InfraCo Limited

Company Registration No: 05196897

Directors' report and financial statements

For the year ended 31 December 2010

INFRACO LIMITED

COMPANY INFORMATION

Directors	Peter Bird Valentine Chitalu Keith Palmer Richard Parry Roger Mark Witcomb
Company secretary	Jordan Company Secretaries Limited
Company number	05196897
Registered office	St. Nicholas House St. Nicholas Road Sutton Surrey SM1 1EL
Auditors	Mazars LLP Chartered Accountants & Statutory Auditors Times House Throwley Way Sutton Surrey SM1 4JQ

INFRACO LIMITED

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DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2010

The directors present their report and the financial statements for the year ended 31 December 2010.

Principal activities

The principal activity of the company is that of infrastructure project development.

The company takes on high transaction risks associated with early stages of the project cycle with the aim of selling its interests to private investors once the development process has been completed.

Directors

The directors who served during the year were:

Peter Bird
Valentine Chitalu
Keith Palmer
Richard Parry
Roger Mark Witcomb

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 elected to prepare 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 estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Provision of information to auditors

Each of the persons who are directors at the time when this directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Mazars LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

Keith Palmer

Keith Palmer
Director

Date: June 6 2011

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFRACO LIMITED

We have audited the financial statements of InfraCo Limited for the year ended 31 December 2010, 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 the Financial Reporting Standard for Smaller Entities (effective April 2008) (United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities).

Respective responsibilities of directors and auditors

As set out on page 1, 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 (APB's) Ethical Standards for Auditors. 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on the 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 result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities; and
- have been prepared in accordance with the requirements of the provisions of the Companies Act 2006 applicable to small companies.

Opinion on the other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF INFRACO LIMITED

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; or
- the directors were not entitled to prepare the financial statements and the directors' report in accordance with the small companies regime.

R. Gilbert

Richard Gilbert (Senior Statutory Auditor)

for and on behalf of Mazars LLP, Chartered Accountants and Statutory Auditors

Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date: 14 July 2011

INFRACO LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 £	2009 £
Turnover	1,2	8,995,612	1,123,178
Administrative expenses		(15,526,338)	(7,701,833)
Operating loss	3	(6,530,726)	(6,578,655)
Interest receivable and similar income	5	242,936	185,158
Interest payable and similar charges	6	(44,829)	(285,347)
Loss on ordinary activities before taxation		(6,332,619)	(6,678,844)
Tax on loss on ordinary activities	7	-	-
Loss for the financial year		(6,332,619)	(6,678,844)

The notes on pages 7 to 16 form part of these financial statements.

INFRACO LIMITED
Registered number: 05196897

BALANCE SHEET
AS AT 31 DECEMBER 2010

	Note	£	2010 £	£	2009 £
Fixed assets					
Tangible assets	8		1,853		479
Investments	9		55,877		22,386
			57,730		22,865
Current assets					
Debtors	10	6,489,416		4,878,313	
Cash at bank		2,578,249		3,460,213	
		9,067,665		8,338,526	
Creditors: amounts falling due within one year	11	(7,268,148)		(4,575,207)	
Net current assets			1,799,517		3,763,319
Total assets less current liabilities			1,857,247		3,786,184
Creditors: amounts falling due after more than one year	12		(1,472,218)		-
Net assets			385,029		3,786,184
Capital and reserves					
Called up share capital	14		27,196,285		24,264,821
Profit and loss account	15		(26,811,256)		(20,478,637)
Shareholders' funds			385,029		3,786,184

The financial statements have been prepared in accordance with the special provisions relating to companies subject to the small companies regime within Part 15 of the Companies Act 2006 and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The financial statements were approved and authorised for issue by the board and were signed on its behalf on

Keith Palmer June 6 2011

Keith Palmer
Director

The notes on pages 7 to 16 form part of these financial statements.

1. Accounting policies

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective April 2008).

The company is not required to prepare group accounts by virtue of Section 398 of the Companies Act 2006. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 Going concern

The company meets its day to day working capital through grants received and share capital issued. The directors have considered the company's cash flow requirements for the 12 months following the date of these accounts and on the basis of this the directors consider that the company will continue to have sufficient funds for the foreseeable future. The directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would result were funding to be withdrawn.

1.3 Joint development agreements

In accordance with its principal activity, the company enters into joint development agreements, in which the company takes on early stage development costs and risks of project development. The company is compensated for its costs by a number of means. Development fees and reimbursement of costs incurred are receivable should funds be available from the disposal of such ventures to third parties during or after the initial development phase, or by securing third party debt finance.

Revenues and amounts recoverable under joint development agreements are only recognised where they can be measured and assessed with reasonable certainty. By their nature the outcome of such projects and ventures is subject to a high degree of uncertainty, including the ultimate commercial viability and whether the early stage development costs will be exceeded by the future proceeds of sale or other revenues.

Where the company receives revenue in the form of shares or options or other rights to equity, these are recognised as revenue in the profit and loss account only if the value of the shares or options can be measured reliably, are readily marketable and could be disposed of without restriction at the point of receipt. Non-marketable shares and options are deemed unrealised and recognised in the statement of total recognised gains and losses only where their value can be reliably measured.

Where development costs can be linked directly to the receipt of equity, the development costs are included in the carrying value of the investment to the extent such costs are covered by the value of the equity. Otherwise, development costs are expensed in the period in which they are incurred.

1.4 Grant income

The company receives income from various entities in the form of grants to cover certain expenditure relating to its projects. Such grants are treated as deferred revenue on receipt and credited to the profit and loss account as the related expenditure is incurred. Grant receipts not yet utilised are included in creditors.

1. Accounting policies (continued)

1.5 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Computer equipment	-	25% straight line

1.6 Investments

Investments held as fixed assets are shown at cost less provision for impairment.

1.7 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax assets and liabilities are not discounted.

1.8 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction.

Exchange gains and losses are recognised in the profit and loss account.

2. Turnover

100% of the company's turnover (2009 - 100%) is attributable to geographical markets outside the United Kingdom.

3. Operating loss

The operating loss is stated after charging:

	2010 £	2009 £
Depreciation of tangible fixed assets:		
- owned by the company	343	647
Auditors' remuneration	18,000	15,500
Auditor's remuneration - non-audit	8,500	52,300
Pension costs	1,333	-

4. Directors' remuneration

	2010 £	2009 £
Aggregate emoluments	74,681	90,212

5. Interest receivable

	2010 £	2009 £
Interest receivable from group companies	242,936	142,043
Bank interest receivable	-	43,115
	242,936	185,158

6. Interest payable

	2010 £	2009 £
On other loans	44,829	285,347

7. Taxation

On the basis of the results of the company for the year, there is no charge for corporation tax.

The company has estimated losses of £19,889,786 (2009: £18,500,000) available to carry forward against future trading profits.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2010

8. Tangible fixed assets

	Computer equipment £
Cost	
At 1 January 2010	621
Additions	1,717
At 31 December 2010	2,338
Depreciation	
At 1 January 2010	142
Charge for the year	343
At 31 December 2010	485
Net book value	
At 31 December 2010	1,853
At 31 December 2009	479

9. Fixed asset investments

	Shares in subsidiary companies £	Shares in associated companies £	Loans to associates £	Total £
Cost or valuation				
At 1 January 2010	22,386	-	-	22,386
Additions	-	7,109	26,382	33,491
Transfer	(20,166)	20,166	-	-
At 31 December 2010	2,220	27,275	26,382	55,877
Impairment				
At 1 January 2010 and 31 December 2010	-	-	-	-
Net book value				
At 31 December 2010	2,220	27,275	26,382	55,877
At 31 December 2009	22,386	-	-	22,386

9. Fixed asset investments (continued)

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the company:

Name	Class of shares	
Kalangala Infrastructure Services Limited - incorporated in Uganda	Ordinary shares	100%
Chanyanya Infrastructure Company Limited - incorporated in Republic of Zambia	Ordinary shares	80%
Envalor, Limitada - incorporated Mozambique	Ordinary shares	99%
Muchinga Power Company Limited - incorporated in Republic of Zambia	Ordinary shares	50%
Cabeolica, S.A. - incorporated Cape Verde	Ordinary shares	72%
Cenpower Generation Company Limited - incorporated in Republic of Ghana	Ordinary shares	24%
Chiansi Irrigation Infrastructure Company Limited - incorporated in Republic of Zambia	Ordinary shares	100%

At 31 December 2010 InfraCo Limited owned 72% of the issued equity share capital of Cabeolica, S.A. However, the effective ownership of the company by InfraCo Limited is 29%. This is due to a dilution of ownership by the elective rights attaching to shareholder loans held by parties within Cabeolica, S.A..

The aggregate of the share capital and reserves as at 31 December 2010 or the latest available date and of the profit or loss for the year ended on that date for the subsidiary and associated undertakings were as follows:

Name	Aggregate of share capital and reserves £	Profit/(loss) £
1. Kalangala Infrastructure Services Limited	(2,682,082)	(1,138,198)
2. Chanyanya Infrastructure Company Limited	(416,952)	(1,009,402)
Envalor, Limitada - incorporated Mozambique	420	-
Muchinga Power Company Limited - incorporated in Republic of Zambia	14	-
3. Cabeolica, S.A. - incorporated Cape Verde	(96,986)	(32,389)
4. Cenpower Generation Company Limited - incorporated in Republic of Ghana	31,878	(3,193)
Chiansi Irrigation Infrastructure Company Limited - incorporated in Republic of Zambia	677	-

1. Information provided via draft 31 December 2010 financial statements
2. Information provided via unaudited 31 December 2010 management information
3. Information provided via unaudited 31 December 2010 management information
4. Information provided via audited 30 April 2009 financial statements

9. Fixed asset investments (continued)

During the year there was a disposal of a subsidiary undertaking, Infraco Asia Development Pte Limited. No proceeds were received for this transaction the shares for which had previously been carried at a £nil net book value. All assets and liabilities relating to the subsidiary undertaking were assigned to the parent entity, the Private Infrastructure Development Group Trust. The resultant intra-group debtor amounting to £3,569 was written off upon assignment.

Development costs incurred to date not reimbursed

The table below shows projects under development where a Joint Development Agreement or similar agreement exists, along with the expenditure incurred by InfraCo Limited to 31 December 2010 that has not been reimbursed (excluding internal staff time on the projects). The directors believe that these development costs will be recovered once the development is complete. The totals below are stated in £'000.

	Country	Sector	Source	Amount
Projects in late stage development				
Chiansi / Chanyanya	Zambia	Agriculture		1,865
Kalangala	Uganda	Integrated		}4,171
KIS Renewables	Uganda	Power	Renewable	}
Kpone	Ghana	Power		244
Other projects in development				
Nairobi Commuter Rail	Kenya	Transport		425
Muchinga Power	Zambia	Power	Renewable	168
Lake Albert	Uganda	Integrated		254
Envalor	Mozambique	Energy	Renewable	326
Envalor Emerging Farmers	Mozambique	Agriculture		-
Total development costs to date not reimbursed				**7,453**

10. Debtors

	2010 £	2009 £
Trade debtors	27,077	121,020
Amounts owed by group undertakings	5,565,452	4,555,860
Prepayments	4,550	1,275
Other debtors	892,337	200,158
	6,489,416	4,878,313

11. Creditors:
Amounts falling due within one year

	2010 £	2009 £
Trade creditors	893,262	1,044,590
Grants not yet utilised	1,098,113	1,278,784
Amounts owed to parent entity	-	1,482,182
Social security and other taxes	4,800	28,773
Consideration for share capital not yet issued	3,564,942	-
Other creditors	1,707,031	740,878
	7,268,148	4,575,207

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

	2010 £	2009 £
Amounts owed to parent entity	1,472,218	-

13. Reconciliation of movement in grants during the period

	2010 £	2009 £
At 1 January 2010	1,278,784	1,546,768
Received during the year	373,596	1,259,820
Repaid during the year	-	(544,495)
Released to profit and loss account	(450,134)	(768,198)
Movement on foreign exchange	(104,133)	(215,111)
At 31 December 2010	1,098,113	1,278,784

14. Share capital

	2010 £	2009 £
Allotted, called up and fully paid		
27,196,285 (2009 - 24,264,821) Ordinary shares shares of £1 each	27,196,285	24,264,821

15. Reserves

	Profit and loss account £
At 1 January 2010	(20,478,637)
Loss for the year	(6,332,619)
At 31 December 2010	(26,811,256)

16. Contingent liabilities

As a result of the company's budgeting activities, a loan note of $400,000 due from Chanyanya Infrastructure Company Limited, was transferred to eleQtra (InfraCo) Limited (formerly InfraCo Management Services Limited) during the year ended 31 December 2009. In return for this InfraCo Limited undertook to settle this loan note if it is not paid after certain contracted conditions are met. No provision has been made as it is considered a remote possibility that they will arise.

17. Pension commitments

The company operates a defined contributions pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £1,333 (2009 - £nil). Contributions totalling £nil (2009 - £nil) were payable to the fund at the balance sheet date.

18. Related party transactions

Kalangala Infrastructure Services Limited is a wholly-owned subsidiary company set up as a vehicle for a specific development project and is held with a view to eventual resale. During the year the company made additional working capital advances amounting to £886,847 (2009 - £458,611) to the subsidiary. At the year end the total balance due from Kalangala Infrastructure Services Limited amounted to £2,588,376 (2009 - £1,701,529) against which, and due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised. Interest is receivable by InfraCo Limted at a rate of 10% per annum on these balances and amounted to £165,144 in the year (2009 - £118,863).

In addition and during the year, the company provided Kalangala Infrastructure Services Limited a draw down facility of up to $5,000,000, to be used for the construction of fixed assets specifically relating to the project, of which £1,472,218 ($2,225,806) (2009 - £nil) had been drawn and was outstanding at the year end. These amounts have been provided for in full until such time as the outcome of the project can be reliably ascertained. Interest is receivable by InfraCo Limited at a rate of 3.5% per annum and amounted to £44,829 in the year (2009 - £nil), all of which remainded outstanding at the year end and has been provided for in full. The terms of repayment of these monies mirror those described below relating to a draw down facility provided by the parent entity.

Chanyanya Infrastructure Company Limited was a wholly-owned subsidiary company set up as a vehicle for a specific development project and is held with a view to eventual resale, the shareholding in which changed to 80% during 2010. During the year, InfraCo Limited made additional working capital advances amounting to £64,979 (2009 - £402,975) to the subsidiary. At the year end the total balance due from Chanyanya Infrastructure Company Limited amounted to £467,954 (£402,975) against which, and due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised. Interest is receivable by InfraCo Limted at a rate of 5% per annum and amounted to £19,928 in the year (2009 - £23,207).

Cabeolica SA is subsidiary company set up as a vehicle for a specific development project and is held with a view to eventual resale. During the year, InfraCo Limited entered into a Development and Investment Agreement relating to the project, which allowed for development expenditure previously incurred by InfraCo Limited amounting to €5,900,000 (£4,908,078) to be assigned to the subsidiary. This has been recognised as turnover and as amounts receivable by InfraCo Limited. Amounts of €2,711,956 (£2,224,833) have been received in the year against this balance leaving, after a further working capital loan amounting to €450,000 (£400,000), amounts due at the year end amounting to €3,638,044 (£3,083,245). These amounts are non-interest bearing and are repayable according to set milestones relating to stages of completion of the underlying project.

Cenpower Limited, a company incorporated in the Republic of Ghana, became a subsidiary undertaking as a result of the issue of new shares by that company. Cenpower Limited was set up as a vehicle for a specific development project and is held with a view to eventual resale. During the year, InfraCo Limited entered into a Purchase and Sale Agreement relating to the project, which allowed for development expenditure previously incurred by InfraCo Limited (and against which share options have previously been granted on a 1$ for 1$ basis) amounting to $5,464,957 (£3,602,714) to be assigned to the subsidiary in return for the exercise of the options and subsequent conversion into shareholder loans. This has been recognised as turnover and as amounts receivable by InfraCo Limited. Amounts of $2,646,108 (£1,736,258) have been received in the year against this balance leaving amounts due at the year end amounting to $2,818,849 (£1,866,456) against which, and due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised. These amounts are non-interest bearing and are repayable according to set milestones relating to stages of completion of the underlying project.

Additionally and during 2010, InfraCo Limited provided interest and non-interest bearing loans to Cenpower Limited. Amounts of $165,000 (£106,931) under a non-interest bearing loan were receivable at the year end and which is repayable on the financial close of the underlying project. Amounts of $247,500 (£160,396) under an interest bearing loan at a rate of LIBOR plus 12%, the interest on which of $20,210 (£13,035) had been accrued in the year, existed at the year end and which is repayable on the

18. Related party transactions (continued)

financial close of the underlying project. Furthermore, amounts of $240,000 (£154,699) were receivable at the year end under a cash call agreement, which is repayable on demand. The directors antipate financial close occurring in 2012, although due to the inherent uncertainty surrounding the outcome of the project, a full provision has been recognised in respect of all these amounts.

During the year, the company has been provided with a draw down facility of up to $4,700,000 by the parent entity. The facility is to be used for the construction of fixed assets specifically relating to the project contained within Kalangala Infrastructure Services Limited (see above),of which £1,472,218 ($2,225,806) (2009 - £nil) had been drawn and was outstanding at the year end. Interest is payable by InfraCo Limited at a rate of 3.5% per annum and amounted to £44,829 in the year (2009 - £nil), all of which remainded outstanding at the year end. Amounts under this facility are to be repaid at the earlier of 18 months following the first drawdown date or the commencement of the commercial operation of the assets under construction.

Included within current liabilities are amounts of £851,593 (2009 - £nil) payable to Africa Agricultural Development Company Limited, a company registered in England and Wales, the issued equity share capital of which is owned entirely by Keith Palmer. No interest is due on these amounts, which are repayable on demand.

Included within turnover is £125,421 (2009 - £452,066) of grant income received from the parent entity. £1,087,446 (2009 - £1,071,516) of grants not yet utilised within creditors relates to grants from the parent entity. These funds will be utilised on projects as agreed in the terms of those grants, within time periods specified in grant documents.

19. Ultimate parent undertaking and controlling party

The company's immediate and ultimate controlling entity is the Private Infrastructure Development Group Trust. The Private Infrastructure Development Group Trust does not prepare consolidated accounts.