

M1-A1 Yorkshire Limited

Directors' Report and Financial Statements

For the Year Ended 31 December 2007

Registered Number 4712996

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M1-A1 Yorkshire Limited

Financial Statements

For the Year ended 31 December 2007

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M1-A1 Yorkshire Limited

Company Information

Directors	Michael Joseph Ryan John McDonagh
Company secretary	Infrastructure Managers Limited
Registered office	8th Floor 20 St James's Street London SW1A 1ES
Auditor	PricewaterhouseCoopers LLP Chartered Accountants and Registered Auditors PO Box 90 Erskine House 68-73 Queen Street Edinburgh EH2 4NH

M1-A1 Yorkshire Limited

The Directors' Report

For the Year ended 31 December 2007

The Directors have pleasure in presenting their report and the financial statements of the Company for the year ended 31 December 2007.

Principal Activities and Business Review

The principal activity of the Company consists of investment in infrastructure projects. The Company does not envisage any changes in activity for the foreseeable future.

The company has a 50% equity interest in Connect M1-A1 Limited (formerly Yorkshire Link Limited). Connect M1-A1 owns a 30 year concession to operate the M1-A1 Link shadow toll road. The M1-A1 Link road is a motorway link of almost thirty kilometres in length, which provides a strategic connection between the M1 and M62 motorways south of Leeds and the A1 Trunk Road south of Wetherby in the UK.

Results and Dividends

The profit for the year amounted to £1,364,000 (2006: profit £2,602,000). The Directors have not recommended a dividend (2006: £nil).

The profit for the year will be transferred to reserves.

The results for the year are in line with budget. The Directors anticipate that the Company will perform in line with budget in the coming financial year.

Key performance indicators

The Directors believe that the analysis using key performance indicators for the Company is not necessary or appropriate for an understanding of the performance or position of the Company.

Financial Instruments

The company has no significant financial instruments.

Directors

The Directors who served the Company during the year and up to the date of this report are listed on page 1.

M1-A1 Yorkshire Limited

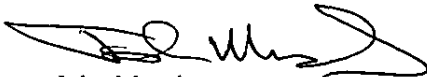
The Directors' Report *(continued)*

For the Year ended 31 December 2007

Auditor

A resolution to re-appoint PricewaterhouseCoopers LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

The Directors' report was approved by the board on 29 January 2009 and signed on its behalf by:



John Murphy
For and on behalf of
Infrastructure Managers Limited
Company Secretary
Edinburgh

M1-A1 Yorkshire Limited

Statement of Directors' Responsibilities

For the Year ended 31 December 2007

The Directors are responsible for preparing the Annual 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 elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for the year ended 31 December 2007. In preparing these financial statements, the Directors are required to:

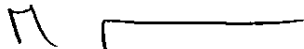
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping proper accounting records that 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 1985. 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.

In so far as the Directors are aware:

- there is no relevant audit information of which the Company's auditor is unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Directors' responsibilities were approved by the board on 29 January 2009 and signed on its behalf by:



Michael Joseph Ryan
Director

M1-A1 Yorkshire Limited

Independent auditor's report to the members of M1-A1 Yorkshire Limited

We have audited the financial statements of M1-A1 Yorkshire Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective Responsibilities of Directors and Auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland). This report, including the opinion, has been prepared for and only for the Company's Members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, 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.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Audit Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

M1-A1 Yorkshire Limited

Independent auditor's report to the members of M1-A1 Yorkshire Limited *(continued)*

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 December 2007 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP
PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Edinburgh

30 January 2009

M1-A1 Yorkshire Limited

Profit and Loss Account

For the Year ended 31 December 2007

	Note	2007 £000	2006 £000
Turnover		—	—
Gross Profit		—	—
Administrative expenses		—	—
Operating Profit		—	—
Income from fixed asset investments	3	1,924	2,900
Interest receivable	4	996	1,016
Interest payable and similar charges	5	(1,556)	(1,041)
Profit on Ordinary Activities Before Taxation		1,364	2,875
Tax on profit on ordinary activities	6	—	(273)
Profit for the Financial Year	13	1,364	2,602

The Company has no recognised gains and losses other than those included in the profit above, which all relate to continuing activities, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the year stated above and their historical cost equivalents.

The notes on pages 9 to 14 form part of these financial statements.

M1-A1 Yorkshire Limited

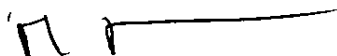
Balance Sheet

as at 31 December 2007

	Note	2007 £000	2006 £000
Fixed Assets			
Investments	7	<u>58,912</u>	<u>59,278</u>
Current Assets			
Debtors due within one year	8	85	–
Creditors: Amounts falling due within one year	9	<u>(5,607)</u>	<u>(6,952)</u>
Net Current Liabilities		<u>(5,522)</u>	<u>(6,952)</u>
Total Assets Less Current Liabilities		<u>53,390</u>	<u>52,326</u>
Creditors: Amounts falling due after more than one year	10	(36,633)	(36,933)
Net assets		<u>16,757</u>	<u>15,393</u>
Capital and Reserves			
Share capital	12	5,000	5,000
Profit and loss account	13	<u>11,757</u>	<u>10,393</u>
Equity Shareholder's Funds	14	<u>16,757</u>	<u>15,393</u>

These financial statements on pages 7 to 14 were approved by the Directors and authorised for issue on 29 January 2009, and are signed on their behalf by:

Michael Joseph Ryan
Director



The notes on pages 9 to 14 form part of these financial statements.

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

1. Accounting policies

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, is set out below.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable Accounting Standards in the United Kingdom. The financial statements have been prepared on a going concern basis as the Company's financial projections indicate that sufficient funds will be generated to allow on-going obligations to be met as they fall due.

Cash flow statement

The Directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the Company is small.

Fixed asset investments

Investments are included at costs less provision for any permanent diminution in value.

Group financial statements

The Company is exempt from preparing consolidated financial statements as it is a small group. These financial statements therefore present information about the Company as an individual undertaking and not about its group.

Capital instruments

Shares are included in shareholder's funds. Other debt instruments, which contain an obligation to repay, are classified as liabilities. In accordance with FRS 4 (Capital Instruments), the costs associated with the issue of capital instruments, other than shares, are charged to the Profit and Loss account over the life of the instrument, at a constant rate based on the carrying amount.

2. Particulars of employees and directors

Auditors' remuneration is borne by Infrastructure Investors LP. The Directors did not receive any remuneration from the Company during the year (2006: £nil). There were no employees in the financial year other than the directors (2006: nil).

3. Income from fixed asset investments

	2007	2006
	£000	£000
Income from other fixed asset investments	1,924	2,900

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

4. Interest receivable

	2007	2006
	£000	£000
Interest receivable from joint venture undertaking	996	1,016

5. Interest payable and similar charges

	2007	2006
	£000	£000
Interest payable to immediate parent undertaking	1,418	903
Amortisation of loan premium	138	138
	<u>1,556</u>	<u>1,041</u>

The loan premium arose on the purchase of the commercial sub debt by Mcquarie Infrastructure (UK) Limited and Balfour Beatty plc from 3i Group plc on 4 September 2001. The premium is being amortised over the period of the concession.

6. Taxation on ordinary activities

(a) Analysis of charge in the year

	2007	2006
	£000	£000
Current tax:		
UK Corporation tax based on the results for the year at 30% (2006 - 30%)	-	273
Total current tax	<u>-</u>	<u>273</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007	2006
	£000	£000
Profit on ordinary activities before taxation	<u>1,364</u>	<u>2,875</u>
Profit on ordinary activities by rate of tax	409	862
Other timing differences	169	8
Non taxable UK dividends	(578)	(870)
Consortium relief given for £nil consideration	498	429
Compensating consortium tax payment	-	273
Imputed interest charge	<u>(498)</u>	<u>(429)</u>
Total current tax (note 6(a))	<u>-</u>	<u>273</u>

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

6. Taxation on ordinary activities *(continued)*

(c) Factors that may affect future tax charges

The unrecognised deferred tax asset as at 31 December 2007 was £27,000 (2006: £8,000).

7. Investments

	Joint Venture Investments £000	Loan Investments £000	Total £000
Cost			
At 1 January 2007 and 31 December 2007	<u>49,055</u>	<u>-</u>	<u>49,055</u>
Loans			
At 1 January 2007	-	10,223	10,223
Advanced in year	-	71	71
Repaid in year	-	(299)	(299)
Loan premium amortisation	-	(138)	(138)
At 31 December 2007	<u>-</u>	<u>9,857</u>	<u>9,857</u>
Net Book Value			
At 31 December 2007	<u>49,055</u>	<u>9,857</u>	<u>58,912</u>
At 31 December 2006	<u>49,055</u>	<u>10,223</u>	<u>59,278</u>

Additions:

Interest accrues on the subordinated loan stock to Connect M1-A1 at 15% compounded every six months and is due when cash is available.

Interest accrues on the commercial loan made to Connect M1- A1 at the higher of six month LIBOR plus a 4% margin and 6%, and is due under the terms of a periodic repayment schedule between 2006 and 2016. Supplemental interest equivalent to 65% of capital repayments also accrues over the life of the loan.

Repayments

On 30 March 2007, the Company received accrued interest and loan principal repayment from Connect M1- A1 totalling £611,000. On 28 September 2007, the Company received accrued interest and loan principal repayment from Connect M1- A1 totalling £615,000.

The Company owns 50% of the Ordinary Share Capital of Connect M1-A1 Holdings Limited, a Company registered in England and Wales. Its principal activity is infrastructure investment.

Connect M1-A1 Holdings Limited has a 100% equity interest in Connect M1- A1, a toll road operator which owns a 30 year concession to operate the M1-A1 Link shadow toll road. The M1-A1 Link road is a motorway link of almost thirty kilometres in length, which provides a strategic connection between the M1 and M62 motorways south of Leeds and the A1 Trunk Road south of Wetherby in the UK.

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

8. Debtors

	2007 £000	2006 £000
Corporation tax recoverable	85	—

Amounts owed by shareholders are trading balances, are not interest bearing and are repayable on demand.

9. Creditors: Amounts falling due within one year

	2007 £000	2006 £000
Amounts owed to immediate parent undertaking	5,070	6,421
Loan owed to immediate parent undertaking (note 10)	537	531
	<u>5,607</u>	<u>6,952</u>

The amounts owed to immediate parent undertaking are trading balances which incur interest at 8.4% and are repayable on demand.

10. Creditors: Amounts falling due after more than one year

	2007 £000	2006 £000
Amounts owed to joint venture undertaking	25,384	25,384
Loan owed to immediate parent undertaking	11,249	11,549
	<u>36,633</u>	<u>36,933</u>

The amounts owed to joint venture are not interest bearing and are repayable on demand.

The loan owed to immediate parent undertaking is in two tranches. Tranche A accrues interest at the greater of six month LIBOR plus a 2.5% margin and 6%, tranche B accrues interest at 7.75%. Interest is repaid six monthly and capital repayments are made over the period of the loan; the loan maturity date is 30 September 2016.

11. Creditors - capital instruments

Creditors include loans which is due for repayment as follows:

	2007 £000	2006 £000
Amounts repayable:		
In one year or less or on demand	537	531
In more than one year but not more than two years	300	300
In more than two years but not more than five years	1,200	900
In more than five years	9,749	10,349
	<u>11,786</u>	<u>12,080</u>

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

12. Share capital

Authorised share capital:

	2007	2006
	£000	£000
5,000,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£000	No	£000
Ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000</u>	<u>5,000,000</u>	<u>5,000</u>

13. Profit and loss account

	2007	2006
	£000	£000
Balance brought forward	10,393	7,791
Profit for the financial year	<u>1,364</u>	<u>2,602</u>
Balance carried forward	<u>11,757</u>	<u>10,393</u>

14. Reconciliation of movements in shareholders' funds

	2007	2006
	£000	£000
Profit for the financial year	1,364	2,602
Opening shareholders' funds	<u>15,393</u>	<u>12,791</u>
Closing shareholders' funds	<u>16,757</u>	<u>15,393</u>

M1-A1 Yorkshire Limited

Notes to the Financial Statements

For the Year ended 31 December 2007

15. Related party disclosures

On 21 December 2006, Macquarie Yorkshire LLC ("MYLLC") sold its share in the Company to M1-A1 Investments Limited ("M1-A1"). At this point MYLLC assigned the intra-group debt owed by the Company to the new parent M1-A1. During the year, the Company made repayments totalling £1,352,000 (2006: £2,754,000), leaving a balance outstanding at the year end of £5,069,000 (2006: £6,421,000). These amounts due are trading balances, are not interest bearing and are repayable on demand. Also at this date MIC European Financing SARL assigned its intra-group balance with the Company to M1-A1. During the year, the Company paid interest of £930,000 (2006: £369,000), of which £236,000 (2006: £231,000) was accrued at the year end. The Company made capital repayments against this debt totalling £300,000 (2006: £200,000), leaving a capital balance outstanding at the year end of £11,550,000 (2006: £11,850,000).

The Company has a 50% interest in the ordinary share capital of Connect M1-A1 Holdings Limited ("CHL"), a joint venture with Balfour Beatty plc. The Company received interest of £996,000 (2006: £1,016,000) in respect of debt advanced under two subordinated loan agreements with a subsidiary of CHL, Connect M1-A1 Limited ("Connect"). The Company also received capital repayments of £300,000 (2006: £200,000) from Connect in respect of these loans, leaving a balance at the year end, including accrued interest, of £9,857,000 (2006: £10,223,000).

Connect has issued a loan in equal shares to both the Company and Balfour Beatty plc. The balance outstanding at the year end is £25,384,000 (2006: £25,384,000). As stated in Note 7 above, the amounts due to the joint venture are not interest bearing and are repayable on demand.

The Directors have considered the provisions contained within FRS 8 and are satisfied that there are no further disclosures required.

16. Ultimate parent company

The immediate parent company is M1-A1 Investments Limited.

The ultimate parent and controlling entity is Barclays Integrated Infrastructure Fund LP.

Barclays Integrated Infrastructure Fund LP is owned by a number of investors, with no one investor having individual control.