCMS is an organisation employing only thirteen people, the key management personnel are the five executives and RCMLL, who collectively have the greatest authority for the strategic direction and management of RiverCity Motorway Group. This section contains information relating to the Group's key management personnel.

The Group (through RCMS) and each key management personnel have entered into a service contract that sets out the remuneration and other terms of employment of the key management personnel. Each services contract outlines the components of remuneration (including eligibility for incentives), but does not prescribe the level of remuneration from year-to-year.

Service contracts do not have a specified term.

28. Related party transactions (continued)

Key management personnel (other than Directors) (continued)

The service contracts for the key management personnel contain the following termination provisions. The Group may give a payment in lieu of notice equivalent to the remuneration for the notice period.

Name	Notice by Group	Notice by Employee	Termination Provisions
Flan Cleary Chief Executive Officer	18 months	6 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Christine Hayward Chief Financial Officer	18 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Anthony Havers Corporate Communications Manager	12 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Colin Richmond Engineering Manager	12 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.
Teisha Peterson Customer Operations Manager	3 months	3 months	Notice by Group is affected in instances where the Board imposes a material diminution in duties, responsibilities or status occurs, or in the event of a redundancy. The termination provision does not apply in the event of dismissal for dishonesty or poor performance.

At-risk remuneration

The table below summarises the at-risk component of the remuneration under the service contracts between the Group and the key management personnel who are in office as at the date of this report.

Name	Short Term Incentives (Annual)*
Flan Cleary	Discretionary
Christine Hayward	\$20,000
Anthony Havers	\$20,000
Colin Richmond	Discretionary
Teisha Peterson	Discretionary

* Higher amounts may be paid at the Board's discretion.

28. Related party transactions (continued)

Key management personnel (other than Directors) (continued)

At-risk remuneration (continued)

Name	Milestone Retention Bonus	
Flan Cleary	Up to 65% of base salary at tolling system completion	Up to 35% of base salary at defects completion
Christine Hayward	Up to 65% of base salary at commencement of tolling	Up to 35% of base salary at 12 months after tolling system completion
Anthony Havers	Up to 65% of base salary at tolling system completion	Up to 35% of base salary at defects completion
Colin Richmond	Up to 65% of base salary at tolling system completion	Up to 35% of base salary at defects completion
Teisha Peterson	Up to 65% of base salary at commencement of tolling	Up to 35% of base salary at 12 months after tolling system completion

Remuneration paid to key management personnel

Details of remuneration for key management personnel for the year ended 30 June 2009 are set out below. No long term incentive payments were made during the current or period.

Name		Appointment date	Primary			Post employment	Equity	% (3)	Total \$
			Cash Salary and fees \$	Short Term Incentive ⁽⁴⁾ \$	Non-cash benefits ⁽¹⁾ \$	Super-annuation ⁽²⁾ \$	Units \$		
Flan Cleary	2009	23/10/2006	334,499	60,000	9,146	35,504	-	14	439,149
	2008		298,264	54,800	9,344	57,935	-	13	420,343
Christine Hayward	2009	9/10/2006	251,254	30,000	9,146	13,745	-	10	304,145
	2008		224,871	25,000	9,344	13,128	-	9	272,343
Anthony Havers	2009	15/01/2007	202,596	20,000	9,146	32,404	-	8	264,146
	2008		184,656	20,000	9,344	19,344	-	9	233,344
Colin Richmond	2009	26/02/2007	215,595	10,000	9,146	19,404	-	4	254,145
	2008		197,086	7,500	9,344	18,413	-	3	232,343
Teisha Peterson	2009	26/09/2008	113,076	-	9,146	10,177	-	-	132,399
	2008		-	-	-	-	-	-	-

- (1) Non-cash benefits related to payments for Directors and officers liability insurance which is paid by the Group.
- (2) Includes statutory and voluntary contributions.
- (3) % of remuneration related to performance.
- (4) Short term incentives were paid in cash on 11 July 2008 after review of performance against expected roles for the year ended 30 June 2008.

The responsible entity, RCMML has received \$364,667 in management fees during the year (2008: \$524,910).

RiverCity Motorway Group has not provided any loans to executives or Directors.

The remuneration of the key management personnel is paid by RCMS, a wholly owned subsidiary of the Group. No reasonable apportionment can be determined and therefore remuneration paid to key management personnel of the Parent are the same as disclosed above.

Remuneration policy

The remuneration of Non-executive Directors is related to the extent of their involvement at Board and Committee level. The Board is conscious that the remuneration for Non-executive Directors should be set at a level that takes account of the time commitment levels and will attract the calibre of Director required to contribute to a high-performing Board.

Each Non-executive Director is paid a fixed annual fee. The fees paid to the Non-executive Directors are periodically reviewed by the Board having regard to the matters described above.

28. Related party transactions (continued)

Remuneration policy (continued)

During the period there was no remuneration paid to Philip Howe who was appointed by ABN AMRO, he is remunerated as an executive of ABN AMRO. No remuneration was paid to Thao Oakey during the period as she was appointed as an alternate Director for Peter Hicks.

Other than for statutory superannuation, there is no provision for retirement allowances for Non-executive Directors, nor for payment of compensation on early termination of their appointment.

As outlined in the Group's Product Disclosure Statement of June 2006, the base remuneration paid to Non-executive Directors by the Manager for the year ended 30 June 2009 (and prior period), and payable for the year ending 30 June 2009 is as follows:

	30 June 2009	30 June 2008
Base fee – Chairman	\$175,000	\$175,000
Base fee – Non-executive Directors	\$70,000	\$70,000
Base fee – Sponsor appointed Directors	\$70,000	\$70,000
Base fee – Independent Non-executive Directors (including Audit, Risk and Compliance Committee Duties)	Between \$30,000 and \$32,500	Between \$30,000 and \$32,500

Remuneration of Non-executive Directors

The remuneration paid and payable to the Non-executive Directors during the year ended 30 June 2009 is shown in the table below.

During the year the Responsible Entity became part of the RiverCity Motorway Group and therefore the fees paid to the Directors by the Responsible Entity and the Manager have been included in the table below to allow comparability.

Name		Primary			Post employment	Equity	Total \$
		Cash Salary and fees \$	Short Term Incentive \$	Non-cash benefits \$	Superannuation \$	Units \$	
Robert Morris +	2009	205,000	-	-	-	-	205,000
	2008	205,000	-	-	-	-	205,000
John Barry	2009	48,165	-	-	4,335	-	52,500
	2008	-	-	-	-	-	-
Bernard Rowley +	2009	92,500	-	-	-	-	92,500
	2008	70,000	-	-	-	-	70,000
Ken MacDonald +	2009	92,500	-	-	-	-	92,500
	2008	70,000	-	-	-	-	70,000
Peter Hollingsworth	2009	64,220	-	-	5,780	-	70,000
	2008	64,220	-	-	5,780	-	70,000
Peter Hicks +	2009	70,000	-	-	-	-	70,000
	2008	70,000	-	-	-	-	70,000
Fritz Syvertsen +	2009	52,500	-	-	-	-	52,500
	2008	70,000	-	-	-	-	70,000
Thao Oakey	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-
Charles Mott +	2009	5,833	-	-	-	-	5,833
	2008	-	-	-	-	-	-
Paul Dortkamp +	2009	16,250	-	-	-	-	16,250
	2008	32,500	-	-	-	-	32,500
Peter Emery +	2009	15,000	-	-	-	-	15,000
	2008	30,000	-	-	-	-	30,000
Philip Howe	2009	-	-	-	-	-	-
	2008	-	-	-	-	-	-

+ No statutory superannuation contributions are required.

28. Related party transactions (continued)

Total remuneration of key management personnel, including non-executive directors

	2009 \$	2008 \$
Short term employee benefits	1,944,718	1,661,273
Post employment benefits	121,349	114,600

Stapled unit holdings

Name	Balance at the start of year 1 July 2008	Units acquired during the year	Balance at the end of the year 30 June 2009
Directors of RiverCity Motorway Management Limited			
Robert Morris	231,017	24,976	255,993
John Barry	-	-	-
Bernard Rowley	23,101	2,499	25,600
Ken MacDonald	80,856	8,742	89,598
Peter Hollingsworth	11,550	1,250	12,800
Peter Hicks	493,159	53,315	546,474
Fritz Syvertsen	-	-	-
Thao Oakey	100,000	-	100,000
Charles Mott	25,000	-	25,000
Paul Dortkamp	-	-	-
Peter Emery	-	-	-
Philip Howe	-	-	-

Name	Balance at the start of year 1 July 2007	Units acquired during the year	Balance at the end of the year 30 June 2008
Directors of RiverCity Motorway Management Limited			
Robert Morris	212,831	18,186	231,017
John Barry	-	-	-
Bernard Rowley	21,283	1,818	23,101
Ken MacDonald	74,491	6,365	80,856
Peter Hollingsworth	10,641	909	11,550
Peter Hicks	399,059	94,100	493,159
Fritz Syvertsen	-	-	-
Thao Oakey	100,000	-	100,000
Charles Mott	25,000	-	25,000
Paul Dortkamp	-	-	-
Peter Emery	-	-	-
Philip Howe	-	-	-

Name	Balance at the start of year 1 July 2008	Units acquired during the year	Balance at the end of the year 30 June 2009
Key management personnel of the RiverCity Motorway Group (RiverCity Motorway Services Pty Limited)			
Flan Cleary	-	-	-
Christine Hayward	-	-	-
Anthony Havers	-	-	-
Colin Richmond	-	-	-
Teisha Peterson	-	-	-

Nil movements in units in 2008 for key management personnel of RiverCity Motorway Group.

28. Related party transactions (continued)

Other related party disclosures

The Group has a related party relationship with each of the entities within the Group (see Note 30) and its key management personnel (see above).

Transactions between entities within the Group are loans and advances and reimbursement of operational costs. Intercompany loans are at call and are non interest bearing, all other transactions are conducted on a normal commercial basis. Balances receivable and payable are disclosed in Notes 15 and 17 respectively.

Responsible Entity

The RiverCity Motorway Group is a stapled entity and comprises the aggregation of RCMHT and its wholly-owned controlled entities and RCMIT and its wholly-owned controlled entities. The responsible entity of RCMHT and RCMIT is RCMML.

29. Investments in controlled entities

The RiverCity Motorway Group comprises the aggregation of RCMHT and RCMIT.

Name of entity	Country of incorporation	Class of shares/units	Equity Holding 2009	Equity Holding 2008
The RiverCity Motorway Holding Trust Group comprises:				
RiverCity Motorway Holding Trust	Australia	Ordinary	100%	100%
RiverCity Motorway RE Holdings Pty Limited	Australia	Ordinary	100%	-
RiverCity Motorway Management Limited	Australia	Ordinary	100%	-
RiverCity Motorway Asset Nominee 2 Pty Limited	Australia	Ordinary	100%	100%
RiverCity Motorway Asset Nominee Pty Limited	Australia	Ordinary	100%	100%
RiverCity Motorway Finance Pty Limited	Australia	Ordinary	100%	100%
The RiverCity Motorway Investment Trust Group comprises:				
RiverCity Motorway Investment Trust	Australia	Ordinary	100%	100%
RiverCity Motorway Holdings Pty Limited	Australia	Ordinary	100%	100%
RiverCity Motorway Pty Limited	Australia	Ordinary	100%	100%
RiverCity Motorway Construction Pty Limited	Australia	Ordinary	100%	100%
RiverCity Motorway Services Pty Limited	Australia	Ordinary	100%	100%
Flow Tolling Pty Limited	Australia	Ordinary	100%	-

30. Acquisition of Subsidiary

On 26 September 2008, the Group pursuant to an option agreement acquired all the shares in RiverCity Motorway Management Limited for \$50,000 in cash. RiverCity Motorway Management Limited is the responsible entity of RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust. RiverCity Motorway Management Limited is a wholly owned subsidiary of RiverCity Motorway RE Holdings Pty Ltd. RiverCity Motorway RE Holdings Pty Ltd was established by the Group on 25 September 2008. If the acquisition had occurred on 1 July 2008, management estimates that there would have been no effect on consolidated revenue or consolidated profit for the year ended 30 June 2009.

The acquisition of RiverCity Motorway Management Limited had the following effect on the Group's assets and liabilities.

	Recognised values on acquisition \$'000
Cash and cash equivalents	50
Consideration paid, satisfied in cash	50
Cash acquired	(50)
Net cash outflow	-

31. Events occurring after reporting date

No matter or circumstance arose since 30 June 2009 that has significantly affected, or may significantly affect the operations of the RiverCity Motorway Group, the results of those operations or the state of affairs of the RiverCity Motorway Group in subsequent periods.

32. Segment information

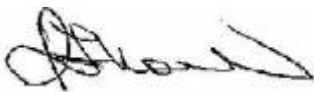
The consolidated entity operates as one business segment being the RiverCity Motorway Project, in one geographic segment being Queensland.

Statement of the Directors of the Responsible Entity of the Trusts

In the opinion of the Directors of RiverCity Motorway Management Limited as the responsible entity for RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust.

- (a) The consolidated financial statements for the RiverCity Motorway Holding Trust Group as set out on pages 29 to 76 and are in accordance with the *Corporations Act 2001*, including:
- (i) giving a true and fair view of the Parent's and the Group's financial position as at 30 June 2009 and of their performance, for the year ended on that date;
 - (ii) complying with Australian Accounting Standards (including the Australian Interpretations) and the Corporations Regulations 2001; and
 - (iii) the Directors have been given the declarations required by Section 295(a) of the *Corporations Act 2001* from the Chief Executive Officer and Chief Financial Officer for the year ended 30 June 2009.
- (b) There are reasonable grounds to believe that the Parent and the Group will be able to pay their debts as and when they become due and payable.
- (c) The financial report also complies with International Financial Reporting Standards as disclosed in Note 2.

This statement is made in accordance with a resolution of the Directors of RiverCity Motorway Management Limited.



Robert Morris
Chairman

26 August 2009



Independent auditor's report to the unit holders of RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust

We have audited the accompanying financial report of RiverCity Motorway Holding Trust (the Parent), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and statements of cash flows for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 32 and the directors' declaration of the Group comprising the RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust and the entities they controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of RiverCity Motorway Management Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Parent's and the Group's financial position and of their performance.

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



Independence

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

Auditor's opinion

In our opinion:

- (a) the financial report of RiverCity Motorway Holding Trust is in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the Parent's and the Group's financial position as at 30 June 2009 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.
- (b) the financial report also complies with International Financial Reporting Standards as disclosed in note 2(a).

KPMG

KPMG

Scott Guse
Partner

Brisbane
26 August 2009

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UNITHOLDER INFORMATION

Stock exchange and unitholder information

The unitholder information set out below was applicable as at 21 August 2009.

A. Distribution of equity securities

	Holders
1 – 1,000	453
1,001 – 5,000	1,653
5,001 – 10,000	1,710
10,001 – 100,000	5,766
100,001 and over	831
	10,413

There were 682 unitholders holding less than a marketable parcel of stapled units.

B. Twenty largest quoted equity security holders

The names of the twenty largest holders of quoted stapled units are listed below:

Name	Number held	Percentage of stapled units
Cogent Nominees Pty Limited <SMP Accounts>	102,947,470	12.84%
RBC Dexia Investor Services Australia Nominees Pty Limited <BC Cust A/C>	79,811,844	9.95%
ABN AMRO Investments Australia Ltd <Diversified Infrass A/C>	64,556,524	8.05%
BBPP (Aust) Ltd	33,555,487	4.18%
James Fielding Infrastructure Pty Limited	26,603,948	3.32%
J P Morgan Nominees Australia Limited	13,401,378	1.67%
Mr Raymond Parnell Hall	10,000,000	1.25%
Custodial Services Limited	8,209,502	1.02%
National Nominees Limited	6,148,814	0.77%
BBPP (Aust) Limited	6,000,000	0.75%
Firststrand (Ireland) PLC	5,710,000	0.71%
RP & RJ Hall Management Pty Ltd	5,000,000	0.62%
RBC Dexia Investor Services Australia Nominees Pty Limited <MLCI A/C>	4,213,020	0.53%
Ankla Pty Ltd	2,973,730	0.37%
HSBC Custody Nominees (Australia) Limited	2,857,852	0.36%
V S Access Pty Ltd	2,064,157	0.26%
Mr Ming Jung Wang	2,012,506	0.25%
Neale Edwards Pty Ltd	1,970,910	0.25%
Mr Peter John McMorrow & Mrs Bernadine Ann McMorrow <McMorrow Super fund A/c>	1,810,540	0.23%
Mr Kerry Raymond Wark & Mrs Susanne Mary Wark <Wark Super Fund A/c>	1,650,000	0.21%

UNITHOLDER INFORMATION (continued)

C. Substantial unitholders

Substantial holders in RiverCity Motorway Group are set out below:

Name	Number held	Percentage of stapled units
Cogent Nominees Pty Limited <SMP Accounts>	102,947,470	12.84%
RBC Dexia Investor Services Australia Nominees Pty Limited <BKCust A/C>	79,811,844	9.95%
ABN AMRO Investments Australia Ltd <Diversified Infrass A/C>	64,556,524	8.05%

D. Voting rights

The voting rights attaching to RiverCity Motorway Group stapled units are as follows:

- on a show of hands, each unitholder present in person and each other person present as a proxy, attorney or representative of a Unitholder has one vote; and
- on a poll, each person has one vote for each dollar of the value of the units held and each person present as proxy, attorney or representative of a unitholder has one vote for each dollar of value of the stapled units held.

E. Use of cash

Since 3 August 2006, when RiverCity Motorway Group was admitted to the official list of the ASX, RiverCity Motorway Group has used the cash and assets in a form readily convertible to cash that it had at the time of admission in a way consistent with its business objectives.

CORPORATE DIRECTORY

Board of Directors RiverCity Motorway Management Limited (responsible entity)

Robert Morris - Chairman

Directors

John Barry
Bernard Rowley
Ken MacDonald
Peter Hollingsworth
Peter Hicks
Thao Oakey
Charles Mott

Company Secretary

Christine Hayward

Board of Directors RiverCity Motorway Services Pty Limited (Manager)

Robert Morris – Chairman

Directors

John Barry
Bernard Rowley
Ken MacDonald
Peter Hollingsworth
Peter Hicks
Thao Oakey
Charles Mott

Company Secretary

Christine Hayward

Executive Management

Flan Cleary - **Chief Executive Officer**
Christine Hayward - **Chief Financial Officer**
Anthony Havers – **Investor Relations and Corporate Communications Manager**
Colin Richmond - **Engineering Manager**
Teisha Peterson – **General Manager**
www.rivercitymotorway.com.au

Stock exchange listing

RiverCity Motorway Holding Trust and RiverCity Motorway Investment Trust units are stapled and listed on ASX Limited (ASX) as RiverCity Motorway Group (ASX Code – RCY).

Responsible Entity

RiverCity Motorway Management Limited
Level 2, 140 Melbourne Street, South Brisbane QLD 4101
Phone 07-3837 4868

Manager

RiverCity Motorway Services Pty Limited
Level 2, 140 Melbourne Street, South Brisbane QLD 4101

Unitholder registrar

Link Market Services Limited
Locked Bag A14, Sydney South NSW 1235
www.linkmarketservices.com.au

Performance disclaimer

An investment in RiverCity Motorway Group is subject to investment risks, including possible delays in repayment and loss of income and capital invested. Neither RiverCity Motorway Management Limited (the responsible entity) nor any other member of the RiverCity Motorway Group, guarantees the performance of the RiverCity Motorway Group, the repayment of capital or the payment of a particular rate of return on RiverCity Motorway Group's stapled units.

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Advice warning

This annual report is prepared for your general information only and is not an offer or invitation for subscription or purchase or a recommendation of securities. The provision of this annual report is not, and should not be considered as, the provision of financial product advice. If this annual report is held to contain financial advice, it is general advice only and does not take into account your individual objectives, taxation position, financial situation or needs. Before acting on any advice, you should consider the appropriateness of the advice, having regard to your individual objectives, taxation position, financial situation or needs. You should not base your decision to invest in securities of the RiverCity Motorway Group solely on the information in this annual report. You should consider the suitability in view of your financial position and investment objectives and needs and you should seek advice before making an investment decision.

Privacy

RiverCity Motorway Group honours without reservation our obligation to respect and protect the privacy of the personal information of individuals with whom we deal. Our privacy policy is available on our website at www.rivercitymotorway.com.au.

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