ADI Finance 1 Limited

Annual report and financial statements for the year ended 31 December 2010

Company registration number 05723977

ADI Finance 1 Limited

Contents

ADI Finance 1 Limited

Officers and Professional Advisers

Directors
Nicolas Villen
Stuart Baldwin
Renaud Faucher
Iñigo Meiras

Secretary
Carol Hui

Registered office
The Compass Centre
Nelson Road
Hounslow
Middlesex
TW6 2GW

Independent auditors
Deloitte LLP
Chartered Accountants and Statutory Auditors
2 New Street Square
London
EC4A 3BZ

Bankers
The Royal Bank of Scotland plc
135 Bishopsgate
London
EC2M 3UR

ADI Finance 1 Limited

Directors' report

The directors present their annual report and the audited financial statements for ADI Finance 1 Limited (the 'Company') for the year ended 31 December 2010

Principal activities
The Company is involved in the financing activities of its parent entity in the UK (FGP Topco Limited) comprising the initial acquisition of, and financing the ongoing operations of, the BAA Limited Group (the 'BAA Group')

No significant changes to the activities of the Company are expected in the foreseeable future

Results and dividends
The loss after taxation for the financial year amounted to £53 3 million (2009 loss of £1,749 8 million)

The directors do not recommend the payment of a dividend in the current year (2009 £nil)

The statutory results for the year are set out on page 8

Review of business and future developments
Key events and future developments occurring during the year which may significantly impact the financial position or performance of the Company are detailed below

The £500 million equity injection into the Designated Group (price regulated airports of Heathrow and Stansted and the Heathrow Express rail operations) announced in November 2009 was completed in January 2010 with an injection of £210 million of funds from FGP Topco Limited

As a result of the equity injection, on 28 January 2010, the Company issued 2,100,000,000 ordinary shares with a nominal value of £0 10 each to FGP Topco Limited, the Company's immediate parent entity, and purchased the same number of shares with a nominal value of £0 10 each in ADI Finance 2 Limited The investment is wholly in the share capital in ADI Finance 2 Limited, a company incorporated in England and Wales ADI Finance 2 Limited is involved in the financing activities of its ultimate parent entity in the UK, FGP Topco Limited comprising the initial acquisition of, and financing the ongoing operations of the BAA Group

The Company incurred net interest charges of £51 4 million during the year (2009 £907 1 million)

Key performance indicators
Given the straightforward nature of the business, the Company's directors are of the opinion that analysis using key performance indicators is not necessary for an understanding of development, performance or position of the Company's operations

Developments since beginning of 2011
No developments since the beginning of 2011

Directors
The directors who served during the year and since the year end are as follows

Nicolás Villén
Stuart Baldwin
Renaud Faucher
Iñigo Meiras

Company secretary
The company secretary who served during the year and since the year end is Carol Hui

Employment policies
The Company has no employees

Directors' report *continued*

Risk management

Risk management is a key element of the BAA Group's operations The BAA Group has a fully dedicated senior team which implements and manages risk closely following the BAA Group's guidelines The Executive Committee and Board referred to in the notes below relates to the Executive Committee and Board of BAA Limited The risk management policies of the BAA Group are detailed in the Risk management section of those financial statements for the year ended 31 December 2010

Risk management in the BAA Group facilitates the identification, evaluation and effective management of the threats to the achievement of the BAA Group's purpose, vision, objectives, goals and strategies The vision of risk management is to embed the awareness of risk at all levels of the organisation, in such a way that all significant business decisions are risk-informed Particular emphasis is given to safety, security, environment, reputation and finance in pursuit of the BAA Group's strategic framework

A key element of the risk management process is the method of profiling risk This determines the threats to the achievement of business objectives and day to day operations in terms of likelihood and consequence at a residual level, after taking account of mitigating and controlling actions Details are maintained in risk registers which are used as the basis for regular review of risk management at Executive Committee level The risk registers are also used to make informed decisions relating to the procurement of insurance cover

The risk management process is also aimed at defining and implementing clear accountabilities, processes and reporting formats that deliver efficient and effective management assurance to the Board to ensure statutory compliance whilst supporting business units to successfully manage their operations

The operation of the process and the individual registers are subject to periodic review by the BAA Group's Business Assurance function, whose primary responsibility is to provide independent assurance to the Board that the controls put in place by management to mitigate risks are working effectively

The principal corporate risks as identified by the Executive Committee are

Financial risk management objectives and policies

The Company's financial risk management objectives are aligned with its immediate parent company, FGP Topco Limited, which is the level at which financial risks for the Company are managed The treasury policies of the BAA Group are set out below

The Board approves prudent treasury policies and delegates certain responsibilities to senior management who directly control day-to-day treasury operations on a centralised basis

The treasury function is not permitted to speculate in financial instruments Its purpose is to identify, mitigate and hedge treasury related financial risks inherent in the BAA Group's business operations and funding To achieve this, the BAA Group enters into interest rate swaps, index-linked swaps, cross currency swaps and foreign exchange spot and forward/swap transactions to protect against interest rate and currency risks

The primary treasury related financial risks faced by the BAA Group are

(a) Interest rates
The BAA Group maintains a mix of fixed and floating rate debt As at 31 December 2010, fixed rate debt after hedging with derivatives represented 71% of the BAA Group's total external nominal debt

The BAA Group mitigates the risk of mismatch between aeronautical income and its designated airports' regulatory asset bases, which are directly linked to changes in the retail prices index, and nominal debt and interest payments by the issuance of inflation linked instruments

(b) Foreign currency
The BAA Group uses cross-currency swaps to hedge all interest and principal payments on its foreign currency debt The BAA Group uses foreign exchange contracts to hedge material capital expenditure in foreign currencies once a project is certain to proceed

(c) Funding and liquidity
The BAA Group operates separate financing programmes for its Designated airports (Heathrow and Stansted) and for its Non Designated airports (Edinburgh, Glasgow, Aberdeen, and Southampton)

Directors' report *continued*

Financial risk management objectives and policies continued

1 Designated airports

The BAA Group has established both investment grade (at BAA (SP) Limited level) and non-investment grade (at BAA (SH) plc level) financing platforms for its designated airports The BAA (SP) Limited platform supports bank term debt, bank revolving credit facilities including a revolving capital expenditure facility, bank liquidity facilities, and sterling and foreign currency capital markets issuance All debt is secured and can be issued in either senior (A-/A-) or junior (BBB/BBB) format Covenants are standardised wherever possible and are monitored on an ongoing basis with formal testing reported to the Board and Executive Committee

The BAA (SH) plc platform is rated BB+/Ba3 and supports both bank and bond debt

Although there can be no certainty that financing markets will remain open for issuance at all times, debt maturities are spread over a range of dates, thereby ensuring that the BAA Group is not exposed to excessive refinancing risk in any one year

The Designated airports have positive cashflows before capital expenditure and maintain at least 12 months' headroom under the revolving capital expenditure facility As at 31 December 2010, cash at bank was £67 million, undrawn headroom under the bank credit facilities was £1,450 million and undrawn headroom under the bank liquidity facilities was £524 million

2 Non Designated airports

The BAA Group's Non Designated airports are financed through a £1,255 million bank facility The Non Designated airports group was marginally cash positive after capital expenditure in 2010 and is expected to remain in this position in the next few years due to lower capital expenditure As at 31 December 2010, cash at bank was £29 million and undrawn headroom under the bank credit facilities was £200 million

(d) Counterparty credit

The BAA Group's exposure to credit related losses, in the event of non-performance by counterparties to financial instruments, is mitigated by limiting exposure to any one party or instrument

The BAA Group maintains a prudent split of cash and cash equivalents across a range of market counterparties in order to mitigate counterparty credit risk Board approved investment policies and relevant debt facility agreements provide counterparty investment limits, based on short- and long-term credit ratings Investment activity is reviewed on a regular basis and no cash or cash equivalents are placed with counterparties with credit ratings lower than A-/A-2 The BAA Group monitors the credit rating of derivative counterparties on a daily basis and ensures no positions are held with counterparties with a credit rating below BBB+/A

Director's indemnity

The Company's Articles of Association provide that, subject to the provisions of the Companies Act 2006, but without prejudice to any protection from liability which might otherwise apply, every director of the Company shall be indemnified out of the assets of the Company against any loss or liability incurred by him in defending any proceedings in which judgement is given in his favour, or in which he is acquitted or in connection with any application in which relief is granted to him by the court for any negligence, default, breach of duty or breach of trust by him in relation to the Company or otherwise in connection with his duties or powers or office

Auditors

Pursuant to the provision of Section 485(4) of the Companies Act 2006, an ordinary resolution was made by the directors to appoint Deloitte LLP as Auditors of the Company for the year ended 31 December 2010

ADI Finance 1 Limited

Directors' report *continued*

Statement of disclosure of information to the Auditors
Each of the persons who is a director at the date of approval of this annual report confirms that

- so far as the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- 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

By order of the Board

Nicolás Villén
Director

22 February 2011

Company registration number 05723977

ADI Finance 1 Limited

Directors' responsibilities statement

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 Company 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 judgments 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

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

By order of the Board

Nicolás Villén
Director

22 February 2011

ADI Finance 1 Limited

Independent auditors' report to the members of ADI Finance 1 Limited

We have audited the financial statements of ADI Finance 1 Limited for the year ended 31 December 2010 which comprise the Profit and loss account, Reconciliation of movements in shareholders' funds, Balance sheet, Accounting policies, Significant accounting judgements and estimates and the related notes 1 to 12 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)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditors
As explained more fully in the Directors' responsibilities statement, 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 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

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

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 2010 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

Andrew J Kelly

Andrew J Kelly (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, UK

22 February 2011

ADI Finance 1 Limited

Profit and loss account for the year ended 31 December 2010

	Note	**Year ended 31 December 2010 £'000**	Year ended 31 December 2009 £'000
Operating costs - exceptional	*2*	-	(840,000)
Operating loss		-	(840,000)
Interest receivable and similar income	*3*	**73,451**	106,792
Interest payable and similar charges	*3*	**(124,836)**	(1,013,884)
Net interest payable and similar charges		**(51,385)**	(907,092)
Loss on ordinary activities before taxation		**(51,385)**	(1,747,092)
Tax charge on loss on ordinary activities	*4*	**(1,957)**	(2,664)
Loss on ordinary activities after taxation	*10*	**(53,342)**	(1,749,756)

All profits and losses recognised during the current and prior years are from continuing operations

There are no material differences between the loss on ordinary activities before taxation and the retained loss for the year and their historical cost equivalents

There are no recognised gains or losses for the current or preceding financial years other than stated in the profit and loss account and accordingly no Statement of recognised gains and losses is presented

ADI Finance 1 Limited

Reconciliation of movements in shareholder's funds for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Loss for the financial year	*10*	**(53,342)**	(1,749,756)
Issue of ordinary shares	9	**210,000**	255,000
Net movement in shareholder's funds		**156,658**	(1,494,756)
Opening shareholder's (deficit)/funds		**(1,180,432)**	314,324
Closing shareholder's deficit		**(1,023,774)**	(1,180,432)

ADI Finance 1 Limited

Balance sheet as at 31 December 2010

	Note	31 December 2010 £'000	31 December 2009 £'000
Fixed assets			
Investment in subsidiary	5	**4,289,332**	4,079,332
Total fixed assets		**4,289,332**	4,079,332
Current assets			
Debtors due within one year	6	**35,934**	57,234
due after more than one year	6	**1,065,411**	969,201
Total current assets		**1,101,345**	1,026,435
Current liabilities			
Creditors amounts falling due within one year	7	**(35,224)**	(32,687)
Net current assets		**1,066,121**	993,748
Total assets less current liabilities		**5,355,453**	5,073,080
Creditors amounts falling due after more than one year	8	**(6,379,227)**	(6,253,512)
Net liabilities		**(1,023,774)**	(1,180,432)
Capital and reserves			
Called up share capital	9	**505,000**	295,000
Share premium reserve	10	**364,485**	364,485
Profit and loss reserve	10	**(1,893,259)**	(1,839,917)
Total shareholder's deficit		**(1,023,774)**	(1,180,432)

These financial statements of ADI Finance 1 Limited (Company registration number 05723977) were approved by the Board of Directors and authorised for issue on 22 February 2011 They were signed on its behalf by

Nicolás Villén
Director

Stuart Baldwin
Director

ADI Finance 1 Limited

Accounting policies for the year ended 31 December 2010

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

Basis of preparation
These financial statements have been prepared under the historical cost convention, and in accordance with the Companies Act 2006 and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

Going concern
The directors have prepared the financial statements on a going concern basis which requires the directors to have a reasonable expectation that the Company, as part of the FGP Topco Limited Group, has adequate resources to continue in operational existence for the foreseeable future

Consequently the directors have reviewed the cash flow projections of the FGP Topco Limited Group taking into account
- the forecast revenue and operating cash flows from the underlying operations,
- the forecast level of capital expenditure, and
- the overall FGP Topco Limited Group liquidity position, including the projected upstream of cash, remaining committed and uncommitted facilities available to it, its scheduled debt maturities, its forecast financial ratios and ability to access the debt markets

Whilst the Company is in a net liability position, as a result of the review, having made appropriate enquiries of management, the directors have a reasonable expectation that sufficient funds will be available to meet the Company's funding requirement for the next twelve months from the balance sheet signing date

Consolidated financial statements
The Company has taken advantage of the exemption provided by Section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements as it is a wholly owned subsidiary of FGP Topco Limited and it and its subsidiary undertakings are included in the consolidated financial statements of that company for the year ended 31 December 2010

The financial statements present information about the Company as an individual entity only and not as a group

Interest
Interest payable and interest receivable are recognised in the profit and loss account in the period in which they are incurred

Exceptional items
The Company presents, on the face of the profit and loss account, disclosure of exceptional items Exceptional items are material items of income or expense that, because of the unusual nature and expected infrequency of the events giving rise to them, merit separate presentation to allow an understanding of the Company's financial performance Details of exceptional items are provided as and when required as set out in Note 2

Dividends receivable
A dividend is recognised as an asset in the Company's financial statements in the period in which the Company's right to receive payment of the dividend is established by approval of the dividend at the Annual General Meeting Interim dividends are recognised when received

Investment in subsidiaries
Investment in subsidiaries held as fixed assets are stated at cost and reviewed for impairment if there are any indications that the carrying value may not be recoverable

Debtors
Debtors are recognised initially at cost less any provision for diminution in value and subsequently measured at amortised cost, using the effective interest method, less any provision for impairment

Creditors
Creditors are stated at cost and subsequently measured at amortised cost, using the effective interest method

Accounting policies for the year ended 31 December 2010 *continued*

Borrowings
Borrowings are recognised initially at fair value, net of transaction costs incurred and are subsequently stated at amortised cost Any difference between the amount initially recognised (net of transaction costs) and the redemption value is recognised in the profit and loss account over the period of the borrowings using the effective interest method

Current and deferred taxation
The tax expense for the year comprises current and deferred tax Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised directly in reserves In this case, the tax is also recognised in reserves

Current tax liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities The tax rates and tax laws used to compute the amount are those that are enacted, or substantively enacted, at the reporting date Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation

In accordance with FRS 19, 'Deferred Tax', deferred tax is provided in full on timing differences which result in an obligation at the reporting date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements Deferred tax is not provided on timing differences arising from the revaluation of investment properties where there is no commitment to sell the asset

Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Deferred income taxation is determined using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date and are expected to apply when the related deferred tax asset or liability is realised or settled

Share capital
Ordinary shares are classified as equity and are recorded at the par value of proceeds received, net of direct issue costs Where the shares are issued above par value, the proceeds in excess of par value are recorded in the share premium reserve

Cash flow statement and related party transactions
The Company is wholly owned by FGP Topco Limited, a company registered in England and Wales The results of the Company are included in the audited consolidated financial statements of FGP Topco Limited for the year ended 31 December 2010 Consequently, the Company has taken advantage of the exemption from preparing a cash flow statement under the terms of FRS 1, 'Cash Flow Statements (revised 1996)'

The Company is exempt under the terms of FRS 8, 'Related Party Disclosures', from disclosing related party transactions with entities that are related to, or part of, the FGP Group

ADI Finance 1 Limited

Significant accounting judgements and estimates for the year ended 31 December 2010

In applying the Company's accounting policies management have made estimates and judgements in a number of key areas Actual results may, however, differ from the estimates calculated and management believe that the following areas present the greatest level of uncertainty

Investment valuation
The Company reviews investment in subsidiaries for impairment if there are any indications that the carrying values may not be recoverable The carrying value of the investment is compared to the recoverable amount of the subsidiary and where a deficiency exists, an impairment charge is considered by management The recoverable amount has been calculated using the fair value less cost to sell methodology Fair value less cost to sell has been calculated based on discounted cash flow projections of the business

Taxation
Provisions for tax contingencies require management to make judgements and estimates in relation to tax issues and exposures Amounts provided are based on management's interpretation of country specific tax law and the likelihood of settlement Tax benefits are not recognised unless the tax positions are probable of being sustained In arriving at this position, management reviews each material tax benefit to assess whether a provision should be taken against full recognition of the benefit on the basis of potential settlement through negotiation and/or litigation All such provisions are included in current tax liabilities

Notes to the financial statements for the year ended 31 December 2010

1 Operating costs

Directors' remuneration
None of the directors who held office during the year received any emoluments from the Company

No directors (2009 none) exercised any share options during the year and no shares (2009 none) were received or became receivable under long term incentive plans

Employee information
The Company has no employees (2009 nil)

Auditors remuneration
Audit fees for the current and preceding financial years were borne by BAA Airports Limited

2 Operating costs - exceptional

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Impairment of investment	-	840,000

The exceptional item in the year ended 31 December 2009 related to an impairment charge of £840 million resulting from the directors' review of the carrying value of the investments in subsidiaries

3 Net interest payable and other similar charges

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Interest receivable and similar income		
Interest receivable from group undertakings	**73,451**	106,792
Interest payable and similar charges		
Interest payable on bank borrowings	**(71,022)**	(74,284)
Interest payable on loans from group undertakings[1]	**(53,814)**	(939,600)
	(124,836)	(1,013,884)
Net interest payable and other similar charges	**(51,385)**	(907,092)

[1] For the year ended 31 December 2009, the Company waived the accrued interest payable by ADI Finance 2 Limited on the downstream loan for the period between the date the downstream loan was made in June 2006 and 31 March 2009 which resulted in a loss of £837 8 million

ADI Finance 1 Limited

Notes to the financial statements for the year ended 31 December 2010 *continued*

4 Tax on loss on ordinary activities

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Current tax		
Group relief payable/(receivable)	680	(1,251)
Adjustment in respect of prior periods	1,277	3,915
Tax charge on loss on ordinary activities	**1,957**	2,664

Reconciliation of tax charge

The standard rate of current tax for the year, based on the UK standard rate of corporation tax, is 28% (2009 28%) The actual tax charge for the current and prior years differs from the standard rate for the reasons set out in the following reconciliation

	Year ended 31 December 2010 £'000	Year ended 31 December 2009 £'000
Loss on ordinary activities before tax	**(51,385)**	(1,747,092)
Tax on loss on ordinary activities at 28% (2009 28%)	**(14,388)**	(489,186)
Effect of		
Impairment charge non deductible	-	235,200
Interest paid/waiver non-deductible	**15,068**	234,585
Permanent differences	-	18,150
Adjustment to tax charge in respect of prior periods	1,277	3,915
Current tax charge for the year	**1,957**	2,664

The standard rate of corporation tax in the UK will change to 27% with effect from 1 April 2011 Other than this change there are no items which would materially affect the future tax charge

5 Investment in subsidiary

	£'000
Cost	
1 January 2010	4,919,332
Additions	210,000
31 December 2010	**5,129,332**
Impairment	
1 January 2010 and 31 December 2010	(840,000)
Net book value 31 December 2010	**4,289,332**
Net book value 31 December 2009	4,079,332

Subsidiary	Nature of Business	% of share capital held	Class of share
ADI Finance 2 Limited	Holding Company	100	Ordinary shares of 10p each

On 28 January 2010, the Company increased its investment in ADI Finance 2 Limited by the purchase of 2,100,000,000 ordinary shares of 10p each The investment is wholly in the share capital in ADI Finance 2 Limited, a company incorporated in England and Wales ADI Finance 2 Limited is involved in the financing activities of its ultimate parent entity in the UK, FGP Topco Limited and in the acquisition and ongoing operations of BAA Airports Limited

In the opinion of the directors, the aggregate value of the shares in the subsidiary undertaking is not less than the aggregate of the amount at which they are stated in the Company's balance sheet

ADI Finance 1 Limited

Notes to the financial statements for the year ended 31 December 2010 *continued*

6 Debtors

	31 December 2010 £'000	31 December 2009 £'000
Due within one year		
Interest receivable on amounts due from group undertakings	**35,934**	55,983
Group relief receivable	**-**	1,251
	35,934	57,234
Due after more than one year		
Amounts due from group undertakings - interest bearing[1]	**943,500**	850,000
Amounts due from group undertakings - interest free[2]	**121,911**	119,201
	1,065,411	969,201
Total debtors	**1,101,345**	1,026,435

[1] Amounts due from group undertakings – interest bearing are receivable from the company's wholly owned subsidiary, ADI Finance 2 Limited The loan has a final maturity date of June 2016 and bears a floating interest rate based on the Toggle facility all in rate plus a margin of 0 125% The Toggle facility is an unsecured bank loan which attracts a floating interest rate based on a 6 month LIBOR plus 6 8875% margin

[2] Amounts due from group undertakings - interest free comprises an interest free balance of £122 million advanced to the Company's parent FGP Topco Limited relating to group tax relief and other inter-company recharges

7 Creditors amounts falling due within one year

	31 December 2010 £'000	31 December 2009 £'000
Interest payable on bank borrowings	**34,544**	32,687
Group relief payable	**680**	-
	35,224	32,687

8 Creditors amounts falling due after more than one year

	31 December 2010 £'000	31 December 2009 £'000
Amounts due to group undertakings - interest bearing[1]	**4,527,976**	4,527,976
Amounts due to group undertakings - interest free[2]	**92,972**	90,236
Interest payable on amounts due to group undertakings	**853,703**	799,888
Bank loan - Toggle facility[3]	**904,576**	835,412
	6,379,227	6,253,512

[1] Amounts due to group undertakings - interest bearing comprises amounts payable to the Company's parent FGP Topco Limited balance of £4 528 million which carries interest at a floating rate based on 3 month LIBOR plus 0 5% margin with a final maturity date of June 2016

[2] Amounts due to group undertakings - interest free comprises amounts payable to the Company's subsidiary ADI Finance 2 Limited and relates to group tax relief and other inter-company recharges

[3] The Toggle facility attracts a floating interest rate based on 6 month LIBOR plus 6 8875% margin This facility is a perpetual debt and is carried at amortised cost

9 Share capital

Authorised	**£**
1 January 2010	
2,950,000,100 ordinary shares of 10p each	295,000,010
Increase of 2,100,000,000 authorised ordinary shares of 10p each	210,000,000
31 December 2010	
5,050,000,100 ordinary shares of 10p each	**505,000,010**

Allotted, called up and fully paid	**£**
1 January 2010	
2,950,000,004 ordinary shares of 10p each	295,000,000
Issue of 2,100,000,000 ordinary shares of 10p each	210,000,000
31 December 2010	
5,000,000,004 ordinary shares of 10p each	**505,000,000**

On 28 January 2010, the authorised and allotted share capital of the Company was increased by £210,000,000 with the issue of 2,100,000,000 ordinary shares at 10p each

Notes to the financial statements for the year ended 31 December 2010 *continued*

10 Reserves

	Share premium reserve £'000	Profit and loss reserve £'000	Total £'000
1 January 2010	364,485	(1,839,917)	(1,475,432)
Loss for the financial year	-	(53,342)	(53,342)
31 December 2010	**364,485**	**(1,893,259)**	**(1,528,774)**

11 Ultimate parent undertaking

The ultimate parent entity in the UK is FGP Topco Limited, which is the parent undertaking of the largest group in the UK to consolidate these financial statements The shareholders of FGP Topco Limited are Finecofer S L (55 9%), Britannia Airport Partners L P (26 5%) (a Caisse de dépôt et placement du Quebec-controlled vehicle) and Baker Street Investment Pte Ltd (17 6%) (an investment vehicle of the government of Singapore Investment Corporation) The ultimate parent entity of the majority shareholder is Ferrovial S A (Spain)

The Company's results are included in the audited consolidated financial statements of FGP Topco Limited for the year ended 31 December 2010

Copies of the financial statements of FGP Topco Limited may be obtained by writing to the Company Secretarial Department at The Compass Centre, Nelson Road, Hounslow, Middlesex, TW6 2GW

12 Post balance sheet events

There were no significant events post reporting date