Rolling Stock Holdings (Victoria) Pty Limited and its Controlled Entities

ABN 74 104 780 056

Financial report
for the year ended 30 June 2026

Contents

Directors' report 3
Auditor's independence declaration 5
Auditor General's independence declaration 6
Consolidated operating statement for the year ended 30 June 2026 7
Consolidated balance sheet as at 30 June 2026 8
Consolidated statement of changes in equity for the year ended 30 June 2026 9
Consolidated statement of cash flows for the year ended 30 June 2026 11
Notes to the financial statements for the year ended 30 June 2026 12
1. Summary of material accounting policies 12
2. Borrowing costs 19
3. Auditors' remuneration 19
4. Income Tax 20
5. Cash and cash equivalents 21
6. Plant and equipment 21
7. Borrowings 26
8. Contributed equity 27
9. Reserves 27
10. Commitments 27
11. Contingent assets and liabilities 27
12. Notes to the statement of cash flows 28
13. Related party transactions 29
14. Financial instruments 31
15. Economic dependency 31
16. Events occurring after the reporting period 31
Directors' declaration 32
Independent Auditors report 33

Directors' report

The Directors present their report together with the financial report of Rolling Stock Holdings (Victoria) Pty Limited ("the Company") and of the Consolidated Entity, being the Company and its Controlled Entities, for the financial year ended 30 June 2026 and the Auditor's report thereon.

Directors

The Directors of the Company at any time during the financial year and until the date of this report are as follows:

Director	Appointment	Term concluded
Paul Hardy (Chair)	1 January 2024	
Laurinda Gardner	1 January 2024	29 April 2026
William (Bill) Kusznirczuk	1 January 2024	3 March 2026
Katrina Lai	1 January 2024	
Rosemary Martin	1 January 2024	
Ramaswamy (Narayan) Prasad	1 January 2024	16 February 2026
Ben Hubbard	1 July 2026	

Company particulars

Rolling Stock Holdings (Victoria) Pty Limited is a Company limited by shares that is incorporated and domiciled in Australia. Its registered office is Level 8, 1010 La Trobe Street, Docklands Victoria 3008.

The Company employed no employees as at 30 June 2026 (2025: nil).

Principal activities

The Consolidated Entity owns various classes of passenger rolling stock, which are ultimately leased to the metropolitan public transport franchisees. The Consolidated Entity is also acquiring new country and suburban passenger rolling stock, which will be leased to V/Line Corporation when completed. The Consolidated Entity also recognises, on behalf of the State, a number of finance leases in respect of suburban passenger rolling stock.

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

Review of operations

The loss after tax of the Consolidated Entity for the year ended 30 June 2026 was ($306,928,281) (2025: ($233,629,762)).

As a result of depreciating assets received free of charge in previous years, it is expected that the Consolidated Entity will continue to make accounting losses in future years. Notwithstanding this outcome, and on the basis of existing contractual arrangements and funding commitments made by the Victorian Government, the Directors are of the view that both the Consolidated Entity and the Company are going concerns and will be able to pay their debts as and when they fall due.

Dividends

No dividends were paid or declared by the Company since the end of the previous financial year.

Significant changes in the state of affairs

Chris Olds resigned from the position of Chief Executive effective 25 August 2025 and Chris Jones was appointed as Acting Chief Executive at that date. Jonathan Metcalfe was employed as the interim Chief Executive on 22 September 2025 and was appointed permanently to the role on 23 February 2026.

There were no other significant changes in the Company's or the Consolidated Entity's state of affairs that occurred during the financial year under review.

Environmental regulation

The Consolidated Entity is not subject to any particular or significant environmental regulation.

Events subsequent to the end of the reporting period

No events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Likely developments

The Consolidated Entity is not expected to receive any income.

Although, based on existing contractual and funding arrangements, the Consolidated Entity is expected to continue to record accounting losses (see “Review of operations” above), the Directors are of the view that the Consolidated Entity and the Company are going concerns and will be able to pay their debts as and when they fall due.

Options

No options over issued shares or interests in the Company or the Consolidated Entity were granted during or since the end of the financial year and there were no options outstanding at the date of this report. No shares were issued during or since the end of the year as a result of the exercise of an option over unissued shares or interests.

Proceedings on behalf of the Company

No person has applied to the court under section 237 of the *Corporations Act 2001* for leave to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings. The Company was not a party to any such proceedings during the year.

Indemnification and insurance of directors and officers

Since the end of the previous financial year, the Company, through its ultimate holding company, Victorian Rail Track (“VicTrack”), has paid insurance premiums of $17,006 in respect of directors and officers liability and legal expenses insurance contracts, for current and former Directors and officers, including Directors and officers of its Controlled Entities.

The Company, and its controlled entities, has not insured or indemnified any person who is or has been an Auditor of the Company.

Auditor's independence declaration

A copy of the Auditor's independence declaration as required under Section 307C of the *Corporations Act 2001* is enclosed.

Signed in accordance with a resolution of the Directors:
Dated at Melbourne this 3 September 2026



Director

Victorian Auditor-General's Office

Auditor-General's Independence Declaration

To the Board, Rolling Stock Holdings (Victoria) Pty Limited

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Rolling Stock Holdings (Victoria) Pty Limited for the year ended 30 June 2026, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Corporations Act 2001* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
17 September 2026

Paul Martin
as delegate for the Auditor-General of Victoria

Level 31 / 35 Collins Street, Melbourne Vic 3000
T 03 8601 7000 enquiries@audit.vic.gov.au www.audit.vic.gov.au

Consolidated operating statement for the year ended 30 June 2026

	Note	Consolidated		Company	
		2026	2025	2026	2025
		$	$	$	$
Revenue and Income from Continuing Operations					
Government contributions		4,521,984	4,521,984	4,521,984	4,521,984
Other revenue		124,225	379,737	42,175	379,737
Total revenue		**4,646,209**	**4,901,721**	**4,564,159**	**4,901,721**
Expenses from Continuing Operations					
Depreciation and amortisation expense	6	346,621,023	244,032,935	337,035,607	236,578,429
Finance costs	2	1,225,705	1,415,925	1,225,705	1,415,925
Other expenses		88,531	279,986	3,631	279,986
Total expenses		**347,935,259**	**245,728,846**	**338,264,943**	**238,274,340**
Net loss before income tax		**(343,289,050)**	**(240,827,125)**	**(333,700,784)**	**(233,372,619)**
Income tax benefit	4(a)	36,360,769	7,197,363	35,539,593	7,026,088
Net loss after income tax		**(306,928,281)**	**(233,629,762)**	**(298,161,191)**	**(226,346,531)**
Other comprehensive income					
Items that will not be reclassified to profit and loss					
Changes in physical asset revaluation surplus (net of tax)	9	-	1,533,328,765	-	1,509,617,999
Total other comprehensive income		**-**	**1,533,328,765**	**-**	**1,509,617,999**
Total comprehensive profit/(loss) for the year		**(306,928,281)**	**1,299,699,003**	**(298,161,191)**	**1,283,271,468**

The Consolidated operating statement should be read in conjunction with the accompanying notes to the financial statements.

Consolidated balance sheet as at 30 June 2026

	Note	Consolidated		Company	
		2026	2025	2026	2025
		$	$	$	$
ASSETS					
Current assets					
Cash and cash equivalents	5	1,661,463	1,513,112	1,661,463	1,513,112
Trade and other receivables		75	75	-	-
Total current assets		**1,661,538**	**1,513,187**	**1,661,463**	**1,513,112**
Non-current assets					
Investments in subsidiaries		-	-	8,350,000	8,350,000
Plant & equipment	6	7,703,176,994	7,720,950,001	7,560,362,410	7,568,550,001
Total non-current assets		**7,703,176,994**	**7,720,950,001**	**7,568,712,410**	**7,576,900,001**
TOTAL ASSETS		**7,704,838,532**	**7,722,463,188**	**7,570,373,873**	**7,578,413,113**
LIABILITIES					
Current liabilities					
Trade and other payables		333,897	226,630	331,046	226,630
Borrowings	7	3,493,402	3,386,946	3,493,402	3,386,946
Total current liabilities		**3,827,299**	**3,613,576**	**3,824,448**	**3,613,576**
Non-current liabilities					
Borrowings	7	15,364,578	18,761,923	15,364,578	18,761,923
Deferred tax	4(d)	783,697,733	820,058,502	760,256,345	795,795,938
Total non-current liabilities		**799,062,311**	**838,820,425**	**775,620,923**	**814,557,861**
TOTAL LIABILITIES		**802,889,610**	**842,434,001**	**779,445,371**	**818,171,437**
NET ASSETS		**6,901,948,922**	**6,880,029,186**	**6,790,928,502**	**6,760,241,676**
EQUITY					
Equity attributable to equity owners of the parent					
Contributed equity	8	6,877,380,360	6,548,532,344	6,877,380,360	6,548,532,344
Reserves	9	1,927,597,536	1,927,597,536	1,866,023,732	1,866,023,732
Accumulated losses		(1,903,028,974)	(1,596,100,694)	(1,952,475,590)	(1,654,314,400)
NET WORTH		**6,901,948,922**	**6,880,029,186**	**6,790,928,502**	**6,760,241,676**

The Consolidated balance sheet should be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2026

	Note	Contributed equity	Asset revaluation surplus	Accumulated losses	Total equity
		$	$	$	$
CONSOLIDATED					
2026					
Balance as at 1 July 2025		**6,548,532,344**	**1,927,597,536**	**(1,596,100,694)**	**6,880,029,186**
Net loss for the year		-	-	(306,928,281)	(306,928,281)
Revaluation increment/(decrement) net of tax during the year	9	-	-	-	-
Transactions with owners in their capacity as owners:					
Net Contributions by owners	8	328,848,016	-	-	328,848,016
Balance as at 30 June 2026		**6,877,380,360**	**1,927,597,536**	**(1,903,028,974)**	**6,901,948,922**
2025					
Balance as at 1 July 2024		**6,200,961,969**	**394,268,771**	**(1,362,470,931)**	**5,232,759,809**
Net loss for the year		-	-	(233,629,762)	(233,629,762)
Revaluation increment/(decrement) net of tax during the year	9	-	1,533,328,765	-	1,533,328,765
Other comprehensive income		-	-	-	-
Transactions with owners in their capacity as owners:					
Net Contributions by owners	8	347,570,374	-	-	347,570,374
Balance as at 30 June 2025		**6,548,532,344**	**1,927,597,536**	**(1,596,100,694)**	**6,880,029,186**

The Consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of changes in equity for the year ended 30 June 2026 (continued)

	Note	Contributed equity	Asset revaluation surplus	Accumulated losses	Total equity
		$	$	$	$
COMPANY					
2026					
Balance as at 1 July 2025		**6,548,532,344**	**1,866,023,732**	**(1,654,314,400)**	**6,760,241,676**
Net loss for the year		-	-	(298,161,191)	(298,161,191)
Revaluation increment/(decrement) net of tax during the year	9	-	-	-	-
Transactions with owners in their capacity as owners:					
Net contributions by owners	8	328,848,016	-	-	328,848,016
Balance as at 30 June 2026		**6,877,380,360**	**1,866,023,732**	**(1,952,475,590)**	**6,790,928,502**
2025					
Balance as at 1 July 2024		**6,200,961,969**	**356,405,733**	**(1,427,967,869)**	**5,129,399,833**
Net loss for the year		-	-	(226,346,531)	(226,346,531)
Revaluation increment/(decrement) net of tax during the year	9	-	1,509,617,999	-	1,509,617,999
Other comprehensive income	9	-	-	-	-
Transactions with owners in their capacity as owners:					
Net Contributions by owners	8	347,570,374	-	-	347,570,374
Balance as at 30 June 2025		**6,548,532,344**	**1,866,023,732**	**(1,654,314,400)**	**6,760,241,676**

The Consolidated statement of changes in equity should be read in conjunction with the accompanying notes to the financial statements.

Consolidated statement of cash flows for the year ended 30 June 2026

	Note	CONSOLIDATED		COMPANY	
		2026	2025	2026	2025
		$	$	$	$
Cash flows from operating activities					
Cash receipts in the course of operations		5,097,776	5,798,317	5,020,576	5,721,117
Cash payments in the course of operations		(88,907)	(768,697)	(11,707)	(691,497)
Goods and services tax paid to the ATO		(343,924)	(328,518)	(343,924)	(328,518)
Interest and other finance cost paid		(1,225,705)	(1,415,925)	(1,225,705)	(1,415,925)
Net cash flow from operating activities	12	**3,439,240**	**3,285,177**	**3,439,240**	**3,285,177**
Cash flows from financing activities					
Repayment of borrowings		(3,290,889)	(3,100,223)	(3,290,889)	(3,100,223)
Net cash flows used in financing activities		**(3,290,889)**	**(3,100,223)**	**(3,290,889)**	**(3,100,223)**
Net increase/(decrease) in cash held		148,351	184,954	148,351	184,954
Cash at the beginning of the financial year		1,513,112	1,328,158	1,513,112	1,328,158
Cash at the end of the year	5	**1,661,463**	**1,513,112**	**1,661,463**	**1,513,112**

The Consolidated statement of cash flows should be read in conjunction with the accompanying notes to the financial statements.

Notes to the financial statements for the year ended 30 June 2026

1. Summary of material accounting policies

(a) General information

Rolling Stock Holdings (Victoria) Pty Limited is a company limited by shares, incorporated and domiciled in Australia. The parent and ultimate parent company is VicTrack, an organisation owned by the Victorian Government.

The financial report includes the separate financial statements of the Company and the Consolidated Entity, which comprises the Company and its controlled entities as outlined in Note 13, Related party transactions.

The following is a summary of the material accounting policies adopted by the Company and the Consolidated Entity in the preparation of the financial report.

(b) Basis of preparation

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) issued by the Australian Accounting Standards Board (AASB) and the *Corporations Act 2001* . The Company and the Consolidated Entities are not-for-profit entities for financial reporting purposes under Australian Accounting Standards and *FRD 108 Classification of entities as for-profit*.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless stated otherwise.

The financial statements, except for cash flow information, have been prepared on an accruals basis and are based on historical costs, modified, where applicable, by the measurement at fair value of selected non-current assets and financial assets.

The amounts presented in the financial statements have been rounded to the nearest dollar.

Change in accounting policies

There have been no changes in accounting policies during the financial year.

Statement of compliance with the Corporations Act 2001

The Company has elected to apply Class Order 10/654 which allows companies, registered schemes and disclosing entities that present consolidated financial statements to also present Parent Entity financial statements for the year ended 30 June 2026 and 30 June 2025.

Significant accounting estimates and judgements

In the application of the Consolidated Entity's accounting policies, management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The 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 if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods. The following significant judgements and estimates have been made by management in the preparation of the financial statements:

(i) Recovery of deferred tax assets

Deferred tax assets with respect to deductible temporary differences and tax losses have not been recognised in the Statement of financial position due to the extent of offsetting deferred tax liabilities recognised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits over the next two years together with future tax planning strategies.

(ii) Estimation of useful lives

The estimation of the useful lives of assets has been based on historical experience as well as manufacturers' warranties (for plant and equipment). In addition, the condition of the assets is assessed at least once per year and considered against the remaining useful life. Adjustments to useful lives are made when considered necessary.

(iii) Operating lease commitments - Consolidated Entity as lessor

The Consolidated Entity has entered into leases on its rolling stock. The Consolidated Entity has determined that it retains substantially all the significant risks and rewards of ownership of the rolling stock primarily as the lease does not transfer ownership of the asset to the lessee at the end of the lease term and the lease term is significantly less than the useful life of the rolling stock asset. Thus, the Consolidated Entity has classified the leases as operating leases. The Consolidated Entity assesses impairment of non-financial assets at each reporting date by evaluating conditions specific to the Consolidated Entity and to the particular asset that may lead to impairment.

AASB 16 Leases (AASB 16)

AASB 16 *Leases* is effective for annual reporting periods commencing on or after 1 January 2019. The Consolidated Entity adopted AASB 16 for the reporting period beginning 1 July 2019 using the full retrospective method of transition. Consequently, the impact of the new standard has been calculated as if the standard had always applied, subject to the practical expedients permitted on transition.

Previously, the Consolidated Entity accounted for leases in accordance with AASB 117 *Leases* and AASB Interpretation 4 determining whether an arrangement contains a lease. The Consolidated Entity has elected to apply the grandfathering practical expedient on transition to AASB 16. Given this, the transition and new requirements of AASB 16 *Leases* only apply to arrangements entered into, or modified after, 1 July 2019.

Lessor accounting in accordance with AASB 16 is substantially unchanged from the requirements pursuant to the previous standard. Lessors continue to classify all leases using the same classification principles pursuant to the previous standard. In contracts where the Consolidated Entity is a lessor, the Consolidated Entity determines whether the lease is an operating lease or finance lease at the inception of the lease.

In November 2024, the Department of Transport and Planning (DTP) entered into a new tram franchise agreement, appointing Yarra Journey Makers as the operator for the metropolitan tram network. The Consolidated Entity, together with Head, Transport for Victoria, entered into new lease agreements relating to tram rolling stock, infrastructure and systems (Tram Contracts). The original Rolling Stock Head Lease contracts for trains remains in effect and unchanged. The Tram Contracts constitute a new or modified lease agreement and have been reassessed.

The Consolidated Entity has considered professional advice and the views of key stakeholders, and through the application of significant judgement has concluded that the Tram Contracts should be classified as an operating lease as it does not transfer substantially all the risks and rewards incidental to ownership of the tram assets.

As a result, the Consolidated Entity has continued to classify both train and tram infrastructure leases as operating leases consistent with the approach taken in prior years.

(c) Principles of consolidation

The consolidated financial statements incorporate the assets and liabilities of all entities controlled by the Company as at 30 June 2026 and the results of all Controlled Entities for the year then ended.

Controlled Entities

The Parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial results of Controlled Entities are included in the consolidated financial statements from the date control commences until the date control ceases. Investments in subsidiaries are accounted for at cost in the separate financial statements of the Company.

Transactions eliminated on consolidation

Intercompany transactions, balances and unrealised gains between Consolidated Entity companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred.

(d) Government Contributions

Grants

Grants from third parties are recognised as revenue in the reporting period in which the Consolidated Entity gains control over the underlying assets, it is probable that the economic benefits gained from the grant will flow to the entity, and the amount of the grant can be measured reliably.

Contributions

Contributions of resources received free of charge or for nominal consideration are recognised at their fair value when the Consolidated Entity obtains control over them, irrespective of whether restrictions or conditions have been imposed over use of the contributions.

(e) Current and non-current classification

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in the company's normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in the company's normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

(f) Borrowing costs

Borrowing costs include interest, amortisation of discounts or premiums relating to borrowings and the amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

In accordance with the paragraphs of *AASB 123 Borrowing costs* applicable to not-for-profit public sector entities, the Consolidated Entity continues to recognise borrowing costs immediately as an expense, to the extent that they are directly attributable to the acquisition, construction or production of a qualifying asset.

(g) Goods and Services Tax (GST)

Revenues, 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 Australian Taxation Office (ATO). In these circumstances, the GST is recognised as part of the cost of acquisition of the asset or as part of an item of the expense.

Receivables and payables are recognised inclusive of GST.

In 2015-16 VicTrack adopted GST grouping for all its controlled entities including Rolling Stock Holdings (Victoria) Pty Limited. The net amount of GST recoverable from, or payable to, the ATO is included as a current asset or liability in the Consolidated balance sheet of VicTrack.

Cash flows are included in the consolidated 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.

Commitments and contingencies are disclosed inclusive of the amount of GST recoverable from, or payable to, the ATO, except where the amount of GST incurred is not recoverable from the ATO.

(h) Taxation

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 the end of the reporting period.

Deferred tax

Deferred income tax is provided on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognised for all taxable temporary differences except for:

- When the liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- When the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

The carrying amount of deferred tax assets are reassessed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the group intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the Consolidated operating statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

(i) Plant and equipment

Rolling stock was allocated to the Consolidated Entity from the former Department of Infrastructure in April 2004 at fair value as at that date. New asset allocations are initially measured on a cost basis and subsequently revalued at fair value less accumulated depreciation and impairment. Cost includes expenditure that is directly attributable to their acquisition or construction. Depreciation of these assets commences when the assets are ready for their intended use.

Where the assets are revalued, the revaluation increments are credited directly to the asset revaluation surplus net of income tax effect, except to the extent that an increment reverses a prior year decrement for that class of asset that had been recognised as an expense in which case the increment is recognised in profit and loss up to the amount of the expense. Revaluation decrements are recognised as an expense except where prior increments are included in the asset revaluation surplus for that class of asset in which case the decrement is taken to the reserve to the extent of the remaining increments.

An independent valuation of rolling stock was performed at 30 June 2025 by the Valuer-General of Victoria (VGV) resulting in an overall increase in the fair value of $2.190bn.

The assessment of indices for 30 June 2026 indicated a movement of less than 10% and hence managerial revaluations were not required.

Depreciation

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets. The rolling stock assets allocated to the Consolidated Entity have useful lives ranging from 25-40 years (2025: 25-40 years).

The assets revalued values and useful lives are reversed and adjusted if appropriate, at the end of each reporting period. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts. These gains or losses are recognised as profit or loss when the item is derecognised. When revalued assets are sold, amounts included in the revaluation surplus relating to the asset are transferred to retained earnings.

(j) Impairment of assets

The recoverable amount of primarily non-cash-generating assets of not-for-profit entities, which are typically specialised in nature and held for continuing use of their service capacity, is expected to be materially the same as fair value determined under *AASB 13 Fair Value Measurement,* with the consequence that *AASB 136 Impairment of assets* does not apply to such assets that are regularly revalued. There are no indicators of impairment of assets at the current reporting date.

(k) Borrowings

Borrowings refer to interest bearing liabilities mainly raised from public borrowings raised through the Treasury Corporation of Victoria, lease liabilities and other interest-bearing arrangements.

Borrowings are classified as financial instruments. Interest bearing liabilities are classified at amortised cost unless the Consolidated Entity elects to irrevocably designate them at fair value through profit or loss at initial recognition. The election depends on the nature and purpose of the interest-bearing liabilities.

(l) Commitments

Commitments include operating and capital expenditure arising from non-cancellable contractual sources and are disclosed at their nominal value.

(m) Functional and presentation currency

The consolidated financial statements are denominated in Australian dollars, which is the Company's and Consolidated Entity's functional and presentation currency.

(n) Going concern

The Consolidated Entity incurred an operating loss after tax for the year ended 30 June 2026 of $306,928,281 (2025: $233,629,762) and at that date had net assets of $6,901,948,922 (2025: $6,880,029,186).

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal business operations and the realisation of assets and settlement of liabilities in accordance with the normal course of business. The ability of the Consolidated Entity to continue paying its debts as and when they fall due is dependent on existing contractual arrangements for the acquisition of new rolling stock and payments to financiers with respect to rolling stock previously acquired under lease or finance, continuing to operate as originally intended. In respect of rolling stock previously acquired under lease or finance, the arrangements whereby the DTP makes all payments to the lessors or financiers on behalf of the Consolidated Entity is confirmed by the letter of support provided by DTP dated 15 July 2026 covering the period until 30th September 2027.

On the basis of the above factors, the Directors are of the opinion that the Consolidated Entity and the Company are going concerns and can pay their debts as and when they fall due.

(o) New accounting standards and interpretations

Certain new and revised accounting standards have been issued but are not effective for the reporting period. These accounting standards have not been applied to the Financial Statements. The Consolidated Entity is reviewing its existing policies and assessing the potential implications of these accounting standards which includes:

AASB 18 *PRESENTATION AND DISCLOSURE IN FINANCIAL STATEMENTS*

AASB18 improves how entities communicate in their financial statements, with a particular focus on information about financial performance in the statement of profit or loss.

The key presentation and disclosure requirements established by AASB 18 are:

- the presentation of newly defined subtotals in the statement of profit or loss;
- the disclosure of management-defined performance measures; and
- enhanced requirements for grouping information (i.e. aggregation and disaggregation).

These new requirements will enable investors and other financial statement users to make more informed decisions, including better allocations of capital, that will contribute to long-term financial stability.

AASB 18 will replace AASB 101 *Presentation of Financial Statements*.

For not-for-profit private sector entities, AASB 18 applies to annual reporting periods beginning on or after 1 January 2028. Earlier application is also permitted for these entities.

Several other amending standards and AASB interpretations have been issued that apply to future reporting periods, but are considered to have limited impact on the Company's reporting.

2. Borrowing costs

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Finance cost	1,225,705	1,415,925	1,225,705	1,415,925
Total borrowing costs	**1,225,705**	**1,415,925**	**1,225,705**	**1,415,925**

3. Auditors' remuneration

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Audit of financial statements (VAGO)	138,600	131,850	52,300	49,800
	138,600	**131,850**	**52,300**	**49,800**

4. Income Tax

(a) Income tax

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Current income tax benefit	-	-	-	-
Deferred income tax benefit	36,360,769	7,197,363	35,539,593	7,026,088
	36,360,769	**7,197,363**	**35,539,593**	**7,026,088**
Total income tax benefit	**36,360,769**	**7,197,363**	**35,539,593**	**7,026,088**
(b) Income tax reconciliation				
Accounting loss before tax	(343,289,050)	(240,827,125)	(333,700,784)	(233,372,619)
Income tax benefit at company tax rate of 30%	102,986,715	72,248,138	100,110,235	70,011,786
Derecognition of prior periods tax losses	-	-	-	-
Current year tax losses unbooked	(66,636,574)	(65,050,775)	(64,570,642)	(62,985,698)
Prior year adjustment to deferred tax liabilities on property, plant & equipment	10,628	-	-	-
Total income tax benefit	**36,360,769**	**7,197,363**	**35,539,593**	**7,026,088**
(c) Deferred income tax (revenue)/expense included in income tax expense				
(Increase)/decrease in deferred tax liabilities	36,360,769	7,197,363	35,539,593	7,026,088
Total income tax benefit	**36,360,769**	**7,197,363**	**35,539,593**	**7,026,088**
(d) Amounts charged directly to other comprehensive income				
Revaluations of plant & equipment	-	(657,140,899)	-	(646,979,143)
(e) Deferred tax liabilities				
The balance comprises temporary differences amounting to:				
Revaluation of plant & equipment	(783,697,733)	(820,058,502)	(760,256,345)	(795,795,938)
Total deferred tax liabilities	**(783,697,733)**	**(820,058,502)**	**(760,256,345)**	**(795,795,938)**
Net deferred tax liabilities	**(783,697,733)**	**(820,058,502)**	**(760,256,345)**	**(795,795,938)**
(f) Movement in deferred tax liabilities				
Opening balance	(820,058,502)	(170,114,966)	(795,795,938)	(155,842,883)
Charged to income tax expense	36,360,769	7,197,363	35,539,593	7,026,088
Charge to equity	-	(657,140,899)	-	(646,979,143)
Closing balance	**(783,697,733)**	**(820,058,502)**	**(760,256,345)**	**(795,795,938)**

During the year it was assessed that it is not probable that taxable profit will be available against which the unused tax losses can be utilised. On this basis, the deferred tax asset for carried forward losses for $591m (2025: $525m) for the Consolidated Entity and $624m (2025: $559m) for the Parent has not been recognised.

5. Cash and cash equivalents

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
General fund account	513,596	407,421	513,596	407,421
Deposit - Treasury Corporation of Victoria	1,147,867	1,105,691	1,147,867	1,105,691
	1,661,463	**1,513,112**	**1,661,463**	**1,513,112**

6. Plant and equipment

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Rolling stock	8,049,798,017	7,720,950,001	7,897,398,017	7,568,550,001
Accumulated Depreciation	(346,621,023)	-	(337,035,607)	-
	7,703,176,994	**7,720,950,001**	**7,560,362,410**	**7,568,550,001**

Valuation of rolling stock

At the direction of the Minister for Finance, and in line with whole of government reporting, the Consolidated Entity and the Company have adopted fair value for plant and equipment assets. Refer Note 1(i).

Reconciliations

Reconciliations of the carrying amounts for each class of plant and equipment are set out below:

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Rolling stock				
Carrying amount at beginning of year	7,720,950,001	5,426,942,897	7,568,550,001	5,300,960,915
Additions	328,848,016	347,570,374	328,848,016	347,570,374
Depreciation expense	(346,621,023)	(244,032,935)	(337,035,607)	(236,578,429)
Revaluation increment/(decrement)	-	2,190,469,665	-	2,156,597,142
Total rolling stock	**7,703,176,994**	**7,720,950,001**	**7,560,362,410**	**7,568,550,001**

Total service concession assets

	Gross carrying amount		Accumulated depreciation		Net carrying value	
	2026	2025	2026	2025	2026	2025
Rolling stock	2,062,782,059	2,023,000,000	(54,812,062)	-	2,007,969,997	2,023,000,000
	2,062,782,059	**2,023,000,000**	**(54,812,062)**	**-**	**2,007,969,997**	**2,023,000,000**

Service Concession Assets (*Under AASB 1059 – Service Concession Assets: Grantor*)

DTP, on behalf of the State of Victoria, has entered into arrangements with operators which give the operators the rights to provide public services to users for a specified 'concession period' using the relevant service concession asset(s) (SCA).

DTP has the contractual obligation to provide the operator access to the SCA for the performance of the required services and has control over the services the operators provide with the SCA over the concession period. It is responsible for monitoring that the services are performed to specified standards - frequency, quality, etc - and other contractual obligations are met, and will intervene as required to ensure safety for users of the asset(s) as appropriate and to protect public interest.

The consolidated entity records no liabilities for service concession assets. All payments will be paid by DTP on behalf of the State and the liabilities will continue to be recognised in the DTP's financial statements. Upon completion of the construction of the assets, DTP, on behalf of the State, will transfer the assets to the Consolidated Entity.

Initial measurement

The Consolidated Entity initially recognises service concession assets at current replacement cost in accordance with the cost approach to fair value *AASB 13 Fair Value Measurement*.

Subsequent measurement

After initial recognition, SCAs are measured by applying the revaluation model for the Consolidated Entity's non-financial physical assets (Note 1(i)) and fair value determination (Note 6(ii)).

Current Service Concession Arrangements

High Capacity Metro Trains (HCMT) Project

Operator: Evolution Rail Consortium (Evolution Rail)

Concession period: 30 years

Operational funding: Partial Service Payment (PSP), Quarterly Service Payments (QSP)

In November 2016, the State entered into a project agreement with Evolution Rail. Under the contract, the operator will design, build, commission and finance a fleet of 65 high capacity trains, a depot at Pakenham East (including a train maintenance facility (TMF) and a stabling yard), a light service facility (LSF) at Calder Park and two simulators. The stabling yard was returned to the State in July 2020 for on-going maintenance, while Evolution Rail will be responsible for the maintenance of other constructed assets for a period of 30 years, until 2053.

The State is contracted to make PSP payments (represents pro-rata payments to Project Co during the phased delivery of the HCMTs) commencing on 28 Feb 2021, which is the date the 5th HCMT entered service, until commencement of the QSP provisional acceptance of all 65 HCMT sets.

In October 2021, a settlement agreement was executed by the State and Evolution Rail to amend the original project agreement. The variation amended the contractual terms of the original Project Deed and released the State from claims made by Evolution Rail.

As part of the agreement, the State also committed to purchase an additional five train sets and contracted to Evolution Rail to maintain them. The project reached commercial acceptance in September 2025.

Metropolitan Tram Service

Operator: Yarra Journey Makers (YJM)

Concession period: 9 years plus options to extend for a total of up to 3 years.

Operational funding: Monthly Service Payments (MSP)

In June 2024, the state entered into an agreement with YJM to provide Metropolitan Tram service to public transport users for a period of 9 years plus 3 years option period commencing on 1 December 2024.

YJM will operate the Metropolitan tram network on behalf of the State. The State will make monthly service payments to YJM for managing and operating the Metropolitan tram network.

Fair value measurements

The Consolidated Entity and the Company measure and recognise its rolling stock at fair value less any subsequent accumulated depreciation and subsequent accumulated impairment losses under *AASB 116 Property, Plant & Equipment*.

(i) Fair value hierarchy

AASB 13 Fair Value Measurement requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

(a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1),

(b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly (level 2), and

(c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

To provide an indication about the subjectivity of the inputs used in determining fair value, the Consolidated Entity and the Company have classified its rolling stock into the appropriate level of the fair value hierarchy as prescribed under the accounting standards in the table below.

2026	**Level 1**	**Level 2**	**Level 3**	**Total**
Consolidated				
Rolling stock	-	-	7,703,176,994	7,703,176,994
Total non financial assets	**-**	**-**	**7,703,176,994**	**7,703,176,994**
2026				
Parent				
Rolling stock	-	-	7,560,362,410	7,560,362,410
Total non financial assets	**-**	**-**	**7,560,362,410**	**7,560,362,410**
2025	**Level 1**	**Level 2**	**Level 3**	**Total**
Consolidated				
Rolling stock	-	-	7,720,950,001	7,720,950,001
Total non financial assets	**-**	**-**	**7,720,950,001**	**7,720,950,001**
2025				
Parent				
Rolling stock	-	-	7,568,550,001	7,568,550,001
Total non financial assets	**-**	**-**	**7,568,550,001**	**7,568,550,001**

The Consolidated Entity's and the Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. There were no transfers in and out of level 3 measurements during the year.

(ii) Valuation techniques used to determine level 3 fair values

Recurring fair value measurements

In addition to the Australian Accounting Standards and Interpretations, as a public sector agency VicTrack and its controlled entities are also required to comply with the Financial Reporting Directions issued by the Department of Treasury and Finance. *FRD103 Non-Current Physical Assets* (FRD103) requires all non-current physical assets to be measured (after initial recognition at cost) using the revaluation model. In accordance with FRD103 requirements, the Company and the Consolidated Entity have adopted fair value for its rolling stock. The Company and the Consolidated Entity obtains external, independent valuations for its rolling stock every five years. At the end of each reporting period, management update their assessment of the fair value of the rolling stock, taking into account the most recent indexation advice provided by VGV. Refer to (v) below for further information on the valuation process.

The rolling stock, which comprises of various classes of passenger rolling stock, are valued using the current replacement cost method. This method represents the gross current replacement cost that would be required to replace the service capacity of the current assets. The valuation of rolling stock was determined by reference to an average vehicle price for a comparable local construction. The gross current replacement cost for each vehicle was then depreciated using the straight line on the basis of remaining life (using a 25 - 40 year useful life) as a proportion of total useful life to arrive at current replacement cost for each vehicle.

The key inputs under this approach is the contracted price per vehicle determined by reference to that of current local rolling stock orders, and the adopted depreciation assumptions. Given that most of this information cannot be market-corroborated, the fair value estimates in relation to the rolling stock are included in level 3.

(iii) Fair value measurements using significant unobservable inputs (level 3)

All inputs are classified as level 3 and there have been no changes in the items for the period ended 30 June 2026 and 2025.

(iv) Changes in valuation techniques

There were no changes in valuation techniques during the year.

(v) Valuation process

The Consolidated Entity and the Company engage external, independent and qualified valuers to determine the fair value of the rolling stock every five years. A full independent valuation was performed at 30 June 2025 by the Valuer-General Victoria resulting in an increase in valuation of $2.190bn.

In accordance with FRD103 requirements, as at each balance date, management assess the compounded impact of movement in the fair value inputs since the last full revaluation date. To the extent that the compounded movement in the fair value inputs is greater than 10 per cent but not in excess of 40 percent, a managerial revaluation will be performed. To the extent that the compounded movement in the fair value inputs equals or exceeds 40 per cent, a full revaluation by external, independent and qualified valuers will be performed. No adjustment to carrying amount is required if the compounded movement in the fair value inputs is less than or equal to 10 per cent.

An assessment in the 2025-26 reporting period of the rolling stock indices indicated a movement of less than the 10% threshold and therefore did not require a managerial revaluation.

(vi) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements.

Description	Valuation technique	Fair value at 30 June 2026	Unobservable inputs*
Rolling stock	Current replacement cost	$7,703,176,994	Cost per unit & Useful life assumptions

* There were no significant inter-relationships between unobservable inputs that materially affect fair values.

7. Borrowings

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Current				
Secured loans - at amortised cost	3,493,402	3,386,946	3,493,402	3,386,946
Total current borrowings	**3,493,402**	**3,386,946**	**3,493,402**	**3,386,946**
Non-current				
Secured loans - at amortised costs	15,364,578	18,761,923	15,364,578	18,761,923
Total current borrowings	**15,364,578**	**18,761,923**	**15,364,578**	**18,761,923**
Total borrowings	**18,857,980**	**22,148,869**	**18,857,980**	**22,148,869**

Secured loans consist of borrowings from TCV.

Valuation approach

The secured consolidated loans balance relates to loan amounts owing to TCV, consisting of principal and capitalised interest, net of fair value adjustments arising on acquisition of these loans, are repayable on a monthly basis from 31 January 2005. An amount of $18,761,923 at 30 June 2026 (2025: $22,052,812) is subject to a fixed interest rate of 5.99% with repayment due by 11 July 2031. These loans are secured by way of guarantee of the Treasurer of Victoria.

8. Contributed equity

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
1 ordinary share, fully paid	1	1	1	1
Movement during the year				
Balance at the beginning of year	6,548,532,344	6,200,961,970	6,548,532,344	6,200,961,970
Contributions from VicTrack	328,848,016	347,570,374	328,848,016	347,570,374
Balance at end of the year	**6,877,380,360**	**6,548,532,344**	**6,877,380,360**	**6,548,532,344**

There were no movements in share capital during the year.

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings.

In the event of winding up of the Company, ordinary shareholders rank after all other shareholders and creditors and are fully entitled to any proceeds of liquidation.

9. Reserves

Asset revaluation surplus

The asset revaluation surplus is used to record increases and decreases in the fair value of plant and equipment to the extent that they offset one another, within the same class of assets.

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
At 1 July	1,927,597,536	394,268,771	1,866,023,732	356,405,733
Revaluations during the year	-	2,190,469,664	-	2,156,597,142
Adjustments, disposal & transferred out	-	-	-	-
Income tax	-	(657,140,899)	-	(646,979,143)
At 30 June	**1,927,597,536**	**1,927,597,536**	**1,866,023,732**	**1,866,023,732**

10. Commitments

There are no capital or operating expenditure commitments as at 30 June 2026 (2025:nil).

11. Contingent assets and liabilities

As at the end of the current and prior period the Directors are not aware of any existing contingent assets and contingent liabilities that would require disclosure within the financial statements.

12. Notes to the statement of cash flows

Reconciliation of net profit/(loss) to net cash from/(used in) operating activities

Cash as at the end of the year as shown in the Statement of cash flows is reconciled to the related items in the Statement of financial position as follows:

	CONSOLIDATED		COMPANY	
	2026	2025	2026	2025
	$	$	$	$
Loss for the year after tax	(306,928,281)	(233,629,762)	(298,161,191)	(226,346,531)
Adjustments for non-cash movements:				
Depreciation	346,621,023	244,032,935	337,035,607	236,578,429
Change in assets and liabilities:				
- (Increase)/decrease in trade and other receivables	-	299,294	-	299,294
- Increase/(decrease) in trade and other payables	107,266	(219,927)	104,416	(219,927)
- Increase/(decrease) in deferred tax liabilities	(36,360,769)	(7,197,363)	(35,539,593)	(7,026,088)
Net cash flow from operating activities	**3,439,240**	**3,285,177**	**3,439,240**	**3,285,177**

13. Related party transactions

Parent Entity

The ultimate Parent Entity of the Company is VicTrack, an organisation wholly owned by the Victorian Government.

Subsidiary entity

There is no amount due from related entity, Rolling Stock (Victoria-VL) Pty Ltd as at 30 June 2026.

Investments

Interests in subsidiaries are set out below:

Controlled Entities

Name	Country of incorporation	Percentage of equity interest held by the Consolidated Entity	
		2026	2025
Rolling Stock (Victoria – VL) Pty Limited	Australia	100%	100%
- Rolling Stock (VL-1) Pty Ltd	Australia	100%	100%
- Rolling Stock (VL-2) Pty Ltd	Australia	100%	100%
- Rolling Stock (VL-3) Pty Ltd	Australia	100%	100%

Subsidiary financial statements used in preparation of these consolidated financial statements have also been prepared as at the same reporting date as the Consolidated Entity's financial statements.

Directors

The Directors form part of the key management personnel of the Company. The Directors of the Company at any time during the financial year and until the date of this report are as follows:

Director	Appointment	Term concluded
Paul Hardy (Chair)	1 January 2024	
Laurinda Gardner	1 January 2024	29 April 2026
William (Bill) Kusznirczuk	1 January 2024	3 March 2026
Katrina Lai	1 January 2024	
Rosemary Martin	1 January 2024	
Ramaswamy (Narayan) Prasad	1 January 2024	16 February 2026
Ben Hubbard	1 July 2026	

Other key management personnel

Name	Position
Jonathan Metcalfe	Chief Executive (part year)
Chris Olds	Chief Executive (part year)
Chris Jones	Acting Chief Executive (part year)

The compensation of the Chief Executive is paid by the Parent Entity.

Chris Olds resigned from the position of Chief Executive effective 25 August 2025 and Chris Jones was appointed as Acting Chief Executive at that date. Jonathan Metcalfe was employed as the interim Chief Executive on 22 September 2025 and was appointed permanently to the role on 23 February 2026.

Key management personnel compensation

The Directors and other key management personnel of the Company received no remuneration or retirement payments in the financial years ended 30 June 2026 (2025: nil).

Transactions and balances with key management personnel

No Director or other key management personnel have entered into a contract or other transactions with the Company since the end of the previous financial year and there were no contracts or balances involving key management personnel interests existing at year-end (2025: nil).

Significant transactions with government-related entities

The Consolidated Entity derives its lease income and Government contributions from DTP.

The Consolidated Entity has borrowings from Treasury Corporation Victoria (TCV), refer to Note 7.

14. Financial instruments

Financial instruments arise out of contractual agreements that give rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Due to the nature of the Consolidated Entity's activities, certain financial assets and financial liabilities arise under statute rather than a contract (for example taxes). Such assets and liabilities do not meet the definition of financial instruments in *AASB132 Financial Instruments: Presentation.*

(a) Credit risk

Credit risk associated with the Consolidated Entity's contractual financial assets is minimal because the main debtor is the Victorian Government.

In addition, the Consolidated Entity does not engage in hedging for its contractual financial assets and mainly obtains contractual financial assets that are on fixed interest, except for cash and cash equivalents, which are mainly cash at bank. As with the policy for debtors, the Consolidated Entity's policy is to only deal with banks with high credit ratings.

(b) Liquidity risk

The ability of the Consolidated Entity and the Company to continue paying its debts as and when they fall due is dependent upon existing contractual arrangements continuing to operate as originally intended as outlined in Note 1(n) Going Concern. Such agreements ensure sufficient contributions are made by the Victorian Government to cover the Consolidated Entity's and the Company's contractual commitments.

15. Economic dependency

The financial statements have been prepared on a going concern basis, which contemplates the continuity of normal trading operations and the realisation of assets and settlement of liabilities in the ordinary course of business.

The ability of the Consolidated Entity to continue paying its debts as and when they fall due is dependent upon existing contractual arrangements continuing to operate as originally intended as outlined in Note 1(n) Going concern. Such agreements ensure sufficient contributions are made by the Victorian Government to cover the Consolidated Entity's contractual commitments. At the date of this report, the Directors have no reason to believe that these existing contractual arrangements will not continue to operate as originally intended.

16. Events occurring after the reporting period

No events have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

Directors' declaration

In the opinion of the Directors of Rolling Stock Holdings (Victoria) Pty Limited ("the Company"):

a) the attached financial statements and notes thereto are in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the financial position and performance of the Company and Consolidated Entity; and

   (ii) complying with Australian Accounting Standards, including the Interpretations, and the Corporations regulations 2001;

(b) there are reasonable grounds to believe that the Company and Consolidated Entity will be able to pay their debts as and when they become due and payable based on factors outlined in Note 1(n) Going concern, of the financial statements.

Dated at Melbourne this 3 September 2026

Signed in accordance with a resolution of the Directors made pursuant to s.295(5) of the Corporations Act 2001.



Director

Independent Auditor's Report

Victorian Auditor-General's Office

To the Board of Rolling Stock Holdings (Victoria) Pty Limited

Adverse Opinion

I have audited the consolidated financial report of Rolling Stock Holdings (Victoria) Pty Limited (the company) and its controlled entities (together, the consolidated entity), which comprises the:

- consolidated entity and company balance sheet as at 30 June 2026
- consolidated entity and company operating statement for the year then ended
- consolidated entity and company statement of changes in equity for the year then ended
- consolidated entity and company statement of cash flows for the year then ended
- notes to the financial statements, including material accounting policy information
- directors' declaration.

In my opinion, because of the significance of matters discussed in the Basis for Adverse Opinion section of my report, the consolidated financial report does not present fairly, in all material respects, in accordance with the financial reporting requirements of the *Corporations Act 2001* and applicable Australian Accounting Standards, the:

- financial positions of the consolidated entity and the company as at 30 June 2026, and
- financial performance and cash flows of the consolidated entity and the company for the year then ended.

Basis for Adverse Opinion

The company is the custodial holder of the State of Victoria's rolling stock assets. The company leases all rolling stock assets to the Department of Transport and Planning, which uses these assets to run the State's transport network. The lease arrangement is significantly below market terms and conditions to enable the Department of Transport and Planning to meet its objectives.

The Department of Transport and Planning is liable for the company's borrowings and directly makes all loan repayments. In substance, the borrowings are the Department of Transport and Planning's liability and should be recognised by the department.

As explained in Note 1b(iii), the company has classified the arrangements as operating leases under AASB 16 *Leases* for 30 June 2026. Consistent with the prior year, I have assessed these leases as finance leases under AASB 16 because the Department of Transport and Planning has substantially all the risks and rewards of ownership of these assets.

If the finance lease requirements of AASB 16 had been applied, the company would be required to:

- de-recognise the rolling stock assets leased to the Department of Transport and Planning and all related transactions and balances from its operating statement and balance sheet, and
- recognise a receivable at an amount equal to the net investment of the lease, which is insignificant at 30 June 2026 because the arrangement is below market terms and conditions.

Basis for Adverse Opinion (continued)	The balances and transactions that should not be recognised in the financial report are: **Operating Statement (Consolidated)** • Lease income • Government contributions • Depreciation and amortisation expense • Finance costs • Income tax benefit • Changes in physical asset revaluation surplus. **Balance Sheet (Consolidated)** • Trade and other receivables • Plant and equipment • Trade and other payables • Borrowings • Deferred tax • Reserves. The impact of not removing the above transactions and balances from the consolidated financial report is material and pervasive. I have conducted my audit in accordance with the *Audit Act 1994* which incorporates the Australian Auditing Standards. I further describe my responsibilities under that Act and those standards in the *Auditor's Responsibilities for the Audit of the Financial Report* section of my report. My independence is established by the *Constitution Act 1975*. My staff and I are independent of the company and the consolidated entity in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to my audit of the consolidated financial report in Victoria. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my adverse opinion.
Other information	The Board is responsible for the "other information" included in the company's Annual Report for the year ended 30 June 2026. The other information in the Annual Report does not include the consolidated financial report and my auditor's report thereon. My opinion on the consolidated financial report does not cover the other information included in the Annual Report. Accordingly, I do not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial report, our responsibility is to read the other information when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact. I have nothing to report in this regard.
Board's responsibilities for the consolidated financial report	The Board of the company is responsible for the preparation of the consolidated financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001*, and for such internal control as the Board determines is necessary to enable the preparation of the consolidated financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error. In preparing the consolidated financial report, the Board is responsible for assessing the company and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.

Auditor's responsibilities for the audit of the consolidated financial report

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the consolidated financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the consolidated financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this consolidated financial report.

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the consolidated financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit 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 company and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board
- conclude on the appropriateness of the Board's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the consolidated financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the company and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the consolidated financial report, including the disclosures, and whether the consolidated financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the company and the consolidated entity to express an opinion on the consolidated financial report. I am responsible for the direction, supervision and performance of the audit of the company and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Board with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



MELBOURNE
17 September 2026

Paul Martin
as delegate for the Auditor-General of Victoria