

Infinis Capital Limited

Directors' Report and Financial Statements

Registered number 5824433

Year ended 31 March 2009

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Directors' Report

The directors (the "Directors") present their Directors' Report and Financial Statements of Infinis Capital Limited (the "Company") for the year ended 31 March 2009.

Principal activity

The principal activity of the Company is that of an intermediate holding company within the Infinis Holdings group ("the group").

Results and dividends

The results for the year ended 31 March 2009 are outlined on page 5.

During the year the Company paid a dividend of £439,533,000 (15 month period ended 31 March 2008: £nil).

Directors

The Directors who held office during the year were as follows:

Ms E J Aikman

Lord Birt

Mr M D Darragh

Mr G M Edge

Mr M J Kinski

Mr A C Lovell

Mr E Machiels

Mr P M G Nolan

Mr Q R Stewart

Mrs R C Prior

(Resigned 2 April 2008)

Mr N O Steinmeyer

(Alternate to Mr M D Darragh, Mr M J Kinski, Mr E Machiels and Mr Q R Stewart)

Appointed 10 July 2008

Political and charitable contributions

The Company made no political or charitable contributions during either financial period.

Disclosure of information to auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditors are unaware; and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG LLP are expected to be deemed to be reappointed as auditors of the Company at the end of the next period for appointing auditors in accordance with Section 487 of the Companies Act 2006.

By order of the board



E.J. Aikman
Director
30 June 2009

Statement of Directors' responsibilities in respect of the Directors' Report and the Financial Statements

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 period. Under that law they have elected to prepare the Financial Statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; 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 proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its Financial Statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

KPMG LLP

8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Independent auditors' report to the members of Infinis Capital Limited

We have audited the financial statements of Infinis Capital Limited for the year ended 31 March 2009 which comprise the Profit and Loss Account, the Balance Sheet, reconciliation of movements in shareholders' funds and the related notes. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditor's 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

The directors' responsibilities for preparing the financial statements in accordance with applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities on page 2.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

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

Basis of audit opinion

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

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

Independent auditors' report to the members of Infinis Capital Limited (continued)

Opinion

In our opinion:

- the financial statements give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of the Company's affairs as at 31 March 2009 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 June 2009

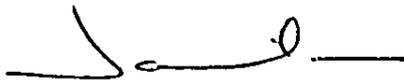
Profit and loss account
for the year ending 31 March 2009

		Year ended	15 month
		31 March	period ended
		2009	31 March
	<i>Note</i>	£'000	£'000
Dividends received		450,854	-
Administrative expenses		(5)	(488)
Operating profit/(loss)		450,849	(488)
Interest payable	4	(29,594)	(309)
Profit/(loss) on ordinary activities before taxation		421,255	(797)
Tax on profit/(loss) on ordinary activities	5	8,288	-
Profit/(loss) on ordinary activities after taxation		429,543	(797)
Profit/(loss) for the financial year/period		429,543	(797)

Balance sheet
At 31 March 2009

	<i>Note</i>	At 31 March 2009 £'000	At 31 March 2008 £'000
Investments	6	528,887	156,887
Current assets			
Debtors	7	24,110	457,055
Creditors: amounts falling due within one year	8	<u>(411,128)</u>	<u>(479,203)</u>
Net current liabilities		<u>(387,018)</u>	<u>(22,148)</u>
Total assets less current liabilities		141,869	134,739
Creditors: amounts falling due after one year	8	<u>(16,424)</u>	<u>(15,022)</u>
Net assets		<u>125,445</u>	<u>119,717</u>
Capital and reserves			
Called up share capital	9	136,405	120,687
Profit and loss account	10	<u>(10,960)</u>	<u>(970)</u>
Shareholders' funds		<u>125,445</u>	<u>119,717</u>

These Financial Statements were approved by the board of Directors on 30 June 2009 and were signed on its behalf by:



E.J. Aikman
 Director

Reconciliation of movements in shareholders' funds
for the year ended 31 March 2009

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
Profit/(loss) for the financial year/period	429,543	(797)
Equity settled share based payments	-	77
Dividend paid	(439,533)	-
Shares issued	15,718	-
Net increase/(decrease) in Shareholders' Funds	<u>5,728</u>	<u>(720)</u>
Opening Shareholders' Funds	119,717	120,437
Closing Shareholders' Funds	<u><u>125,445</u></u>	<u><u>119,717</u></u>

Notes

forming part of the Financial Statements for the year ended 31 March 2009

1 Accounting policies

The following accounting policies have been adopted in dealing with items which are considered material in relation to the Financial Statements.

Basis of preparation

The Financial Statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its group.

Under Financial Reporting Standard 1 the Company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the Company in its own published consolidated Financial Statements.

As the Company is a wholly owned subsidiary, the Company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group headed by Infinis Holdings. The consolidated financial statements of Infinis Holdings can be obtained from the address given in note 13.

Going concern

The financial statements have been prepared on the going concern basis notwithstanding net current liabilities of £387,018,000, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by Infinis Holdings, the Company's ultimate parent company. Infinis Holdings has indicated that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the Company and in particular will not seek repayment of the amounts currently made available. The Directors consider that this should enable the Company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue, although, at the date of approval of these financial statements, they have no reason to believe that it will not do so. Based on this undertaking the Directors believe that it remains appropriate to prepare the financial statements on a going concern basis.

Investments

Investments are stated at cost less provision for any impairment in value.

Classification of financial instruments issued by the Company

Following the adoption of FRS 25, financial instruments issued by the Company are treated as equity (i.e. forming part of shareholders' funds) only to the extent that they meet the following two conditions:

- they include no contractual obligations upon the Company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Company; and
- where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

Classification of financial instruments issued by the Company (continued)

Finance payments associated with financial liabilities are dealt with as part of interest payable and similar charges. Finance payments associated with financial instruments that are classified as part of shareholders' fund, are dealt with as appropriations in the reconciliation of movements in shareholders' funds.

Taxation

The charge for taxation is based on the loss for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19 "Deferred taxation".

Share based payments

The amounts recognised in the income statement for equity settled payments reflects the difference between the fair value of the shares issued and the consideration received, which is spread over the period during which employees become unconditionally entitled to the shares.

The Company operates long term incentive plans for a key executive under which the amounts receivable are dependent on the value of Infinis Limited, a fellow subsidiary within the Infinis Holdings group. These plans are treated as cash settled.

For cash settled share based payment transactions the fair value of the amount payable to the Director is recognised as an expense with a corresponding increase in liabilities. The fair value is measured at grant date and spread over the period during which the Director becomes unconditionally entitled to payment. The liability is revalued at each balance sheet date and settlement date with any changes to fair value being recognised in the profit and loss account.

Where the terms and conditions of share based payment transactions are modified before they vest, the increase in fair value, measured immediately before and after the modification is expensed to the profit and loss account over the remaining vesting period.

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

2 Remuneration of directors

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
Share based payments	-	488
	<u> </u>	<u> </u>

3 Auditors' remuneration

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
Audit of these financial statements	3	3
	<u> </u>	<u> </u>

The above fees were borne by another group company, Infinis Limited.

4 Interest payable

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
Interest payable on loan notes	2,376	309
Interest payable to group companies	26,682	-
Other interest payable	536	-
Total interest payable	<u> </u> 29,594	<u> </u> 309

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

5 Taxation

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
Analysis of credit in period:		
<i>UK corporation tax</i>		
Current tax on income/(loss) for the period	(7,696)	-
Total current tax	(7,696)	-
<i>Deferred income tax</i>		
Origination/reversal of timing differences	(592)	-
Tax credit on profit on ordinary activities	(8,288)	-

Factors affecting the tax charge for the current period

The current tax charge for the year is higher than the standard rate of corporation tax in the UK of 28% (15 month period ended 31 March 2008 30%) The differences are explained below.

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
<i>Current tax reconciliation</i>		
Profit/(loss) on Ordinary activities before tax	421,255	(797)
Current tax at 28% (15 month period ended 31 March 2008 30%)	117,951	(239)
<i>Effects of:</i>		
Expenses not deductible for tax purposes	-	146
Group losses surrendered for nil payment	-	93
Non taxable income	(126,239)	-
Other timing differences	592	-
Total current tax credit (see above)	(7,696)	-

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

5 Taxation (continued)

	Taxation including deferred taxation £'000
Provision for liabilities and charges	
At beginning of year	-
Charge/(credit) to the profit and loss for the year	(592)
At end of year	(592)
	2009 £'000
The elements of deferred taxation are as follows:	
Difference between accumulated depreciation, amortisation and capital allowances	-
Other timing differences	(592)
Tax losses	-
Undiscounted provision	(592)
Discount	-
Discounted provision	(592)
Deferred tax asset	(592)
Deferred tax liability	-
	(592)

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

6 Investments

	£'000
Investments at 31 March 2008	156,887
Additions	372,000
Investments at 31 March 2009	528,887

The companies in which the Company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal Activity	Class and percentage of shares held
Infinis Investments Limited	England and Wales	Intermediate Holding Company	A Ordinary, 100% B Ordinary, 100% Preference, 100%
Infinis Energy Holdings Limited	England and Wales	Holding Company	Ordinary, 99.2%

On 10 May 2007, the Company purchased all of the B Ordinary Shares of £0.01 each in the capital of Infinis Investments Limited and the option deeds between the Company and the holders of the B Ordinary Shares in Infinis Investments Limited were terminated. The consideration for the purchase of the B Ordinary Shares was partially satisfied in cash and partially satisfied by the issue of three classes of loan notes by the Company, in the case of the C loan notes redeemable on the earliest of 10 May 2012 and an "Exit" (being various events relating to the disposal by Terra Firma Capital Partners partnerships of their interest in the Infinis group), and in the case of the A and B loan notes redeemable on the earliest of 10 May 2012, an Exit and the achievement of certain commercial objectives. The loan notes are interest bearing. The A loan notes were redeemed in February 2008.

The B loan notes were redeemed on 28 September 2008.

During the year Infinis Acquisitions transferred its shareholding in Infinis Energy Holdings Limited to the Company for book value with the consideration of £371,999,900 left outstanding as an intercompany balance.

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

7 Debtors

	At 31 March 2009 £'000	At 31 March 2008 £'000
Amounts due from related parties	23,518	457,055
Deferred tax asset (see note 5)	592	-
	24,110	457,055

8 Creditors: amounts falling due within one year

	At 31 March 2009 £'000	At 31 March 2008 £'000
Cash settled share based payments (see note 2 and 11)	661	661
Amounts owed to subsidiary undertakings	410,345	469,355
Equity settled share based payments	122	122
Loan notes (see note 6)	-	9,065
	411,128	479,203
Creditors: amounts falling due after one year		
Loan notes (see note 6)	16,424	15,022

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

9 Share capital

	At 31 March 2009		At 31 March 2008	
	Number	£	Number	£
<i>Authorised</i>				
A Ordinary shares of £0.01 each	90,000	900	90,000	900
B Ordinary shares of £0.01 each	10,000	100	10,000	100
C Ordinary shares of £0.01 each	10,000	100	10,000	100
D Ordinary shares of £0.01 each	10,000	100	10,000	100
E Ordinary shares of £0.01 each	10,000	100	10,000	100
Z Ordinary shares of £0.01 each	10,000	100	10,000	100
		1,400		1,400
B Preference shares of £1 each	15,717,476	15,717,476	-	-
A Preference shares of £1 each (previously 12% preference shares)	120,686,050	120,686,050	120,686,050	120,686,050
		136,403,526		120,686,050
	At 31 March 2009		At 31 March 2008	
	Number	£	Number	£
<i>Allotted, called up and fully paid</i>				
A Ordinary shares of £0.01 each	90,000	900	90,000	900
B Ordinary shares of £0.01 each	10,000	100	10,000	100
C Ordinary shares of £0.01 each	10,000	100	10,000	100
D Ordinary shares of £0.01 each	10,000	100	10,000	100
E Ordinary shares of £0.01 each	10,000	100	10,000	100
Z Ordinary shares of £0.01 each	10,000	100	10,000	100
		1,400		1,400
B Preference shares of £1 each	15,717,476	15,717,476	-	-
A Preference shares of £1 each (previously 12% preference shares)	120,686,050	120,686,050	120,686,050	120,686,050
		136,403,526		120,686,050
		At 31 March 2009		At 31 March 2008
		£'000		£'000
Ordinary Shares		1		1
Preference shares		136,404		120,686
Shares classified as Shareholders' funds		136,405		120,687

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

9 Share capital (continued)

By shareholder written resolutions dated 17 November 2008:

- a) All of the issued and unissued preference shares of £1 each in the capital of the Company were redesignated as A preference shares and the rights attaching to these shares were amended, and
- b) The authorised share capital of the Company was increased from £120,687,450 to £136,404,926 by the creation of 15,717,476 B preference shares of £1 each.

The company allotted 15,717,476 B preference shares of £1 each at par to Infinis Holdings on 18 November 2008.

Rights attaching to shares

A Ordinary shares

The A ordinary shares carry voting rights, are not convertible or redeemable and are entitled to an unlimited return.

B, C, D, E and Z Ordinary shares

The B, C, D, E and Z shares carry no voting rights and are neither convertible nor redeemable. They carry only a restricted and limited entitlement to a return.

A Preference shares

The A preference shares are entitled to a return of 12% per annum of the amount paid on the nominal value of the A preference share calculated from (and including) the date of issue to (and excluding) the earlier of (i) the reference date and (ii) the date on which the aggregate amount paid by the Company on that A preference share equals the sum of the nominal value of that share and 12% per annum on the amount paid on the nominal value of that A preference share from (and including) the date of issue to (and excluding) such date, compounded on each 30 June and 31 December in that period. They carry no voting rights and are neither convertible nor redeemable.

B Preference shares

The B preference shares are entitled to a return of 8% per annum of the amount paid on the nominal value of that B preference share calculated from (and including) the date of issue to (and excluding) the earlier of (i) the reference date and (ii) the date on which the aggregate amount paid by the Company on that B preference shares equals the sum of the nominal value of that share and 8% per annum on the amount paid on the nominal value of that B preference share from (and including) the date of issue to (and excluding) such date, compounded on each 30 June and 31 December in that period. They carry no voting rights and are neither convertible nor redeemable.

The dividends payable on the A and B preference shares are at the discretion of the Directors of the Company. Therefore the A and B preference shares are included within share capital.

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

10 Profit and loss account

	Year ended 31 March 2009 £'000	15 month period ended 31 March 2008 £'000
At start of year/period	(970)	(250)
Profit/(loss) for the year/period	429,543	(797)
Equity share based payment	-	77
Dividends paid	(439,533)	-
At the end of the year/period	(10,960)	(970)

11 Employee benefits

Share based payments

During 2006 0.01% of the B ordinary shares and 7.5% of the C ordinary shares were issued at a discount to a Director of the Company. The share based payment included in the Profit and Loss account of £nil (15 month period ended 31 March 2008: £77,000) is included in operating profit based on the difference between the consideration received and the fair value of the shares issued, spread over the period during which the Director becomes unconditionally entitled to the shares.

The fair value of the issue has been estimated by the Directors based on the Enterprise Value achieved for the landfill operations, which were sold to Fomento de Construcciones y Contratas, S.A ("FCC"), on 28 September 2006 for £1.4bn., and the expected Enterprise Value of the remaining Waste to Energy business (Infinis Limited) based on external valuation advice received.

The Directors have estimated the expected return term of the plan based on their current expectations as to the likelihood and timing of the sale of Infinis Limited.

Long Term incentive plans

The Company operates long term incentive plans for a certain Director under which the amounts receivable are dependant on the net exit value of the landfill and waste to energy operations of the Infinis Holdings group upon sale. These plans are treated as cash settled share based payments and the costs of the expected payments is recognised over the expected period of the plan.

The fair value of the award has been estimated by the Directors based on the Enterprise Value achieved for the landfill operations, which were sold to Fomento de Construcciones y Contratas, S.A ("FCC"), on 28 September 2006 for £1.4bn., and the expected Enterprise Value of the remaining waste to energy business (Infinis Limited) based on external valuation advice received.

The Directors have also estimated the expected return term of the plan based on their current expectations as to the likelihood and timing of the sale of Infinis Limited.

The charge included in the profit and loss account in respect of the plan is £nil (15 month period ended 31 March 2008: £411,000).

Notes

forming part of the Financial Statements for the year ended 31 March 2009 (continued)

12 Related parties

Terra Firma Investments (GP) 2 Limited, acting as a general partner of the six limited partnerships which constitute the Terra Firma Capital Partners II Fund, Terra Firma Capital Partners II L.P. – H and TFCP II Co-Investment LLP (“Terra Firma”), has the ability to exercise a controlling influence through the holding of shares in a parent company. The Directors therefore consider Terra Firma to be a related party.

Infinis Holdings has the ability to exercise a controlling influence over the Company and other subsidiary undertakings. Consequently the Directors also consider these subsidiary undertakings to be related parties.

During the year Infinis Acquisitions transferred its shareholding in Infinis Energy Holdings Limited to the Company for book value with the consideration of £371,999,900 left outstanding as an intercompany balance.

13 Ultimate parent company and parent company of larger group

The Directors regard TFCP Holdings Limited, a company registered in Guernsey, as the ultimate controlling parent entity.

There were no transactions between the Company and TFCP Holdings Limited during the year.

Infinis Holdings is the immediate parent of the Company and the head of the largest and smallest group for which consolidated financial statements are prepared. The consolidated Financial Statements of this group are available to the public and may be obtained from the Company Secretary, First Floor, 500 Pavilion Drive, Northampton Business Park, Northampton, NN4 7YJ.