

**InfraCo Africa Limited
(formerly InfraCo
Limited)**

Company Registration No: 05196897

**Directors' report and
financial statements**

For the year ended 31 December 2012

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

COMPANY INFORMATION

| | |
|--------------------------|---|
| Directors | Valentine Chitalu Keith Palmer Stephen West Katharine Painter Peter Barlow |
| 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 Auditor Times House Throwley Way Sutton Surrey SM1 4JQ |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

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INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

The directors present their report and the financial statements for the year ended 31 December 2012.

Principal activities and change of name

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.

On 30 April 2013 the company changed its name from InfraCo Limited to InfraCo Africa Limited.

Directors

The directors who served during the year were:

Peter Bird (resigned 11 October 2012)
Valentine Chitalu
Keith Palmer
Richard Parry (resigned 17 September 2012)
Stephen West (appointed 1 January 2012)
Katharine Painter (appointed 1 January 2012)
Peter Barlow (appointed 1 January 2012)

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 approval 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 have received assurances regarding future grants and share capital issued which the directors feel is sufficient for the financial statements to be prepared on the going concern basis. During 2012, the Company has received significant funding assurances from its Donors, through the Private Infrastructure Development Group Trust further supporting the activities of InfraCo Africa Limited. This includes undertakings to provide funding of £70m over the next few years. The financial statements do not include any adjustments that would result were funding to be withdrawn.

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.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2012

Auditors

The auditors for the year were Mazars LLP.

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.



Director K PALMER

Date: 26/9/13

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

DIRECTORS' RESPONSIBILITIES STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2012

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 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;
- 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

We have audited the financial statements of InfraCo Africa Limited (formerly InfraCo Limited) for the year ended 31 December 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 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 explained more fully in the Directors' Responsibilities Statement set out on page 3, 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

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 2012 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 Companies Act 2006.

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.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF INFRACO AFRICA LIMITED (FORMERLY 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.

Jonathan Seaman (Senior Statutory Auditor)

for and on behalf of Mazars LLP

Chartered Accountants and Statutory Auditor

Times House
Throwley Way
Sutton
Surrey
SM1 4JQ

Date:

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

| | Note | 2012 £ | 2011 £ |
|--|------|-------------|--------------|
| Turnover | 1,2 | 4,635,827 | 3,996,767 |
| Administrative expenses | 4 | (6,496,934) | (13,367,269) |
| Operating loss | 3 | (1,861,107) | (9,370,502) |
| Interest receivable and similar income | 6 | 720,293 | 837,446 |
| Amounts written off investments | | (2,125,443) | - |
| Interest payable and similar charges | | (98,150) | (88,488) |
| Loss on ordinary activities before taxation | | (3,364,407) | (8,621,544) |
| Tax on loss on ordinary activities | 7 | - | - |
| Loss for the financial year | 14 | (3,364,407) | (8,621,544) |

The amounts above all relate to continuing operations.

There were no other recognised gains and losses for 2012 or 2011 and consequently no statement of recognised gains and losses has been prepared.

The notes on pages 8 to 19 form part of these financial statements.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

Registered number: 05196897

BALANCE SHEET**AS AT 31 DECEMBER 2012**

| | Note | £ | 2012 £ | £ | 2011 £ |
|---|------|--------------------|---------------------|--------------------|---------------------|
| Fixed assets | | | | | |
| Tangible assets | 8 | | 374 | | 727 |
| Investments | 9 | | 2,501,275 | | 56,335 |
| | | | <u>2,501,649</u> | | <u>57,062</u> |
| Current assets | | | | | |
| Debtors: amounts falling due after more than one year | 10 | 2,431,606 | | 2,752,849 | |
| Debtors: amounts falling due within one year | 10 | 6,511,476 | | 4,297,345 | |
| Cash at bank and in hand | | 14,480,046 | | 856,156 | |
| | | <u>23,423,128</u> | | <u>7,906,350</u> | |
| Creditors: amounts falling due within one year | 11 | <u>(3,731,259)</u> | | <u>(8,335,234)</u> | |
| Net current assets/(liabilities) | | | <u>19,691,869</u> | | <u>(428,884)</u> |
| Net assets/(liabilities) | | | <u>22,193,518</u> | | <u>(371,822)</u> |
| Capital and reserves | | | | | |
| Called up share capital | 13 | | 60,810,258 | | 34,880,511 |
| Profit and loss account | 14 | | <u>(38,616,740)</u> | | <u>(35,252,333)</u> |
| Shareholders' funds/(deficit) - equity | 15 | | <u>22,193,518</u> | | <u>(371,822)</u> |

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 by:



Director K PALMER

Date: 26/9/13

The notes on pages 8 to 19 form part of these financial statements.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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 the sale of development projects, associated success fees and through grants received and share capital issued. The directors have considered the company's cash flow requirements for the 12 months following the approval 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 have received assurances regarding future grants and share capital issued which the directors feel is sufficient for the financial statements to be prepared on the going concern basis. During 2012, the Company has received significant funding assurances from its Donors, through the Private Infrastructure Development Group Trust further supporting the activities of InfraCo Africa Limited. This includes undertakings to provide funding of £70m over the next few years. 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.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

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.

2. Turnover

The company's sales figures of £4,329,305 (2011: £2,684,895), as shown below, are 100% attributable to geographical regions outside the United Kingdom.

Turnover

| | 2012 £ | 2011 £ |
|----------------------|------------------|------------------|
| Sales - success fees | 4,329,305 | 2,684,895 |
| Grant income | 306,523 | 1,311,872 |
| Total | <u>4,635,828</u> | <u>3,996,767</u> |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

3. Operating loss

The operating loss is stated after charging:

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Depreciation of tangible fixed assets: - owned by the company | 353 | 1,126 |
| Auditors' remuneration | 28,712 | 59,765 |
| Pension costs | 1,598 | 5,660 |
| Research and development expenditure written off | 408,534 | 460,279 |

4. Administrative expenses

| | 2012 £ | 2011 £ |
|---|-------------|------------|
| Contracted fees - developer services | 8,552,355 | 7,970,646 |
| Provision against loans to subsidiaries and associated undertakings | (3,862,540) | 3,743,583 |
| Other administrative expenses | 820,068 | 1,192,769 |
| Foreign exchange | 578,517 | 8 |
| Other development spend | 408,534 | 460,279 |
| | 6,496,934 | 13,367,269 |

The provision against loans to subsidiaries and associated undertakings is negative due to the write back of a provision of £7,766,310 in connection with loans made to Kalangala Infrastructure Services Limited. Part of the loan was converted to equity. A provision of £2,099,251 has been made against the investment and this is included within the total of £2,125,443 for 'Amounts written off investments' as shown on the statutory profit and loss account

5. Directors' remuneration

| | 2012 £ | 2011 £ |
|----------------------|-----------|-----------|
| Aggregate emoluments | 137,099 | 60,737 |

6. Interest receivable and similar income

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Interest receivable from subsidiary and associated undertakings | 720,293 | 837,174 |
| Bank interest receivable | - | 272 |
| | 720,293 | 837,446 |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

7. Taxation

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| UK corporation tax charge on loss for the year | - | - |

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 £27,900,000 (2011: £24,444,236) available to carry forward against future trading profits. A deferred tax asset has not been provided as there is no certainty to its recoverability.

8. Tangible fixed assets

| | Computer equipment £ |
|--|----------------------------|
| Cost | |
| At 1 January 2012 and 31 December 2012 | 2,338 |
| Depreciation | |
| At 1 January 2012 | 1,611 |
| Charge for the year | 353 |
| At 31 December 2012 | 1,964 |
| Net book value | |
| At 31 December 2012 | 374 |
| At 31 December 2011 | 727 |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. Fixed asset investments

| | Shares in subsidiary companies £ | Shares in associated companies £ | Loans to associates £ | Total £ |
|------------------------------|---|---|-----------------------------|------------|
| Cost or valuation | | | | |
| At 1 January 2012 | 2,678 | 27,275 | 26,382 | 56,335 |
| Additions | 4,571,851 | - | - | 4,571,851 |
| Foreign exchange movement | - | - | (1,468) | (1,468) |
| Amounts written off | - | - | (24,914) | (24,914) |
| At 31 December 2012 | 4,574,529 | 27,275 | - | 4,601,804 |
| Impairment | | | | |
| At 1 January 2012 | - | - | - | - |
| Charge for the year | 2,100,529 | - | - | 2,100,529 |
| At 31 December 2012 | 2,100,529 | - | - | 2,100,529 |
| Net book value | | | | |
| At 31 December 2012 | 2,474,000 | 27,275 | - | 2,501,275 |
| At 31 December 2011 | 2,678 | 27,275 | 26,382 | 56,335 |

The addition in the year relates to the conversion of a loan to equity in respect of Kalangala Infrastructure Services Limited.

Subsidiary and associated undertakings

The following were subsidiary and associated undertakings of the company:

| Name | Class of shares | Holding |
|--|--------------------------------|---------|
| Kalangala Infrastructure Services Limited - incorporated in Uganda | Ordinary and preference shares | 54.3% |
| Chanyanya Infrastructure Company Limited - incorporated in Republic of Zambia | Ordinary shares | 80% |
| Chiansi Irrigation Infrastructure Company Limited - incorporated in Republic of Zambia | Ordinary shares | 99% |
| Envalor Limited - incorporated in Mozambique | Ordinary shares | 99% |
| Cenpower Generation Company Limited - incorporated in Republic of Ghana | Ordinary shares | 24% |
| * Cabeolica S.A. - incorporated in Cape Verde | Ordinary shares | 71% |

* InfraCo owned 71% of the issued equity share capital of Cabeolica S.A. , the effective ownership of which is 16% due to the dilution of ownership resulting from rights attached to shareholder loans held by other parties.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

9. Fixed asset investments (continued)

The aggregate of the share capital and reserves as at 31 December 2012, or the latest available date and of the profit or loss for the year ended on that date for the subsidiary undertakings were as follows:

| Name | Aggregate of share capital and reserves £ | Profit/(loss) £ |
|---|--|--------------------|
| 1 - Kalangala Infrastructure Services Limited (part operational) | 6,310 | (16,663) |
| 2 - Chanyanya Infrastructure Company Limited (operational) | 1,328,724 | (239,541) |
| 3 - Chiansi Irrigation Infrastructure Company Limited (under development) | 677 | - |
| 4 - Envalor Limited (under development) | (48,432) | (46,812) |
| 5 - Cenpower Generation Company Limited (under development) | 1,691,425 | - |
| 6 - Cabeolica S.A. (operational) | 1,260,536 | 131,355 |

- 1 - Draft financial statements 31 December 2012
- 2 - Management accounts 31 December 2012
- 3 - Management accounts 31 December 2012
- 4 - Unaudited management information 31 December 2012
- 5 - Draft financial statements 31 December 2012
- 6 - Draft financial statements 31 December 2012

Third party Development costs incurred in 2012 not reimbursed

The table below shows projects under development with expenditure incurred by InfraCo Africa Limited in 2012 (excluding the cost of internal staff time).

| | 2012 £'000 |
|--|---------------|
| Chiansi / Chanyanya - Zambia - Agriculture | 449 |
| Kalangala - Uganda - Integrated | 630 |
| Cenpower - Ghana - Power | 365 |
| Cabeolica (Cape Verde) | 7 |
| Envalor Biofuel (Mozambique) | 127 |
| Leona Wind (Senegal) | 309 |
| Muchinga Power (Zambia) | 24 |
| Ghana Wind (Ghana) | 16 |
| Envalor Emerging Farmers (Mozambique) | 263 |
| Monrovia Water (Liberia) | 3 |
| Nairobi Commuter Rail (Kenya) | 322 |
| Volta Lake Transport (Ghana) | 6 |
| Beyla, inc. Simandou (Guinea) | 75 |
| Lake Albert (Uganda) | 11 |
| Business development | 303 |
| Total | 2,910 |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

10. Debtors

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| Due after more than one year | | |
| Amounts owed by subsidiary and associated undertakings | 2,431,606 | 2,752,849 |
| | <u>2,431,606</u> | <u>2,752,849</u> |
| Due within one year | | |
| Trade debtors | 146,898 | - |
| Amounts owed by subsidiary and associated undertakings | 418,243 | 99,205 |
| Prepayments & accrued income | 622,917 | 2,615,566 |
| Other debtors | 5,323,418 | 1,582,574 |
| | <u>6,511,476</u> | <u>4,297,345</u> |

11. Creditors:

Amounts falling due within one year

| | 2012 £ | 2011 £ |
|------------------------------------|------------------|------------------|
| Trade creditors | 119,135 | 2,931,855 |
| Grants not yet utilised | 1,232,042 | 1,262,476 |
| Amounts owed to group undertakings | - | 2,936,214 |
| Social security and other taxes | 8,654 | 2,080 |
| Accruals | 1,789,592 | 1,202,609 |
| Other creditors | 581,836 | - |
| | <u>3,731,259</u> | <u>8,335,234</u> |

12. Reconciliation of movement in grants during the year

| | 2012 £ | 2011 £ |
|--|------------------|------------------|
| At 1 January 2012 | 1,262,476 | 1,949,706 |
| Received during the year | 1,018,882 | 624,642 |
| Released to profit and loss account | (282,039) | (1,311,872) |
| Foreign exchange translation | (185,441) | - |
| Grants repaid after the year end - classified as other creditors | (581,836) | - |
| | <u>1,232,042</u> | <u>1,262,476</u> |
| At 31 December 2012 | 1,232,042 | 1,262,476 |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

13. Share capital

| | 2012 £ | 2011 £ |
|---|------------|------------|
| Allotted, called up and fully paid | | |
| 60,810,258 (2011 - 34,880,511) Ordinary shares of £1 each | 60,810,258 | 34,880,511 |

During the year 25,929,747 Ordinary £1 shares were issued at par.

14. Reserves

| | Profit and loss account £ |
|---------------------|---------------------------------|
| At 1 January 2011 | (35,252,333) |
| Loss for the year | (3,364,407) |
| At 31 December 2012 | (38,616,740) |

15. Reconciliation of movement in shareholders' funds

| | 2012 £ | 2011 £ |
|---------------------------------------|-------------|-------------|
| Opening shareholders' (deficit)/funds | (371,822) | 565,496 |
| Loss for the year | (3,364,407) | (8,621,544) |
| Shares issued during the year | 25,929,747 | 7,684,226 |
| Closing shareholders' funds/(deficit) | 22,193,518 | (371,822) |

16. Contingent liabilities

When Chanyanya was established in 2009 it was agreed that a loan note of \$400,000 due from Chanyanya Infrastructure Company would be transferred to eleQtra (InfraCo) Ltd. In return InfraCo Africa Ltd 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 £1,598 (2011 - £5,660). Contributions totalling £nil (2011 - £nil) were payable to the fund at the balance sheet date.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

18. Related party transactions

Kalangala Infrastructure Services Limited, ("KIS"), is a project that reached financial close in December 2012. The project development was funded via a Shareholder Loan.

During 2011 KIS were provided by the Company with a facility of up to \$5,000,000 to be used for the construction of a ferry, the KIS Ferry Loan.

During 2011 the company was provided with a facility of up to \$4,700,000 by The Private Infrastructure Development Group Trust, its parent entity. This facility was to be used to fund the KIS Ferry Loan.

A summary of the associated KIS loans is shown in the table below.

KIS Shareholder Loan

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Year end balance | - | 4,429,057 |
| Associated provision | - | 4,429,057 |
| Interest receivable at 3.5% per annum included in year-end balance | - | 256,655 |

All interest payments receivable and payable associated with these loans was waived during the year.

KIS Ferry Loan

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Year end balance | - | 2,936,214 |
| Associated provision | - | 2,936,214 |
| Interest receivable at 3.5% per annum included in year-end balance | - | 88,443 |

All interest payments receivable and payable associated with these loans was waived during the year.

InfraCo Africa Ferry Loan

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Year end balance | - | 2,936,214 |
| Interest payable at 3.5% per annum included in year-end balance | - | 88,443 |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

All interest payments receivable and payable associated with these loans was waived during the year.

Due to the inherent uncertainty surrounding the project at the time the loans were made they were provided for in full. At financial close the Shareholder Loan was converted into equity in KIS, the provisions associated with them have been written back to the profit and loss reserve and are now included within Investments.

In 2012 the Private Infrastructure and Development Group Trust cancelled its Ferry Loan to InfraCo Africa Limited. By agreement InfraCo Africa cancelled its Ferry Loan to KIS.

The table below shows other companies owned/partly owned by InfraCo Africa Limited to which loans have been made. Due to the inherent uncertainty surrounding the outcome of these projects, a full provision has been recognised.

Chanyanya Infrastructure Company Limited - 80% ownership

| | 2012 £ | 2011 £ |
|---|-----------|-----------|
| Balance at beginning of year before provision | 730,927 | 467,954 |
| Advances during the year | 68,541 | 262,983 |
| Interest at 5% | 34,822 | 30,025 |
| Adjustment for foreign exchange translation | (32,703) | (30,035) |
| Provision in the year | 70,662 | 262,892 |
| Year end loan balance | 801,587 | 730,297 |
| Year end provision | 801,587 | 730,297 |

Cenpower Limited - 24 % owned

| | 2012 £ | 2011 £ |
|--|-----------|-----------|
| Non-interest bearing loan opening balance | 417,314 | 106,931 |
| Interest bearing loan opening balance | 193,861 | 193,861 |
| Cash call | 301,210 | 163,614 |
| Further interest free loan issued in the year | - | 146,769 |
| Year end loan balance | 888,387 | 611,175 |
| Interest during the year at LIBOR +12% included in closing balance | 20,027 | 19,969 |
| Provision made during the year | 277,212 | 176,116 |
| Year end provision | 888,387 | 611,175 |

Envalor Limited

Envalor Limited is a 99% owned subsidiary company.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

| Envalor Limited | 2012 | 2011 |
|---|-------------|-------------|
| | £ | £ |
| Non-interest bearing loan opening balance | 10,224 | - |
| Payments/expenses added to loan in the year | 63,621 | 10,224 |
| Foreign exchange adjustment | (5,236) | - |
| Year end loan balance | 68,609 | 10,224 |
| Provision made during the year | 68,609 | - |
| Year end provision | 68,609 | - |

| Africa Agricultural Development Company Limited | 2012 | 2011 |
|---|-------------|-------------|
| | £ | £ |
| Non-interest bearing loan | 2,524,637 | - |
| Year end provision | 2,524,637 | - |
| Trading balance at year end | - | 82,398 |
| Grant issued to Africa Agricultural Development Company Limited | - | 851,953 |

Africa Agricultural Development Company Limited, a company registered in England and Wales, is related through a director's interest.

Cabeolica

Cabeolica S.A. is an associated company. During 2011, the Company was entitled to recognise development expenditure previously incurred as income in its profit and loss account of £1,855,999.

| | 2012 | 2011 |
|---|-------------|-------------|
| | £ | £ |
| Opening balance | 2,752,849 | 3,083,245 |
| Interest accrued during the year at 12% | 159,158 | 443,706 |
| Received in the year | - | (2,525,707) |
| Recognised as income in the year | - | 1,855,999 |
| Adjustment for foreign exchange | (76,745) | (104,394) |
| Closing balance | 2,835,202 | 2,752,849 |

Included within turnover is £159,624 (2011 - £294,478) of grant income received from the parent entity. £919,360 (2011 - £948,045) 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.

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2012

19. Post balance sheet events

On 10th May 2013, the Company entered into a new service provision agreement with eleQtra (InfraCo) Ltd for the provision of development services over the next 8 years. The Company has committed to provide £37m of funding, back dated to 1 April 2012, to enable eleQtra (InfraCo) Limited to fulfil this service.

20. 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.

**InfraCo Africa Limited
(formerly InfraCo
Limited)**

Management information

For the year ended 31 December 2012

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 £ | 2011 £ |
|-------------------------|--------------------|--------------------|
| Turnover | 4,635,827 | 3,996,767 |
| Less: Overheads | | |
| Administration expenses | (6,496,934) | (13,367,269) |
| | <hr/> | <hr/> |
| Operating loss | (1,861,107) | (9,370,502) |
| Interest receivable | 720,293 | 837,446 |
| Interest payable | (98,150) | (88,488) |
| Investment expenses | (2,125,443) | - |
| | <hr/> | <hr/> |
| Loss for the year | <u>(3,364,407)</u> | <u>(8,621,544)</u> |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 £ | 2011 £ |
|--|------------------|-------------------|
| Turnover | | |
| Sales - success fees | 4,329,305 | 2,684,895 |
| Other income | 306,522 | 1,311,872 |
| | <u>4,635,827</u> | <u>3,996,767</u> |
| | | |
| | 2012 £ | 2011 £ |
| Administration expenses | | |
| Directors national insurance | 4,173 | 7,708 |
| Directors salaries | 137,099 | 63,640 |
| Directors private health insurance | - | 83 |
| Staff salaries | 49,991 | 51,968 |
| Staff national insurance | 10,193 | - |
| Staff pension costs - money purchase schemes | 1,598 | 5,660 |
| Staff training and recruitment | 111,806 | 5,700 |
| Staff welfare | - | 758 |
| Hotels, travel and subsistence | 52,056 | 50,425 |
| Research and development | 408,534 | 460,279 |
| Consultancy | 41,466 | 18,200 |
| Printing and stationery | 2,287 | 2,613 |
| Telephone and fax | 3,740 | 3,379 |
| Trade subscriptions | - | 31 |
| Legal and professional | 301,602 | 97,209 |
| Auditors' remuneration | 55,465 | 28,712 |
| Accountancy fees | 42,330 | 64,658 |
| Bank charges | 2,404 | 2,310 |
| Difference on foreign exchange | 578,517 | (9) |
| Sundry expenses | 161 | 10,054 |
| Rent - operating leases | 28,282 | 9,096 |
| Insurances | 6,357 | 7,517 |
| Depreciation - computer equipment | 353 | 1,126 |
| Provisions against debt | (3,862,540) | 3,743,583 |
| Fixed fee | 8,552,355 | 7,970,646 |
| Norwegian grant | - | 761,923 |
| Salary recharged | (31,295) | - |
| | <u>6,496,934</u> | <u>13,367,269</u> |
| | | |
| | 2012 £ | 2011 £ |
| Interest receivable | | |
| Bank interest receivable | - | 272 |
| Group interest receivable | 720,293 | 837,174 |
| | <u>720,293</u> | <u>837,446</u> |

INFRACO AFRICA LIMITED (FORMERLY INFRACO LIMITED)

SCHEDULE TO THE DETAILED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2012

| | 2012 £ | 2011 £ |
|---------------------------------|-----------|-----------|
| Interest payable | | |
| Bank overdraft interest payable | - | 46 |
| Other loan interest payable | 98,150 | 88,442 |
| | <hr/> | <hr/> |
| | 98,150 | 88,488 |
| | <hr/> | <hr/> |
| | 2012 £ | 2011 £ |
| Investment expenses | | |
| Amounts written off investments | 2,125,443 | - |
| | <hr/> | <hr/> |
