Infinis Capital Limited

Directors' report and financial statements
Registered number 05824433
Year ended 31 March 2011

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Directors' report

The directors (the "Directors") present their Directors' report and audited financial statements for Infinis Capital Limited (the "Company") for the year ended 31 March 2011

Principal activities

The principal activity of the Company is that of a holding Company

Results and dividend

The operating loss for the financial year amounted to £27,000 (2010 £24,000) The loss for the financial year of £31,604,000 (2010 £24,577,000) will be transferred from reserves The Directors do not recommend the payment of a dividend (2010 £nil)

Charitable and political donations

The Company made no political donations or incurred any political expenditure during the financial year (2010 £nil) There were no charitable donations made during the year (2010 £nil)

Directors

The Directors of the Company during the year and up to the date of signing the accounts were as follows

Lord Birt	
G M Edge	
E Machiels	
M D Darragh	
E J Aikman	
M J Kinski	
R C Prior	(Resigned 2 August 2010)
A P Chadd	(Appointed 2 August 2010)
M Eidenschink	(Appointed 29 March 2011)
P M G Nolan	(Resigned 21 June 2010)
N Steinmeyer	(Alternate director to A Chadd, M Darragh and M Kinski) (Resigned 25 May 2011)
T Banga	(Alternate director to A Chadd, M Darragh and M Kinski) (Appointed 17 March 2011)

Statement of 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 in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information

Auditors

In accordance with section 487 of the Companies Act 2006 KPMG LLP (a) were deemed to be re-appointed as auditors of the Company for the financial year ended 31 March 2011 at the end of the last period for appointing auditors and (b) are expected to be deemed to be re-appointed as auditors of the Company for the financial year ended 31 March 2012 at the end of the next period for appointing auditors

On behalf of the board

E J Aikman
Director
22 August 2011

500 Pavilion Drive Northampton Business Park,
Northampton, NN4 7YJ

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 year 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)

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 year 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 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 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

Independent auditor's report to the members of Infinis Capital Limited

We have audited the financial statements of Infinis Capital Limited for the year ended 31 March 2011 set out on pages 4 to 16 The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice)

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006 Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an 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 auditor

As explained more fully in the Directors' responsibilities statement set out on page 2, 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

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 financial statements

In our opinion the financial statements

- give a true and fair view of the state of the Company's affairs as at 31 March 2011 and of its loss for the year then ended,
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns or
- certain disclosures of Directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

John Luke
(Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
15 Canada Square
London
E14 5GL
United Kingdom

27 August 2011

Profit and loss account

for the year ended 31 March 2011

	Note	2011 £'000	2010 £'000
Administrative expenses		**(27)**	(24)
Operating loss		**(27)**	(24)
Interest payable	4	**(38,118)**	(34,108)
Loss on ordinary activities before taxation		**(38,145)**	(34,132)
Taxation credit on loss on ordinary activities	5	**6,541**	9,555
Loss for the financial year	12	**(31,604)**	(24,577)

The Company has no recognised gains and losses other than as shown above and therefore no separate statement of total recognised gains and losses has been presented

In the current and prior year the results relate to continuing activities

Balance sheet

At 31 March 2011

	Note	2011 £'000	2010 £'000
Fixed assets			
Investments	6	**532,127**	530,912
Current assets			
Debtors	7	**38,453**	33,665
Cash in hand		**3,420**	-
		41,873	33,665
Creditors: amounts falling due within one year	9	**(488,032)**	(447.124)
Net current liabilities		**(446,159)**	(413.459)
Total assets less current liabilities		**85,968**	117.453
Creditors: amounts falling due after more than one year	10	**(16,704)**	(16,585)
Net assets		**69,264**	100,868
Capital and reserves			
Called up share capital	11	**136,405**	136,405
Profit and loss account	12	**(67,141)**	(35,537)
Equity shareholders' funds	13	**69,264**	100,868

The financial statements were approved by the board of Directors on 9 August 2011 and were signed on its behalf by

E J Aikman
Director

Company registration no 05824433

Notes to the financial statements for the year ended 31 March 2011

1 Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom A summary of the more important accounting policies, which have been applied consistently throughout the year is set out below

Cash flow statement

The Company is a wholly-owned subsidiary of the group headed by Infinis Holdings (the "Infinis Holdings Group") and is included in the consolidated financial statements of Infinis Holdings Consequently, in accordance with paragraph 5 (a) of FRS 1 (revised 1996) the Company is not required to publish a cash flow statement

Related party exemption

As the Company is a wholly-owned subsidiary of the Infinis Holdings Group, 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 Infinis Holdings Group The consolidated financial statements of Infinis Holdings can be obtained from the address given in note 17

Group accounts

The Company is an intermediate holding company which is wholly-owned by an immediate parent undertaking that is established under the law of a member state of the European Economic Community and therefore is exempt under section 400 of the Companies Act 2006 from the requirement to prepare consolidated financial statements

Taxation

The credit for taxation is based on the results for the year and takes into account deferred taxation because of timing differences between the treatment of certain items for taxation and accounting purposes

Deferred tax is provided in full on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered Deferred tax assets and liabilities are not discounted

Investments

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

Share based payments

The Company operates long term incentive plans for key executives under which the amounts receivable are dependent on the value of Infinis plc a fellow subsidiary within the Group These plans are treated as cash settled

For cash settled share based payment transactions the fair value of the amount payable to the executives 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 executives become 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 to the financial statements for the year ended 31 March 2011 *(continued)*

1 Accounting policies *(continued)*

Classification of financial instruments by the Company

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

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

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

2 Auditor's remuneration

	2011 £'000	2010 £'000
Auditor's remuneration	**6**	3

3 Directors' emoluments and employees

None of the Directors received any remuneration or benefits from the Company during the current or prior year None of the Directors are employees of the Company nor are they remunerated for their services as a Director of the Company The Company had no employees during the current or prior year

4 Interest payable

	2011 £'000	2010 £'000
Interest payable to group companies	**(37,999)**	(33,947)
Interest payable on loan notes	**(119)**	(161)
	(38,118)	(34,108)

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

5 Taxation

	2011	2010
	£'000	£'000
United Kingdom corporation taxation at 28% (2010 28%)		
Current tax on income in the year	(6,557)	(9 510)
Prior year tax	2	-
Total current tax	(6,555)	(9,510)
Analysis of deferred tax charge / (credit)		
Origination/reversal of timing differences	(33)	(45)
Adjustment in respect of prior years	-	-
Prior year charge	47	-
Total deferred taxation charge / (credit)	14	(45)
Total taxation credit	**(6,541)**	(9,555)

The tax assessed for the year is different from the standard rate of corporation tax in the UK (28%) The differences are explained below

	2011	2010
	£'000	£'000
Loss on ordinary activities before taxation	(38,145)	(34,132)
Loss on ordinary activities before taxation multiplied by the standard rate of corporation tax in the UK of 28% (2010 28%)	(10,680)	(9,557)
Effects of		
Expenses not deductible for tax purposes	2	-
Interest expense not deductible for tax purposes	4,088	-
Other timing differences	33	45
Adjustment to tax charge in respect of prior year	2	2
Current tax	(6,555)	(9,510)

The Budget on 23 March 2011 announced that the UK corporation tax rate will reduce from 28% to 23% over a period of four years from 1 April 2011 The first reduction in the UK corporation tax rate from 28% to 26% was substantively enacted on 29 March 2011 and will be effective from 1 April 2011 This rate change has therefore been reflected in the deferred tax figures of these financial statements

These changes in tax rates will reduce the Company's potential future tax charge accordingly

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

6 Investments

	2011	2010
	£'000	£'000
Investments at 1 April	530,912	528 887
Additions	1,215	2,025
Investments at 31 March	532,127	530 912

Subsidiary undertakings	Country of incorporation	Principal Activity	Percentage ownership 31 Mar 2011	31 Mar 2010
Infinis Investments Limited [1]	England and Wales	Intermediate holding company	100 0%	100 0%
Infinis Investments Limited [2]	England and Wales	Intermediate holding company	94 4%	94 4%
Infinis Investments Limited [3]	England and Wales	Intermediate holding company	100 0%	100 0%
Infinis Energy Holdings Limited [1]	England and Wales	Holding company	100 0%	100 0%

[1] A ordinary share capital held
[2] B Ordinary share capital held
[3] Preference share capital held

7 Debtors

	2011	2010
	£'000	£'000
Amounts owed by group undertakings	14,065	15 818
Amounts owed by related parties	4	4
Corporation tax debtor	23,761	17,206
Deferred tax asset (note 8)	623	637
	38,453	33.665

The corporation tax debtor in the current and prior year relates to group relief receivable

8 Deferred tax asset

	Deferred taxation £'000
As at 1 April 2010	637
Charge to the profit and loss for the year	(14)
As at 31 March 2011	623

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

9 Creditors - amounts falling due within one year

	2011	2010
	£'000	£'000
Amounts owed to group undertakings	**487,249**	446.341
Cash settled share based payments	**661**	661
Equity settled share based payments	**122**	122
	488,032	447.124

10 Creditors - amounts falling due after more than one year

	2011	2010
	£'000	£'000
Loan notes	**16,704**	16.585
	16,704	16.585

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 C loan notes are interest bearing

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

11 Called up share capital

	2011	2010	**2011**	2010
	Number	Number	**£'000**	£'000
Authorised				
A Ordinary shares of £0 001 each	**900,000**	900,000	**1**	1
B Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
C Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
D Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
E Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
Z Ordinary shares of £0 001 each	**100,000**	100 000	**-**	-
A Preference shares of £1 each	**120,686,050**	120,686,050	**120,686**	120,686
B Preference shares of £1 each	**15,717,476**	15,717,476	**15,718**	15.718
	137,803,526	137,803,526	**136,405**	136,405
Allotted, called up and fully paid				
A Ordinary shares of £0 001 each	**900,000**	900,000	**1**	1
B Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
C Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
D Ordinary shares of £0 001 each	**100,000**	100 000	**-**	-
E Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
Z Ordinary shares of £0 001 each	**100,000**	100,000	**-**	-
A Preference shares of £1 each	**120,686,050**	120,686,050	**120,686**	120.686
B Preference shares of £1 each	**15,717,476**	15,717,476	**15,718**	15,718
	137,803,526	137,803,526	**136,405**	136,405

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

11 Called up share capital *(continued)*

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 Ordinary 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
In relation to any profits which the Company may determine to distribute in respect of any financial year, the A Preference shares are entitled to a first preferential 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
In relation to any profits which the Company may determine to distribute in respect of any financial year, the B Preference shares are entitled to a second preferential 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 share 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 to the financial statements for the year ended 31 March 2011 *(continued)*

12 Profit and loss account

	Profit and loss account £'000
As at 1 April 2010	(35,537)
Loss for the financial year	(31,604)
As at 31 March 2011	**(67,141)**

13 Reconciliation of movements in equity shareholders' funds

	2011 £'000	2010 £'000
Loss for the financial year	**(31,604)**	(24,577)
Opening equity shareholders' funds	**100,868**	125,445
Closing equity shareholders' funds	**69,264**	100,868

14 Contingent liabilities

The Company is a member of a group VAT registration and as such has contingent liabilities for VAT in respect of other members of the group

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

15 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 (2010 £nil) 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 4 billion, and the expected Enterprise Value of the remaining Waste to Energy business (Infinis plc) 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 plc

Long Term incentive plans

The Company operates long term incentive plans for key executives under which the amounts receivable are dependent on the value of Infinis plc, a fellow subsidiary within the Group These plans are treated as cash settled

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 FCC, on 28 September 2006 for £1 4 billion, and the expected Enterprise Value of the remaining waste to energy business (Infinis plc) based on external valuation advice received

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

The charge included in the Profit and Loss account in respect of the plans is £nil (2010 £nil)

Notes to the financial statements for the year ended 31 March 2011 *(continued)*

16 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 1 L P ("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

17 Ultimate and immediate parent undertaking

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 company

The head of the largest group for which consolidated financial statements are prepared and of which the Company is a member is Infinis Holdings 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