

MACQUARIE METERS 1 (UK) LIMITED

COMPANY NUMBER 4921203

Directors' Report and Financial Statements
for the financial year ended 31 March 2012



The Company's registered office is:
Ropemaker Place
28 Ropemaker Street
London EC2Y 9HD

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Macquarie Meters 1 (UK) Limited

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Macquarie Meters 1 (UK) Limited

Directors' Report for the financial year ended 31 March 2012

In accordance with a resolution of the Directors ("the Directors") of Macquarie Meters 1 (UK) Limited ("the Company"), the Directors submit herewith the Financial Statements of the Company and report as follows

Directors and Secretaries

The Directors who held office as a Director of the Company throughout the year and until the date of this report, unless disclosed otherwise, were

G Farrell	(resigned on 12 April 2012)
J Liddy	(appointed on 17 April 2012)
G Seth	(resigned on 26 June 2012)
R Tallentire	(resigned on 13 April 2012)
L Tricarico	
J Wilson	

Alternate Director

G Seth	(alternate for G Farrell and resigned on 12 April 2012)
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At the date of this report, the Secretaries of the Company are

E Doornbal
J Greenfield

Principal activities

The principal activity of the Company during the financial year ended 31 March 2012 was to act as an investment holding company for Capital Meters Holding Limited ("CMHL")

Results

The loss after tax attributable to ordinary equity holders for the financial year ended 31 March 2012 was £38,555 (2011 profit £1,254,605)

Dividends paid or provided for

No dividends were paid or provided for during the financial year (2011 £1,410,349)

State of affairs

On 4 April 2011, the Company invested a further £1,296,000 in CMHL in the form of £1,296,000 in loan notes issued at par

The Company redeemed £446,077 of loan notes in CMHL on 5 October 2011 and £77,837 of loan notes on 30 March 2012. Following this, the Company holds £1,803,299 of loan notes in CMHL.

There were no other significant changes in the state of the affairs of the Company that occurred during the financial year under review not otherwise disclosed in this report

Macquarie Meters 1 (UK) Limited

Directors' Report (continued) for the financial year ended 31 March 2012

Review of operations

The loss attributable to ordinary equity holders of the Company for the year ended 31 March 2012 was £38,555 as compared to a profit of £1,254,605 in the previous year

Net operating loss for the year ended 31 March 2012 was £6,334 as compared to net operating income of £1,407,230 in the previous year

Events after the Reporting Period

The Company redeemed £269,897 of loan notes in CMHL on 28 September 2012. Following this, the Company holds £1,533,402 of loan notes in CMHL.

At the date of this report, the Directors are not aware of any other matter or circumstance which has arisen that has significantly affected or may significantly affect the operations of the Company, the results of those operations or the state of affairs of the Company in the financial years subsequent to 31 March 2012 not otherwise disclosed in this report.

Likely developments, business strategies and prospects

Disclosure of information relating to developments in the operations, business strategies and prospects for future financial years of the Company have not been included in the report because the Directors believe it may result in unreasonable prejudice to the Company.

Creditor payment policy

It is the Company's policy to agree the terms of payment to creditors 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.

Principal risks and uncertainties

From the perspective of the Company, the principal risks and uncertainties are integrated with the principal risks of the Macquarie Group and are not managed separately. Accordingly, the principal risks and uncertainties of Macquarie Group Limited, which include those of the Company, are discussed in its Financial Statements and can be obtained from the address given in Note 19.

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 production 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 the Macquarie Group level.

Financial risk management

The Company is not directly exposed to any significant financial risks other than the carrying value of its investment in its subsidiary CMHL. This includes any effects of changes in credit risk, liquidity risk, interest rate risk and foreign exchange risk. The Company, however, is subject to the Macquarie Group's Risk Management programme that seeks to limit adverse effects on the financial performance of the Company. The Company does not use derivative financial instruments to manage interest rate costs and, as such, no hedge accounting is applied.

Macquarie Meters 1 (UK) Limited

Directors' Report (continued) for the financial year ended 31 March 2012

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, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

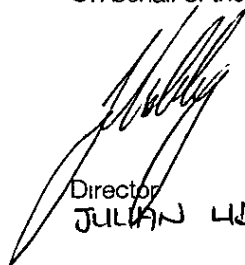
So far as the Directors are aware, there is no relevant audit information of which the Company's Auditors are unaware. The Directors have taken all the steps necessary in order to make themselves aware of any relevant audit information and to establish that the Company's Auditors are aware of that information.

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.

Independent Auditors

Pursuant to section 487(2) of the Companies Act 2006, 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
JULIAN LIDDY

Independent Auditors' Report to the members of Macquarie Meters 1 (UK) Limited

We have audited the Financial Statements of Macquarie Meters 1 (UK) Limited for the year ended 31 March 2012 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 Directors' Report and Financial Statements 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 March 2012 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.

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
London

14 December 2012

Macquarie Meters 1 (UK) Limited

Profit and loss account for the financial year ended 31 March 2012

	Notes	2012 £	2011 £
Turnover	1(iii)	-	1,410,349
Administrative expenses		(6,400)	(6,883)
Other operating income		66	3,764
Operating (loss)/profit		(6,334)	1,407,230
Interest receivable and similar income	3	347,152	87,886
Interest payable and similar charges	4	(394,690)	(301,078)
(Loss)/profit on ordinary activities before taxation	2	(53,872)	1,194,038
Tax on (loss)/profit on ordinary activities	5	15,317	60,567
(Loss)/profit for the financial year		(38,555)	1,254,605

Turnover and loss/profit on ordinary activities before taxation relate wholly to continuing operations

There are no material differences between the loss/profit on ordinary activities before taxation and the loss/profit for the financial years stated above and their historical cost equivalents

The Company has not recognised gains and losses other than those included in the results above, and therefore no separate statement of total recognised gains and losses has been presented

The above profit and loss account should be read in conjunction with the accompanying notes on pages 8 to 13

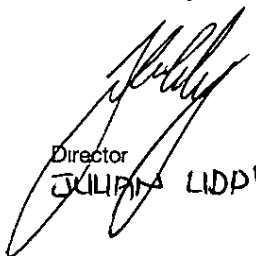
Macquarie Meters 1 (UK) Limited

Balance sheet as at 31 March 2012

	Notes	2012 £	2011 £
Fixed assets			
Investment in subsidiary	7	5,713,962	5,713,962
Current assets			
Investments	8	1,803,299	1,031,213
Debtors	9	79,334	62,878
Current liabilities			
Creditors amounts falling due within one year	10	(6,970,679)	(6,143,582)
Net current liabilities		(5,088,046)	(5,049,491)
Total assets less current liabilities		625,916	664,471
Net assets		625,916	664,471
Capital and reserves			
Called up share capital	11	600,404	600,404
Profit and loss account	12	25,512	64,067
Total shareholders' funds	13	625,916	664,471

The above balance sheet should be read in conjunction with the accompanying notes on pages 8 to 13

The Financial Statements on pages 6 to 13 were approved by the board of directors on 13 December 2012 and were signed on its behalf by


 Director
 JULIAN LIDDY

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements for the financial year ended 31 March 2012

Note 1. Summary of significant accounting policies

i) Basis of preparation

The Financial Statements are prepared on a going concern basis, under the historical cost convention, in accordance with the Companies Act 2006, and applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

The principal accounting policies adopted in the preparation of these Financial Statements and that of the previous financial year are set out below. These policies have been consistently applied to all the financial years presented, unless otherwise stated.

The Financial Statements contain information about the Company as an individual company and do not contain consolidated financial information as a parent of a 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 Group Limited, a company incorporated in Australia.

New Accounting Standards and amendments to Accounting Standards and Interpretations that are effective in the current year

Improvements to Financial Reporting Standards 2010 was issued in November 2010 and is effective for annual reporting periods beginning on or after 1 January 2011. It makes amendments to various disclosures relating to *FRS 29 Financial Instruments Disclosures*, *FRS 8 Related Party Disclosures* and *SSAP 25 Segment Reporting*. The Company first applied the standard in the financial year beginning 1 April 2011. The application of these amendments in the current year has had an immaterial impact.

ii) Foreign currency translations

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated to the local currency using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

iii) Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised for the major business activities as follows:

Interest income

Interest receivable and similar income and interest payable and similar charges are brought to account on an accruals basis.

Interest receivable from and payable to other Macquarie group entities has been disclosed on a gross basis in the profit and loss account. The balance sheet has been disclosed on a net basis as there is a legal right of set off and an intention to settle net or simultaneously.

Dividends

Interim dividends from UK companies are recognised when the dividend proceeds are received by the Company. Final dividends from investments in UK companies are recognised when the Company becomes entitled to the dividend.

iv) Other operating income/(charges)

Net gains or losses arising from foreign currency transactions are accounted for as other operating income/(charges).

v) Corporation tax

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 the 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 and is 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 underlying timing differences can be deducted.

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements (continued) for the financial year ended 31 March 2012

Note 1. Summary of significant accounting policies (continued)

vi) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loan assets are subject to regular review and assessment for possible impairment.

vii) Investments in subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Company has the power to govern directly or indirectly decision-making in relation to financial and operating policies, so as to require that entity to conform with the Company's objectives. Investments including investments in subsidiary undertakings are recorded at cost less provision for impairment.

viii) Impairment

Investments in subsidiaries

Investments including investments in subsidiary undertakings are recorded at cost less provision for impairment. Where the Directors are of the opinion that there has been a permanent diminution in the value of investments, the carrying amounts of such investments are written down to their recoverable amount. The impairment of fixed asset investments is recognised as an expense in the profit and loss account. At each balance date, investments in subsidiaries that have been impaired are reviewed for possible reversal of the impairment.

ix) Cash at bank and in hand

The Company has no cash balances. Cash transactions are paid and received via other Macquarie Group entities, on behalf of the Company.

x) Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported on the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the financial asset and settle the financial liability simultaneously.

xi) Share capital

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

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements (continued) for the financial year ended 31 March 2012

	2012 £	2011 £
Note 2 (Loss)/profit for the financial year		
(Loss)/profit for the financial year is stated after charging:		
Foreign exchange losses	15	559
Auditors' remuneration		
Fees payable to the Company's auditors for the audit of the Company	5,000	4,500

The Company had no employees during the year (2011 nil)

Note 3. Interest receivable and similar income

Interest receivable from other Macquarie Group undertakings	347,152	87,886
Total interest receivable and similar income	347,152	87,886

Note 4. Interest payable and similar charges

Interest payable to other Macquarie Group undertakings	394,690	301,078
Total interest payable and similar charges	394,690	301,078

Note 5. Tax on (loss)/profit on ordinary activities

Analysis of tax credit for the year

Current tax

UK corporation tax at 26% (2011 28%)	(14,007)	(60,567)
Adjustments to tax in respect of prior years	(1,310)	-
Total current tax	(15,317)	(60,567)

Factors affecting tax credit for the year

The taxation credit for the year ended 31 March 2012 is higher (2011 higher) than the standard rate of corporation tax in the United Kingdom of 26% (2011 28%). The differences are explained below

(Loss)/profit on ordinary activities before taxation	(53,872)	1,194,038
(Loss)/profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 26% (2011 28%)	14,007	(334,331)
Effects of		
Adjustment to tax charge in respect of previous periods	1,310	-
Non assessable income	-	394,898
	15,317	60,567

The UK government reduced the main rate of corporation tax by two percentage points, from 26% to 24%, from 1 April 2012. It is proposed that the UK corporation tax rate be reduced to 21% by 2014, however these changes have not been substantively enacted.

Note 6 Dividends paid

(i) Dividends paid

2012 Interim dividend paid (£Nil (2011 £2.35) per share)	-	1,410,349
Total dividends paid	-	1,410,349

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements (continued) for the financial year ended 31 March 2012

	2012 £	2011 £
Note 7. Investment in subsidiary		
Investment at cost without provisions for impairment	5,713,962	5,713,962
Total investment in subsidiary	5,713,962	5,713,962

Name of investment	Nature of business	Country of incorporation	% ownership	2012 £	2011 £
Capital Meters Holdings Limited ("CMHL")	Holding Company for 'Dumb' Meters business in UK	United Kingdom	60%	5,713,962	5,713,962
				5,713,962	5,713,962

Note 8. Investments – Current Assets

Loan notes	1,803,299	1,031,213
Total investments	1,803,299	1,031,213

As at 31 March 2012, the Company holds £1,803,299 (2011 £1,031,213) of loan notes in CMHL.

On 4 April 2011, the Company invested a further £1,296,000 in CMHL in the form of £1,296,000 in loan notes issued at par.

The Company redeemed £446,077 of loan notes in CMHL on 5 October 2011 and £77,837 of loan notes on 30 March 2012.

The Company derives interest on loan notes at 16.5% per annum (2011 16.5%). Interest is non-cumulative and only payable by CMHL to the extent that funds are available to pay the interest accrued. Loan notes can be redeemed by CMHL with up to 30 days' notice to the Company.

Note 9 Debtors

Amounts owed from other Macquarie Group undertakings	65,326	2,311
Provision for taxation	14,008	60,567
Total debtors	79,334	62,878

Amounts owed by other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company derives interest on intercompany loans at market rates and at 31 March 2012 the rate applied ranged between LIBOR plus 1.78% and LIBOR plus 2.05% (2011 LIBOR plus 0.60% and LIBOR plus 1.82%).

Note 10 Creditors Amounts falling due within one year

Amount due to other Macquarie Group undertakings	6,970,655	6,143,560
WHT payable	24	22
Total creditors	6,970,679	6,143,582

Amounts owed to Macquarie Group undertakings include a loan from Macquarie Bank Limited, London Branch. The loan is unsecured, has no fixed date of repayment and is repayable on demand. Interest was payable at 5.47% for the year ended 31 March 2012 (2011 5.47%).

Amounts owed to other Macquarie Group undertakings are unsecured and have no fixed date of repayment. The Company pays interest on intercompany loans at market rates and at 31 March 2012 the rate applied was LIBOR plus 2.05% (2011 LIBOR plus 1.82%).

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements (continued) for the financial year ended 31 March 2012

Note 11. Called up share capital

	2012	2011	2012	2011
	Number of shares	Number of shares	£	£
Ordinary share capital				
Opening balance of fully paid ordinary shares	600,404	600,404	600,404	600,404
Closing balance of fully paid ordinary shares	600,404	600,404	600,404	600,404

Note 12 Profit and loss account

	2012 £	2011 £
Balance at the beginning of the financial year	64,067	219,811
(Loss)/profit attributable to ordinary equity holders of Macquarie Meters 1 (UK) Limited	(38,555)	1,254,605
Dividends paid	-	(1,410,349)
Balance at the end of the financial year	25,512	64,067

Note 13 Reconciliation of movements in shareholders' funds

Balance at the beginning of the financial year	664,471	820,215
(Loss)/profit for the year	(38,555)	1,254,605
Dividend paid	-	(1,410,349)
Balance at the end of the financial year	625,916	664,471

Note 14. Related party information

As 100% of the voting rights of the Company are controlled within the group headed by Macquarie Group Limited, incorporated in Australia, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the Macquarie Group. The Consolidated Financial Statements of Macquarie Group Limited, within which the Company is included, can be obtained from the address given in Note 19.

Note 15. Directors' remuneration

During 2012 and 2011, all Directors were employed by and received all emoluments from other Macquarie Group undertakings. The Directors perform directors' duties for multiple entities in the Macquarie Group, as well as their employment duties within Macquarie Group businesses. Consequently, allocating their employment compensation across all these duties would mean any amounts allocated to their duties for the Company would be an immaterial nominal amount. Accordingly, no separate remuneration has been disclosed.

Note 16. Contingent liabilities and assets

The Company has no commitments or contingent assets/liabilities which are individually material or a category of commitments or contingent liabilities which are material.

Note 17. Segmental reporting

The Company was a wholly owned subsidiary within the Macquarie Group throughout the year and is included in the Consolidated Financial Statements of Macquarie Group Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a segmental reporting note under the terms of SSAP 25.

Macquarie Meters 1 (UK) Limited

Notes to the Financial Statements (continued) for the financial year ended 31 March 2012

Note 18. Cash Flow Statement

The Company was a wholly owned subsidiary within the Macquarie Group throughout the year and is included in the Consolidated Financial Statements of Macquarie Group Limited, which are publicly available. Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1 (revised 1996).

Note 19. Ultimate Parent undertaking

At 31 March 2012, the immediate parent undertaking of the Company is Macquarie Leasing (UK) Limited.

The ultimate parent undertaking and controlling party of the Company, is Macquarie Group Limited. The largest group to consolidate these Financial Statements, is Macquarie Group Limited, a company incorporated in Australia. The smallest group to consolidate these Financial Statements, is Macquarie Bank Limited, a company incorporated in Australia. Copies of the Consolidated Financial Statements for Macquarie Group Limited and Macquarie Bank Limited can be obtained from the Company Secretary, Level 7, No. 1 Martin Place, Sydney, New South Wales, 2000, Australia.

Note 20. Events after the Reporting Period

The Company redeemed £269,897 of loan notes in CMHL on 28 September 2012.

There were no further material events subsequent to 31 March 2012 that have not been reflected in the Financial Statements.