MACQUARIE

Tollway Holdings Limited

Registered number 03724230

Financial Report
31 December 2016

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Directors' Report

In accordance with a resolution of the Directors (the "Directors") of Tollway Holdings Limited (the "Company" or "THL"), the Directors submit herewith the report and audited financial statements in respect of the year ended 31 December 2016.

As the Company meets the qualifying conditions under section 382 of the Companies Act 2006 (the "Act"), the Directors' have taken advantage of the exemption provided in sections 414B (as incorporated into the Act by the Strategic Report and Directors' Report Regulations 2013) and 415A of the Act for the preparation of a Strategic Report.

The financial statements of THL have been prepared in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework' ("FRS 101") and the Act as applicable to Companies using FRS 101. The financial statements have been prepared under the historical cost convention.

Principal activity and future developments

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, being MARIL and its subsidiaries (the "Group"). The Group forms part of Macquarie Atlas Roads ("MQA").

The Company does not envisage any changes in activity over the next 12 months.

Results and dividends

The Company's loss for the year ended 31 December 2016 of £31.8 million (2015: £21.4 million) was transferred to equity. The results for the year ended 31 December 2016 are summarised in the Statement of Comprehensive Income on page 8.

No dividend has been proposed or paid to ordinary shareholders for the year ended 31 December 2016 (2015: £nil).

Business review

Principal risks and uncertainties

As at 31 December 2016, the Company had net liabilities of £269.9 million (2015: £238.1 million). The Company had current liabilities payable as follows:

• MARIL (ultimate parent undertaking)	£245.0 million	(2015: £218.0 million)
• Tipperhurst Limited ("Tipperhurst")	£25.4 million	(2015: £20.7 million)
• WMTH No.1 Limited (Previously known as Macquarie Midland Holdings Ltd)	£nil	(2015: £2)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains as a direct subsidiary of THL:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL 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 and interest accrued thereon, beyond that time

to the extent that any such repayment would place THL 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 projects 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 changes 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 MQA level.

Directors' 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 directors and officers

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Act. The indemnity was in force throughout the last year and is currently in force. MARIL, the ultimate parent of the Company, paid a premium to insure the directors and officers of MARIL and its 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 relevant company constitutions and the law, the directors and officers remain indemnified out of the assets of the Group, against any losses incurred while acting on behalf of MARIL and its subsidiaries.

Directors

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

- Richard Abel
- Steve Barth
- Peter Trent

Secretary

Steven Smith has been the sole company secretary of the Company during the whole of the year and up to the date of signing this report.

Statement of directors' responsibilities in respect of the financial statements

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, comprising FRS 101 "Reduced Disclosure Framework", 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 the financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 101, have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; and
- 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 Act. The directors 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.

Directors' Report (continued)

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) the Director 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.

Financial risk management objectives and policies

The Company is exposed to financial risks in the form of foreign exchange risk and cash flow interest rate risk.

Foreign exchange risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is different from the currency in which the entity normally operates. The Company does not hedge the foreign exchange exposure on investments due to their long-term horizon.

The Company has interest bearing assets consisting of cash balances. The Company has a policy of monitoring cash balances to ensure working capital requirements are at an appropriate level to fund its operations.

Going concern

An assessment of going concern has been carried out by the Directors during the year. They have considered the solvency of the Company and do not intend to liquidate the Company for at least 12 months from the date of signing this report. Confirmation has been received from the Directors of MARIL and Tipperhurst that the existing loans will not be called upon in the next 12 months from the date of signing this report. As such, the financial results have been prepared on a going concern basis, which assumes that the Company will be able to meet its liabilities as and when they fall due for at least 12 months from the date of signing this report.

Events occurring after balance sheet date

On 1 May 2017, transfer of THL's 100% ordinary equity interest in the M6 Toll to the M6 Toll Lender Group was announced. On 5 May 2017, the equity interest was transferred and THL received £1.00 as final consideration.

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

Independent auditors

Pursuant to section 487(2) of the Act, PricewaterhouseCoopers LLP (the "auditors") of the Company are deemed re-appointed for each financial year unless the Directors or the members of the Company resolve to terminate their appointment. As at the date of these financial statements, the Directors are not aware of any resolution to terminate the appointment of the auditors.

On behalf of the Board

Director

STEVE BARTH

27 September 2017
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD
United Kingdom

Independent auditors' report to the members of Tollway Holdings Limited

Report on the financial statements

Our opinion

In our opinion, Tollway Holdings Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 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.

What we have audited

The financial statements, included within the Financial Statements (the "Annual Report"), comprise:

- the Statement of Financial Position as at 31 December 2016;
- the Statement of Comprehensive Income for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities in respect of financial statements 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) ("ISAs (UK & 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.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.

Lawrence Wilkinson

Lawrence Wilkinson (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
27 September 2017

Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Other operating income		-	10
Foreign exchange (loss)/gain		**(4,765)**	2,617
Administrative expenses		**(18)**	(41)
Operating (loss)/profit	2	**(4,783)**	2,586
Interest payable and similar expenses	3	**(27,015)**	(23,976)
Loss on ordinary activities before taxation[1]		**(31,798)**	(21,390)
Tax on loss on ordinary activities	4	-	-
Loss for the year	11	**(31,798)**	(21,390)
Other comprehensive income			
Other comprehensive income		-	-
Total other comprehensive income		-	-
Total comprehensive expense for the year		**(31,798)**	(21,390)

The notes on pages 11-18 are an integral part of these financial statements.

[1] The loss on ordinary activities before income tax for current and prior year relates wholly to continuing operations.

Statement of Financial Position
as at 31 December 2016

	Note	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Non-current assets			
Investments	7	-	-
Total non-current assets		-	-
Current assets			
Cash and cash equivalents		**4**	1
Receivables	8	**479**	504
Total current assets		**483**	505
Total assets		**483**	505
Current liabilities			
Payables	9	**(270,419)**	(238,643)
Total current liabilities		**(270,419)**	(238,643)
Net liabilities		**(269,936)**	(238,138)
Equity			
Ordinary shares	10	**39,998**	39,998
Accumulated losses	11	**(309,934)**	(278,136)
Total equity		**(269,936)**	(238,138)

The notes on pages 11-18 are an integral part of these financial statements.

The Tollway Holdings Limited financial information on pages 8-18 was approved by the Board of Directors on 27 September 2017 and was signed on its behalf by:

Director

STEVE BARTH

Statements of Changes in Equity

for the year ended 31 December 2016

	Attributable to owners		
	Ordinary shares **£'000**	**Accumulated losses** **£'000**	**Total shareholder's deficit** **£'000**
Balance as at 1 January 2016	39,998	(278,136)	**(238,138)**
Loss for the year	-	(31,798)	**(31,798)**
Other comprehensive income	-	-	-
Total comprehensive expense	-	(31,798)	**(31,798)**
Balance as at 31 December 2016	39,998	(309,934)	**(269,936)**

	Attributable to owners		
	Ordinary shares £'000	Accumulated losses £'000	Total shareholder's deficit £'000
Balance as at 1 January 2015	39,998	(256,746)	(216,748)
Loss for the year	-	(21,390)	(21,390)
Other comprehensive income	-	-	-
Total comprehensive expense	-	(21,390)	(21,390)
Balance as at 31 December 2015	39,998	(278,136)	(238,138)

The notes on pages 11-18 are an integral part of these financial statements.

Notes to the Financial Statements

1 Summary of significant accounting policies

The financial statements contain information about Tollway Holdings Limited (the "Company" or "THL") as an individual company and do not contain consolidated financial information of any of its subsidiaries. The Company is exempt under section 401 of the Companies Act 2006 (the "Act") 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.

The Company is a private company and is incorporated and domiciled in the UK. The address of its registered office is Ropemaker Place, 28 Ropemaker Street, London EC2Y 9HD, United Kingdom.

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

The financial statements of THL have been prepared in accordance with Financial Reporting Standard 101 *'Reduced Disclosure Framework'* ("FRS 101") and the Act as applicable to Companies using FRS 101. The financial statements have been prepared under the historical cost convention.

FRS 101 sets out a reduced disclosure framework for a 'qualifying entity' as defined in FRS 101 which addresses the financial reporting requirements and disclosure exemptions in the financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRS").

The Company is a qualifying entity for the purposes of FRS 101. Note 14 gives details of the Company's parent and from where it's consolidated financial statements prepared in accordance with IFRS may be obtained.

In accordance with FRS 101 the following exemptions from the requirements of IFRS have been applied in the preparation of these financial statements:

- International Accounting Standard ("IAS") 7 "*Statement of Cash Flows*": The Company has elected to utilise the disclosure exemption to not produce a cash flow statement.
- IAS 24 *"Related Party Disclosures"*: The Company's ultimate parent undertaking, MARIL, prepares consolidated financial statements which are publicly available. Accordingly, the Company has elected to utilise the disclosure exemptions to not disclose transactions with entities that are part of the group or investees of group entities as related parties in these financial statements.
- IFRS 13 "*Fair Value Measurement*": The Company has elected to utilise the disclosure exemptions to not disclose valuation techniques and inputs used for fair value measurement of assets and liabilities.
- IAS 1, *"Presentation of financial statements"*: The Company has elected to utilise the disclosure exemptions in regard to the following paragraphs of IAS 1:
  a) Paragraph 10(d) and 111: The Company has elected to utilise the disclosure exemption to not produce a cash flow statement given in IAS 7 and therefore has not presented the cash flow statement as mentioned in paragraph 10(d); and
  b) Paragraphs 134-136: The Company has elected to utilise the exemption in respect to capital management disclosures as given in these paragraphs in accordance with FRS 101.
- IAS 8, *"Accounting Policies, Changes in Accounting Estimates and Errors"*. The requirements of paragraphs 30 and 31 of IAS 8 (disclosure of information when an entity has not applied a new IFRS that has been issued but is not yet effective).

Deficiency of net current assets/net assets

The Directors of the Company have prepared the financial statements on a going concern basis despite there being an excess of current liabilities over current assets at 31 December 2016 of £269.9 million (2015: £238.1 million). The Company had current liabilities payable as follows:

• MARIL (ultimate parent undertaking)	£245.0 million	(2015: £218.0 million)
• Tipperhurst Limited ("Tipperhurst")	£25.4 million	(2015: £20.7 million)
• WMTH No.1 Limited (Previously known as Macquarie Midland Holdings Ltd)	£nil	(2015: £2)

Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(a) Basis of preparation (continued)

Deficiency of net current assets/net assets (continued)

The Directors of MARIL and Tipperhurst have confirmed that as long as the Company remains in the MARIL group and Tipperhurst remains as a direct subsidiary of THL:

- MARIL and Tipperhurst will not require the repayment of their loans and interest accrued thereon, to THL 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 and interest accrued thereon, beyond that time

to the extent that any such repayment would place THL in a position where it would be unable to pay its debts as and when they become due and payable.

New standards, amendments and IFRIC interpretations

No new accounting standards, or amendments to accounting standards or IFRIC interpretations that are effective for the year ended 31 December 2016, have had a material impact on the Company.

(b) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the "functional currency"). The financial statements are presented in Pounds Sterling (£), which is also the Company's functional currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income. All other foreign exchange gains and losses are presented in the income statement within 'other operating income.'

(c) Investments

Investments are measured at cost less any provisions for impairment. Management have reviewed the recognition and measurement of adopting FRS101 with respect to both existing and new investments and conclude the use of fair value did not enhance the assets' appropriateness for subsequent measurement. This decision was based on the challenges of obtaining market prices on a consistent basis.

(d) Impairment of assets

The carrying amount of investments is assessed periodically to determine whether there are any indications of impairment. If that is the case, an impairment charge is taken against the carrying amount of the assets, if that is higher than the recoverable amount. The impairment of investment is recognised as an expense in the profit and loss account.

The recoverable amount of the asset is the higher of the net realisable value 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.

Notes to the Financial Statements (continued)

1 Summary of significant accounting policies (continued)

(e) Taxation and deferred taxation

The charge for taxation is based on the loss 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 temporary differences can be deducted.

(f) Cash and cash equivalents

Cash and cash equivalents includes cash on hand.

(g) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares are shown in equity as a deduction, net of tax, from the proceeds.

(h) Critical accounting estimates and judgements

The preparation of the financial statements in accordance with FRS 101 requires the use of certain critical accounting estimates. It also requires the directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The directors believe the estimates used in the preparation of the financial statements are reasonable. Actual results in the future may differ from those reported.

(i) Comparative figures

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

Notes to the Financial Statements (continued)

2 Operating (loss)/profit

Administrative expenses include the audit fee of £14,664 for the audit of 2016 financial statements of the Company (2015: £10,111).

It also includes non-audit remuneration of £2,424 for the tax returns of the Company and the Company's wholly owned subsidiaries, of which £6,750 related to current year and a reversal of provision of £4,326 related to the previous year (2015: £19,285, of which £5,100 related to the Company and the remaining £14,185 to the Company's wholly owned subsidiaries).

3 Interest payable and similar expenses

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Interest payable to ultimate parent undertaking	**(27,015)**	(23,976)

4 Tax on loss on ordinary activities

Factors affecting the current tax charge for the year are as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Reconciliation of current tax and deferred tax charge		
Loss on ordinary activities before taxation	**(31,798)**	(21,390)
Loss on ordinary activities multiplied by the applicable rate of corporation tax of 20.00% (2015: 20.25%)	**(6,360)**	(4,331)
Transfer pricing adjustment non-interest bearing loans	**(76)**	(77)
Effect of other non-assessable income	**-**	(2)
Effect of other non-deductible expense	**5,403**	4,855
Losses claimed through group relief	**1,033**	(445)
Tax on loss on ordinary activities	**-**	-

The rate at which tax for the year has been assessed is equal to the standard rate of corporation tax in the UK, which is 20.00% at 31 December 2016 (2015: 20.25%).

Notes to the Financial Statements (continued)

4 Tax on loss on ordinary activities (continued)

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Current tax:		
UK corporation tax at 20.00% (2015: 20.25%)	-	-
Total current tax	-	-
Deferred tax		
Deferred tax	-	-
Total deferred tax	-	-
Tax on loss on ordinary activities	-	-

The effective tax rate used for the year ended 31 December 2016 was 20.00% (20.00% from 1 January 2016 to 31 March 2016 and 20.00% from 1 April 2016 to 31 December 2016 (2015: 20.25%).

Deferred Tax

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. The Company has no carried forward tax losses as at 31 December 2016 and therefore no deferred tax asset has been recognised (2015: nil).

5 Dividends paid and proposed

No dividend has been proposed or paid in the year ended 31 December 2016 (2015: nil).

6 Employees and directors' remuneration

There are no employees engaged in the Company's principal activity (2015: nil).

During the year ended 31 December 2016 and the year ended 31 December 2015, all Directors 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 accurately across all these duties would not be feasible. Accordingly, no separate remuneration has been disclosed.

Notes to the Financial Statements (continued)

7 Investments

All investments have been fully written off as at 31 December 2016 and 31 December 2015. Below are the details of investments:

				31 December 2016	31 December 2015
Subsidiary Undertaking	**Country of Corporation**	**Principal activities**	**Year end**	**Class and percentage of shares held**	Class and percentage of shares held
Tipperhurst Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
WMTH No.1 Limited (formerly known as Macquarie Midland Holdings Ltd.) (1)	UK	Dissolved on 8 March 2016	31 December	-	100% ordinary
MQA Infrastructure US Pty Limited	AUSTRALIA	Dormant	31 December	100% ordinary	100% ordinary
Greenfinch Motorways Limited	UK	Dormant	31 December	100% ordinary	100% ordinary
MQA 125 Holdings Inc (2)	US	Dormant	31 December	100% ordinary	100% ordinary

(1) Approved for strike off on 2 December 2015 and dissolved on 8 March 2016.
(2) MQA 125 Holdings Inc is a direct subsidiary of MQA Infrastructure US Pty Limited.

				31 December 2016	31 December 2015
Associate Undertaking	**Country of Corporation**	**Principal activities**	**Year end**	**Class and percentage of shares held by Direct subsidiary**	Class and percentage of shares held by Direct Subsidiary
Peregrine Motorways Limited (1)	UK	Infrastructure Investment	31 December	100% ordinary	100% ordinary
Macquarie Motorways Group Limited	UK	Infrastructure Investment	31 December	100% ordinary	100% ordinary
Midland Expressway Limited ("MEL")	UK	Toll road operator	31 December	100% ordinary	100% ordinary

(1) In December 2013, there was a reorganisation of the equity share capital of Macquarie Motorways Group Limited ("MMG"), a 100% owned subsidiary of THL. Pursuant to the reorganisation, all equity in MMG is held by Peregrine Motorways Limited ("PML") and all equity in PML is held by THL. THL's equity interest in PML has nominal economic value as it does not expect to be exposed to any significant variable returns from the ongoing operations of PML or any of its underlying subsidiaries - MMG and MEL. On 1 May 2017, transfer of THL's 100% ordinary equity interest in the M6 Toll to the M6 Toll Lender Group was announced. On 5 May 2017, the equity interest was transferred and THL received £1.00 as final consideration.

8 Receivables

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Amounts owed by ultimate parent undertaking	**479**	502
Other receivables	-	2
	479	504

Notes to the Financial Statements (continued)

9 Payables

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Amounts owed to ultimate parent undertaking[(1)]	**244,970**	217,955
Amounts owed to group undertakings[(1)(2)]	**25,421**	20,647
Other payables and accruals	**28**	41
	270,419	238,643

(1) Refer Note 1(a).

(2) Amounts owed to group undertakings are non-interest bearing.

10 Ordinary shares

	As at 31 December 2016 £'000	As at 31 December 2015 £'000
Allotted and fully paid		
1,936,940,676 (2015: 1,936,940,676) Ordinary shares of £0.02065 each	**39,998**	39,998
	39,998	39,998

Each fully paid share confers the right to vote at the meetings of the shareholders.

11 Accumulated losses

	Year ended 31 December *2016* £'000	Year ended 31 December *2015* £'000
Balance as at the beginning of the year	**(278,136)**	(256,746)
Loss for the year	**(31,798)**	(21,390)
Balance as at the end of the year	**(309,934)**	(278,136)

12 Contingent liabilities

As part of the debt refinancing of the M6 Toll in August 2006, MEL acceded to a formal obligation with the Secretary of State to contribute up to a maximum of £70.0 million towards a road enhancement project which would provide a motorway to motorway link between the M54 and M6 Toll and to meet the costs of maintaining this link thereafter. The commitment amount is indexed according to the Road and Construction Tender Index from May 2006. The contribution is contingent on the final project meeting the following criteria.

- The link road is of a motorway standard comparable to M6 Toll; and
- The link road is free flowing onto the M6 Toll with no need for vehicles to exit via a junction.

THL is a party to the obligation and it will be liable to contribute such amount in case of default by MEL. The directors believe that no provisions are necessary in the financial statements at 31 December 2016 as:

- There has been no formal decision regarding which scheme, if any, will be implemented; and
- MEL would be expected to make necessary contributions towards the scheme, if applicable.

Notes to the Financial Statements (continued)

13 Related party transactions

The Company has taken advantage of the exemptions available under FRS 101 for disclosure of transactions with entities that are 100% owned within the MARIL Group as related parties in these financial statements.

The Company does not have any related party other than the parties covered under the above mentioned exemption.

The Company does not have any transactions with the Directors during the year.

14 Immediate and ultimate parent company

The immediate parent undertaking of the Company is MQA Investments Limited (formerly MIG Investments Limited), a company incorporated in Bermuda having registered office, Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

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 Belvedere Building, 69 Pitts Bay Road, Pembroke HM08, Bermuda.

15 Events occurring after balance sheet date

On 1 May 2017, transfer of THL's 100% ordinary equity interest in the M6 Toll to the M6 Toll Lender Group was announced. On 5 May 2017, the equity interest was transferred and THL received £1.00 as final consideration.

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