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Macquarie Motorways Group Limited

Registered number 05879935

Financial Report
31 December 2011

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Directors' Report

The Directors of Macquarie Motorways Group Limited (the Company or MMG) submit the following report and audited financial statements in respect of the year ended 31 December 2011

Principal activity

The principal activity of the Company consists of investment in infrastructure projects and associated activities as part of the Macquarie Atlas Roads International Limited (MARIL) group (the Group) The Group forms part of Macquarie Atlas Roads (MQA)

The Company does not envisage any changes in activity for the foreseeable future

Results and dividends

In the prior period, the Company changed its reporting date from 30 June to 31 December and consequently the comparative period is for 18 months from 1 July 2009 to 31 December 2010

The Company's loss for the year ended 31 December 2011 of £224,080,000 (2010 £103,462,000) was transferred to reserves Included in the company's loss for the year is a provision for impairment on the company's investment in Midland Expressway Limited (MEL) of £149,599,000 No dividend has been proposed or paid to ordinary shareholders in the year ended 31 December 2011 (2010 £nil)

Business review and future developments

Principal risks and uncertainties

As at 31 December 2011 the Company had net current liabilities of £316,736,000 (2010 £275,347,000) The Company has current liabilities payable to its immediate parent undertaking, Macquarie European Infrastructure Limited (MEI) of £865,568,000 and to its ultimate parent undertaking MARIL of £66,362,000 The Directors of MEI and MARIL have confirmed that as long as the Company remains within the MEI and MARIL group

- MEI and MARIL will not require the repayment of the loans to MMG for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors, and
- it is not currently their intention to require repayment of the loan beyond that time

to the extent that it would place the Company in a position where it would be unable to pay its debts as and when they become due and payable

The business risks that affect the Company are principally the risks that affect the infrastructure project that the Company has invested in These are considered to be

- The continued ability to collect tolls over the life of the concession, and not being discriminated against by change in government policy,
- Increased competition from other routes as a result of the fiscal stimulus measures being applied,
- Rising fuel prices,
- The general downturn in the economy, and
- The safety and security of road infrastructure and tolling facilities

Key Performance Indicators (KPIs)

Given the straightforward nature of the business and the information provided elsewhere in this report, the Directors are of the opinion that the reproduction of KPIs in the Directors' Report is not necessary for an understanding of the development, performance or position of the business KPIs are monitored at an MQA level

Director's Report (continued)

Creditor payment policy

The Company seeks to treat all of its suppliers fairly It is the Company's policy to agree the terms of payment at the start of business with that supplier, ensure that suppliers are aware of the terms of payment and to pay in accordance with its contractual and other legal obligations

Indemnification and Insurance of Officers

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

Environment policy

The Company's only operational subsidiary, Midland Expressway Limited (MEL), is a limited company set up exclusively to construct, operate and maintain the M6 Toll motorway over a concession period ending in 2054 MEL recognises that its activities impact on the environment to some degree, therefore it aims to secure positive advantages and reduce the negative impacts through a system of active environmental monitoring and management, which will in many cases contribute positively to its future performance

MEL aims to

- comply with current and future legislative requirements, encourage best environmental practice and commit to continual improvement,
- fulfil applicable landscape and ecological commitments,
- minimise pollution from its activities,
- plan the contingency/emergency response for major incidents, with other environmental stakeholders, to minimise environmental impact,
- engender within its staff, and as far as practicable its contractors, a culture of awareness and responsibility for relevant environmental issues by promoting its environmental policy internally,
- develop, implement and audit an Environmental Management System to support these aims,
- maintain certification to ISO 14001 'Environmental Management Systems' gained on 15 December 2006,
- promote its environmental-friendly credentials as widely as possible

Health and safety policy

MEL is committed to complying with applicable health and safety legislation and to continual improvement in achieving a high standard of health, safety and welfare for its operating environments and for all those in the organisation and others who may be affected by its activities

MEL achieved certification to the Occupational Health and Safety Standard OHSAS 18001 in July 2005 and has signed up to a partnership agreement with Lichfield District council on safety and health

Director's Report (continued)

Directors

The following persons held office as Directors of the Company during the year and up to the date of this report, except as otherwise noted

- Steve Barth — Appointed 21 February 2011
- Thomas Joseph Fanning — Appointed 21 February 2011
- Richard Abel
- Peter Trent

Secretary

Steven Smith has been the sole company secretary of the Company during the year ended 31 December 2011 and up to the date of this report

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations

Company law requires the Directors to prepare financial statements for each financial year Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law) Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and accounting estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006 They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

Statement of disclosure of information to auditors

In the case of each of the persons who are Directors at the time when the Directors' report is approved, the following applies

(a) so far as the Director is aware, there is no relevant audit information of which the company's auditors are unaware, and
(b) he has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information

Director's Report (continued)

Financial risk management objectives and policies

The Company has both interest bearing assets and interest bearing liabilities The Company has entered into a number of interest rate swap agreements to minimise the risk of adverse interest rate movements on bank loan liabilities

Interest bearing assets consist of short term deposits and cash balances The Company has a policy of maximising income from short term deposits via the monitoring of cash balances to ensure working capital requirements are at an appropriate level to fund its operations

Going Concern

A full and detailed assessment of going concern has been carried out by the Directors in the year As part of this process, detailed cash flow forecasts have been produced for a period of 12 months from the date of this report Based on these forecasts, the Company is expected to comply with its external debt covenants and have sufficient liquidity to continue as a going concern The sensitivity of the forecasts has been considered for certain scenarios which could be reasonably expected to arise and headroom still exists although at a reduced level

Within the forecasts the Directors anticipate an upturn in traffic flows on the M6 Toll as a result of roadworks on the M6 as has been seen in previous years when roadworks were in progress Whilst the traffic and cash flow forecasts provide a level of headroom in MMG's ability to comply with its external debt covenants, the Directors acknowledge the risks arising from the forecast upturn failing to happen As such, the financial results have been prepared on a going concern basis, which assumes that MMG will be able to meet its liabilities as and when they fall due for the foreseeable future

Events Occurring After Balance Sheet Date

There have been no circumstances or events subsequent to the year end which require adjustment of or disclosure in the financial statements or in the notes thereto

Auditors

In accordance with s487(2) of the Companies Act 2006 the auditors, PricewaterhouseCoopers LLP, are deemed to be re-appointed

On behalf of the Board

Director
23 April 2012 PETER TRENT
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

Independent Auditors' Report to the Members of Macquarie Motorways Group Limited

We have audited the financial statements of Macquarie Motorways Group Limited for the year ended 31 December 2011 which comprise the Profit and Loss Account, the Balance Sheet and the related notes The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Respective responsibilities of directors and auditors
As explained more fully in the Statement of Directors Responsibilities (set out on page 4) the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error This includes an assessment of whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements In addition, we read all the financial and non-financial information in the Financial Report to identify material inconsistencies with the audited financial statements If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report

Opinion on financial statements
In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act 2006
In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Independent Auditors' Report to the Members of Macquarie Motorways Group Limited (continued)

Matters on which we are required to report by exception
We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

Craig Stafford (Senior Statutory Auditor)
For and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
7 More London Riverside
London
SE1 2RT
23 April 2012

Profit and Loss Account

	Note	Year ended 31 December 2011 £'000	Period ended 31 December 2010 £'000
Administrative expenses		**(71)**	(355)
Operating loss	2	**(71)**	(355)
Exceptional items			
Provision for impairment of fixed asset investments	9	**(149,599)**	-
Operating loss including exceptional items		**(149,670)**	(355)
Interest receivable and similar income	3	**52,565**	79,067
Interest payable and similar charges	4	**(126,975)**	(182,174)
Loss on ordinary activities before taxation		**(224,080)**	(103,462)
Tax on loss on ordinary activities	5	-	-
Loss for the financial year	13	**(224,080)**	(103,462)

The above Profit and Loss Account should be read in conjunction with the accompanying notes on pages 10 to 17

The loss on ordinary activities before taxation relates wholly to continuing operations

A statement of total recognised gains and losses has not been provided as all gains and losses are dealt with in the profit and loss account

There is no material difference between the results for the year/period as disclosed and that calculated on an historical cost basis

Balance Sheet

	Note	31 December 2011 £'000	31 December 2010 £'000
Fixed assets			
Investments	9	**580,356**	729,955
Current assets			
Investments	9	**597,067**	584,479
Debtors		**2**	-
Cash at bank and in hand	7	**21,534**	24 423
		618,603	608,902
Creditors amounts falling due within one year	10	**(935,339)**	(884,249)
Net current liabilities		**(316,736)**	(275,347)
Total assets less current liabilities		**263,620**	454,608
Creditors amounts falling due after more than one year	11	**(1,167,589)**	(1,134,497)
Net liabilities		**(903,969)**	(679,889)
Capital and reserves			
Called up share capital	12	**2,000**	2,000
Capital contribution account	13	**20,000**	20,000
Profit and loss account	13	**(925,969)**	(701,889)
Total shareholders' deficit	14	**(903,969)**	(679,889)

The above Balance Sheet should be read in conjunction with the accompanying notes on pages 10 to 17

These financial statements were approved by the Board of Directors on 23 April 2012 and were signed on its behalf by

Director PETER TRENT

Notes to the Financial Statements

1 Principal accounting policies

The financial statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of the MMG group The Company is exempt under section 401 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included in full consolidation in the consolidated financial statements of its ultimate parent Macquarie Atlas Roads International Limited (MARIL), which are publicly available

(a) Basis of preparation

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom The principal accounting policies, which have been applied consistently throughout the year, are set out below

Certain captions such as turnover and cost of sales, as prescribed in the Companies Act 2006, do not have meaningful equivalents for the business of the Company and are not specified in the financial statements Accordingly, the precise format requirements of the Companies Act 2006 have been varied as, in the opinion of the Directors, this is necessary in order to show a more appropriate view of the Company's position

As at 31 December 2011 the Company had net current liabilities of £316,736,000 (2010 £275,347,000) The Company has current liabilities payable to its immediate parent undertaking, Macquarie European Infrastructure Limited (MEI) of £865,568,000 and to its ultimate parent undertaking MARIL of £66,362,000 The Directors of MEI and MARIL have confirmed that as long as the Company remains within the MEI and MARIL group

- MEI and MARIL will not require the repayment of the loans to MMG for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors, and
- it is not currently their intention to require repayment of the loan beyond that time

to the extent that it would place the Company in a position where it would be unable to pay its debts as and when they become due and payable

A full and detailed assessment of going concern has been carried out by the Directors in the year As part of this process, detailed cash flow forecasts have been produced for a period of 12 months from the date of this report Based on these forecasts, the Company is expected to comply with its external debt covenants and have sufficient liquidity to continue as a going concern

For these reasons, the Directors of MMG continue to adopt the going concern basis in preparing the financial statements of the Company

(b) Cash flow statements

The Company has taken advantage of the exemption under the rules of Financial Reporting Standard (FRS) 1 "Cash Flow Statements" (revised) not to produce a cash flow statement The results are included in the consolidated financial statements of MARIL, which are publicly available

(c) Related party transactions

The Company's ultimate parent undertaking, MARIL, prepares consolidated financial statements which are publicly available Accordingly, the Company has taken advantage of the exemptions available in FRS 8 "Related Party Disclosures" for disclosure of transactions with entities that are part of the group or investees of group entities as related parties in these financial statements

1 Principal accounting policies (continued)

(d) Taxation and deferred taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred due to timing differences between the treatment of certain items for taxation and accounting purposes Deferred taxation is provided fully in respect of all timing differences between the accounting and tax treatment of income and expenses at the reporting date, the anticipated reversal of which will result in a change in future liability to tax The provision is calculated using the rates expected to be applicable when the asset or liability crystallises based on current tax rates and law measured on a non-discounted basis A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits against which to recover carried forward tax losses and from which the future reversal of timing differences can be deducted

(e) Borrowings

Borrowings are carried at their issue proceeds, net of issue costs, less amounts repaid Issue costs are allocated over the years of the borrowing to achieve a constant rate on the carrying amount

(f) Interest

Interest receivable and payable is brought to account on an accruals basis

(g) Fixed and current asset investments

Fixed and current asset investments are stated at cost less provisions for impairment

(h) Impairment of assets

The carrying amount of fixed asset investments are assessed periodically to determine whether there are indications of any impairment If that is the case, an impairment change is taken against the carrying amount of the assets, if that is higher than the recoverable amount

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

(i) Derivative financial instruments

The Company uses derivative financial instruments to reduce exposure to interest rate movements The interest receivable and payable on interest rate swap agreements are included in the interest charge for the year/period The fair values of the instruments themselves are not recognised in the financial statements

(j) Cash at bank and in hand

Cash at bank, call deposits and other short-term highly liquid investments are disclosed within cash at bank

(k) Comparative figures

The Company changed its reporting date from 30 June to 31 December during 2010 and consequently the comparative reporting period is for 18 months from 1 July 2009 to 31 December 2010 Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year

2 Operating loss

The Company had no employees during the year (2010 nil) Fees payable to the Company's auditors for the audit of the Company's Financial Statements amounting to £5,000 (2010 £5,000) were borne by its immediate parent company Non Audit remuneration payable to the Company's auditors for tax services amounting to £3,625 (2010 £2,250) were borne by its immediate parent undertaking

3 Interest receivable and similar income

	Year ended 31 December 2011 £'000	Period ended 31 December 2010 £'000
Bank interest receivable	**28**	34
Interest receivable on loan with MEL	**52,537**	79,033
	52,565	79,067

4 Interest payable and similar charges

	Year ended 31 December 2011 £'000	Period ended 31 December 2010 £'000
Bank loans	**24,956**	36,732
Loan from immediate parent undertaking	**49,856**	74,932
Loan from ultimate parent undertaking	**7,300**	5,961
Derivative financial instruments	**44,863**	64,549
	126,975	182,174

5 Tax on loss on ordinary activities

	Year ended 31 December 2011 £'000	Period ended 31 December 2010 £'000
Current taxation		
UK corporation tax charge at 26 5% (2010 28%)	-	-

The tax assessed for the year is higher (2010 higher) than the standard rate of corporation tax in the UK 26 5% (2010 28%) Factors affecting the current tax charge for the year/period are as follows

	Year ended 31 December 2011 £'000	Period ended 31 December 2010 Restated £'000
Reconciliation of current tax charge		
Loss on ordinary activities before taxation	(224,080)	(103 462)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 26 5% (2010 28%)	(59,381)	(28,969)
Timing difference – Impairment losses	39,644	-
Group relief given for nil consideration	1,307	3,248
Transfer pricing adjustment non-interest bearing loans	(3)	(5)
Losses not utilised in the year/period	18,433	25,726
Current tax charge for the year/period	-	-

The prior period figures in the above table have been restated to be consistent with the presentation in the current year The transfer pricing adjustment and the group relief were netted in the prior period but are now shown separately

The UK Government's Emergency Budget on 22 June 2010, the Budget on 23 March 2011 and the Budget on 21 March 2012 announced changes in relation to a reduction in the main corporation tax rate The Chancellor announced a reduction in the main corporation tax rate by 2% commencing from 1 April 2011, a reduction by an additional 2% from 1 April 2012 and a further reduction by 1% per annum over a two year period following this On this basis the main rate of corporation tax was reduced from 28% at 31 March 2011 to 26% from 1 April 2011 The further reductions will result in a minimum corporation tax rate of 22% expected as of 1 April 2014

The effective tax rate used for the year ended 31 December 2011 was 26 5% (28% from 1 January 2011 to 31 March 2011 and 26% from 1 April 2011 to 31 December 2011)

Deferred Tax

The Company has carried forward tax losses at 31 December 2011, which could give rise to a potential deferred tax asset of £78,834,542 based on the tax rate of 25% (2010 27%) at 31 December 2011 (2010 £66,359,553) As only a 1% reduction in the main rate of corporation tax (to 25%) has been substantively enacted at balance sheet date, this has been reflected in the calculation of the potential deferred tax asset

A deferred tax asset should only be recognised where it can be regarded as more likely than not that there will be suitable taxable profits from which a future reversal of the underlying timing differences can be deducted In the opinion of the Directors this is currently not the case and therefore no asset is recognised in the financial statements

TIOPA Part 7 legislation, 'the interest cap', restricts the deduction of financing expenses by reference to the gross financing expense at a consolidated group level The Company has ascertained that adjustment will be required under this legislation Whilst there will be no impact on the Balance Sheet, Profit and Loss Account or current/deferred tax charge for the year, the Company's unrecognised potential deferred tax asset may be reduced

5 Tax on loss on ordinary activities (continued)

and there may be a corresponding adjustment to the tax reconciliation disclosure to reflect this non-deductible financing expense

6 Directors' remuneration

During the period from 1 July 2009 to 31 December 2010 and the year ended 31 December 2011, all Directors except for Thomas Joseph Fanning were employed by and received remuneration from subsidiaries of Macquarie Group Limited (MGL), the ultimate parent of Macquarie Fund Advisers Pty Limited, the adviser of MARIL The Directors perform director duties for multiple entities in connection with their employment by members of the Macquarie Group (being MGL and its subsidiaries) as well as their employment duties within the Macquarie Group businesses Consequently, allocating their employment compensation across all these duties would mean any amounts allocated to their director duties for the Company would be an immaterial nominal amount Accordingly, no separate remuneration has been disclosed No recharge of this remuneration is made to the company

The emoluments of Thomas Joseph Fanning are paid by MEL which makes no recharge to the company Mr Fanning is also a director of MEL and it is not possible to make an accurate apportionment of his emoluments in respect of each of the companies Accordingly, the above details include no emoluments in respect of Mr Fanning

7 Cash at bank and in hand

	31 December 2011 £'000	31 December 2010 £'000
Bank and cash balances	**21,534**	24,423

Cash at bank includes amounts that have restrictions on their use This comprises restricted amounts relating to the Company's debt service obligations, amounting to £21 0 million (2010 £15 8 million)

8 Dividend paid and proposed

No dividend has been proposed or paid in the year ended 31 December 2011 (2010 £nil)

9 Investments

Investments in controlled entities

Subsidiary undertakings	Country of Corporation	Principal activities	Year end	Class and percentage of shares held
Macquarie Infrastructure (UK) Limited	United Kingdom	Infrastructure investment	31 December	100% ordinary
Midland Expressway Limited	United Kingdom	Toll road operator	31 December	100% ordinary

9 Investments (continued)

Summary of movement of Investments

	Investments in Subsidiary Undertakings	Loans to Subsidiary Undertakings	Total
	£'000	£'000	£'000
Current			
As at the beginning of the year	-	584,479	**584,479**
Additions	-	12,588	**12,588**
As at the end of the year	-	**597,067**	**597,067**
Non-current			
As at the beginning and end of the year	729,955	-	**729,955**
Provision for impairment	(149,599)	-	**(149,599)**
As at the end of the year	**580,356**	-	**580,356**

The directors believe that the carrying value of the investments is supported by their underlying net assets Loans to subsidiary undertakings represent a shareholder loan advanced to MEL The loan is interest bearing at a fixed rate of 9% per annum and is repayable on demand

A provision for impairment has been recognised against the Company's investment in MEL, reflecting lower forecast traffic volumes driven by the recessionary environment in the UK, higher assumed financing costs, and macroeconomic influences such as long term inflation rates The recoverable amount of the Company's investment in MEL has been determined on a value in use basis A discount rate of 13 5% was used in determining the value in use Operating cash flows used in determining the value in use have been projected until the end of the concession in 2053 and include a traffic growth rate of 2 24%

A provision for impairment has also been recognised against the Company's investment in Macquarie Infrastructure (UK) Limited to reflect the net assets of the investee company at 31 December 2011

10 Creditors: amounts falling due within one year

	31 December 2011 £'000	31 December 2010 £'000
Bank loans	**2,512**	-
Trade creditors	**328**	207
Amounts owed to immediate parent undertaking	**865,568**	824,411
Amounts owed to ultimate parent undertaking	**66,362**	59,062
Amounts owed to other group undertakings	**569**	569
	935,339	884,249

The loan from the Company's immediate parent undertaking, MEI, is interest bearing at a fixed rate of 6% per annum and repayable on demand The loan from the Company's ultimate parent undertaking, MARIL, is interest bearing at a fixed rate of 12% per annum and repayable on demand The Directors of MEI and MARIL have confirmed that as long as the Company remains within the MEI and MARIL group

10 Creditors: amounts falling due within one year (continued)

- MEI and MARIL will not require the repayment of the loans to MMG for a period of at least twelve months from the date that the financial statements are approved by the Board of Directors, and
- it is not currently their intention to require repayment of the loan beyond that time

to the extent that it would place the Company in a position where it would be unable to pay its debts as and when they become due and payable

11 Creditors: amounts falling due after more than one year

	31 December 2011 £'000	31 December 2010 £'000
Bank loans	**1,007,623**	1,008,860
Less issue costs	**(4,381)**	(5,582)
	1,003,242	1,003,278
Accruals and deferred income	**164,347**	131,219
	1,167,589	1,134,497
The maturity profile of the abovementioned liabilities is		
Due between 1 to 5 years	**1,003,242**	1,003,278
Due after 5 years	**164,347**	131,219
	1,167,589	1,134,497

Bank loans represent amounts borrowed under a Facilities Agreement dated 23 August 2006 and arranged by Banco Espirito Santo de Investimento, S A , Calyon, Dresdner Kleinwort Wasserstein Limited and Banco Santander Central Hispano, S A

The facilities comprise

	31 December 2011 £'000	31 December 2010 £'000
Term loan (fully utilised)	**1,000,000**	1,000,000
Capital expenditure facility	**30,000**	30,000
	1,030,000	1,030,000

As at 31 December 2011 the term loan had been fully utilised and £10 1 million (2010 £8 9 million) of the capital expenditure facility had been drawn The bank loans have certain covenants attached and are secured by way of a debenture over MEL's assets The loans are repayable in August 2015, with a cash sweep of £2 5 million commencing in 2012 and included in Creditors amounts falling due within one year Interest on the bank loans is charged at a floating rate at a margin over the London Inter Bank Offered Rate

The Company has entered into a 30 year interest rate hedge, such that all floating rate payments due on the £1 0 billion term loan have been fixed The swap contracts entered into have structured fixed payments at levels that increase from period to period The levels of fixed payments start at a low rate and then increase over 20 years until they reach a plateau rate for the remainder of the term The swap contracts are currently being settled on a six monthly basis The interest rate swaps had a fair value of (£283 1 million) at 31 December 2011 (2010 (£74 6 million))

A non-current liability of £164 3 million (2010 £131 2 million) has been recognised in accruals and deferred income (above) to reflect the low level of fixed payments currently being paid under the swap contracts To improve presentation we have reclassified the comparative balance to a non current liability

12 Called up share capital

	31 December 2011 £'000	31 December 2010 £'000
Authorised		
100,000,000 Ordinary shares of £1 00 each	**100,000**	100,000
Allotted and fully paid		
2,000,001 Ordinary shares of £1 00 each	**2,000**	2,000

13 Reserves

	Capital contribution account £'000	Profit and loss account £'000
As at the beginning of the year	20,000	(701,889)
Loss for the year	-	(224,080)
As at the end of the year	**20,000**	**(925,969)**

On 17 August 2006 MEI made a permanent capital contribution to the Company of £20 0m

14 Reconciliation of movements in shareholders' deficit

	31 December 2011 £'000	31 December 2010 £'000
Shareholders' deficit at the beginning of the year/period	**(679,889)**	(576,427)
Loss for the year/period	**(224,080)**	(103,462)
Shareholders' deficit at the end of the year/period	**(903,969)**	(679,889)

15 Related party transactions

The Company has taken advantage of the exemptions available under FRS 8 for disclosure of transactions with entities that are 100% owned within the Group as related parties in these financial statements

16 Immediate and ultimate parent company

The immediate parent company is Macquarie European Infrastructure Limited (MEI), whose financial statements can be obtained from Ropemaker Place, 28 Ropemaker Street, London, EC2Y 9HD

The ultimate parent undertaking and controlling party is MARIL, a mutual fund company incorporated in Bermuda, which is the parent undertaking of the smallest and largest group to consolidate these financial statements Copies of the consolidated financial statements which include the results of the Company can be obtained from the Rosebank Centre, 11 Bermudiana Road, Pembroke, HM08, Bermuda