

**INFRASTRUCTURE INDIA PLC**  
**CONDENSED CONSOLIDATED FINANCIAL INFORMATION FOR THE**  
**SIX MONTH PERIOD ENDED 30 SEPTEMBER 2009**

# Chairman's Statement

## Introduction

I am pleased to report Infrastructure India's results for the six month period ended 30 September 2009.

Since Infrastructure India plc was admitted to the Official List in June 2008 (the 'IPO'), it has made two investments totalling £24.5 million, which represents around 75.9% of the net proceeds raised at the IPO.

Although no new investments were made during the period, the Company's existing projects continue to perform and significant progress has been made in terms of identifying a new investment opportunity. The Company remains focused on investing in assets which it believes have the potential to generate substantial capital growth and income - particularly in the energy and transport sectors. The Company remains of the belief that Indian infrastructure continues to offer stable and long term growth.

## Operational Review

Both of Infrastructure India's investments are making reasonable progress.

The Company holds a 6.23% investment in Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL"). SMHPCL was specifically established to own and develop a 400MW run-of-the-river hydroelectric project situated on the Narmada River in Madhya Pradesh, Central India. The project is expected to commence operations in the second quarter of 2010 when the first of ten 40MW turbines will be installed with the facility expected to be fully operational in the first quarter of 2011.

The Company's second investment, a 26% shareholding in a toll road in Madhya Pradesh, has also made good progress over the period. The toll road project comprises a single, 4 lane 125 km stretch. The project is currently 18 months into construction and works to date are ahead of schedule. The expected date of completion and start of tolling is forecast as 1 April 2010.

There have been a number of variations to the project specification, further details of these and all aspects of the project are given in the Investment Advisor Review below.

Following the period's end, the Company announced the formal appointment of Akur Partners LLP as retained asset advisor to assist the Board in the development of the Company's corporate strategy and are currently assisting with the implementation of the proposed corporate alliance with a well-established Indian infrastructure developer and operator, announced on 29 October 2009.

The Company also announced that it has also received notification from its existing Investment Adviser, Bloomsbury Asset Management Advisors ("BAMA") of certain key staff resignations. BAMA has a period of time in which to nominate appropriately skilled replacements for those employees who have resigned, each of whom must meet with the specific approval of Infrastructure India HoldCo. If such persons are not nominated or do not meet with the specific approval of Infrastructure India HoldCo, then Infrastructure India HoldCo will have the ability to terminate the Investment Advisor Agreement.

## Financial Results

Assuming that the SMHPCL investment is held to maturity and in line with the Company's stated valuation methodology, the value derived for this holding as at 30 September 2009 is £20.2 million compared to the £13.2 million invested on 9 June 2008. If a single "construction period" discount rate is applied to the expected cash flows and the exchange rate applicable at the time of the investment, then the value of the SMHPCL investment derived as at 30 September 2009 is approximately £14.6 million compared to the £13.2 million as invested on 9 June 2008.

Assuming that the equity in the toll road project is held to maturity and in accordance with the Company's stated valuation methodology, a portfolio value for this investment as at 30 September 2009 is £36.3 million compared to the £11.3 million as invested on 30 September 2008. If a single "construction period" discount rate is applied to the expected cash flows and the exchange rate applicable at the time of the investment, then the value of this investment as at 30 September 2009 is £16.3 million compared to the £11.3 million as invested on 30 September 2008.

For financial reporting purposes, we value the two investments using the single discount rate described above. The above combined values of £30.9m compare with the £32.0m reported in the Annual Report and Accounts to March 2009. This decline in value is largely attributable to the depreciation of the Indian rupee against sterling over six months and an increase in the risk free interest rate used in the valuations. We have therefore recorded a negative fair value adjustment of £1.1m in the results for the six months. However this is neutralised by a reduction in the accounting provision for performance fees that would be payable if these values were realised, in accordance with the investment advisory agreement with BAMA.

The Company continues to incur significant professional costs to support the development of its corporate strategy referred to earlier. The administration fees and expenses for the period are consequently just over £1.0m. We are confident that the current level of costs will be substantially reduced in the near term and that the Company will derive benefit from the current activities, but such costs have naturally had an adverse impact on the results for the period.

We are therefore reporting a loss of £925,000 for the period. This equates to a loss per share of 2.52p.

## **Investment Pipeline**

There remains a significant pipeline of projects that meet the Company's investment criteria and the Company continues to monitor these actively. An announcement regarding a potential investment and corporate alliance was made following the period's end on 29 October 2009 and Infrastructure India will update the market in this regard in due course.

## **Outlook**

Market conditions have remained difficult over the past six months and these have impeded Infrastructure India's investment plans. Nonetheless, India's economy has fared better than most other economies and there remains, in our opinion, a strong investment case for Indian infrastructure. We are pleased with the valuation performance and believe that Infrastructure India remains in a solid position.

**Rupert Cottrell**  
**Chairman**

## **Investment Advisor Review**

Period to 30 September 2009

Bloomsbury Asset Management Advisors ("BAMA"), a Mauritius incorporated entity, is the investment advisor to Infrastructure India plc ("IIP"). BAMA assists the Company in value creation through originating and executing investments; and once an investment is made BAMA provides a portfolio management function to ensure the value of the Company's interests in the investment is protected. BAMA has managed the completion of two investments: one in the power sector and the other in the transport sector, thus, at September 30 2009 deploying £24.5million (75.5%) of the £32.9 million net proceeds available for investment following the IPO in June 2008.

### **Hydro Electric Project, Central India Shree Maheshwar Hydel Power Corporation Limited (SMHPCL)**

Infrastructure India, via its Mauritius subsidiary Power Infrastructure India, invested a total of £13.2 million (Rs 1,100 million) in Shree Maheshwar Hydel Power Corporation Limited ("SMHPCL") on 9 June 2008 in return for a 6.23% stake post all dilution effects. SMHPCL was specifically established to own and develop a 400MW run-of-the-river hydroelectric project situated on the Narmada River in Madhya Pradesh, Central India. Once commissioned it is expected to be one of the largest privately owned hydroelectric power projects in India. There have been some funding delays within the project, causing a delay to the timing of diversion, which then ran into the monsoon period meaning that diversion commenced during October. The project is now expected to commence operations in Q2 2010 when the first of ten 40MW turbines will be installed with the facility expected to be fully operational in Q1 2011. The asset is at an advanced stage of construction with c. 90% of the civil works completed to date.

The Power Purchase Agreement ("PPA") signed between SMHPCL and the state government body, The Madhya Pradesh Electricity Board ("MPEB"), obliges MPEB to take the full electricity production of the plant for a period of 35 years.

The project requires approximately 10,000 people to be relocated from land due to be submerged. The relocation and rehabilitation process ("R&R"), including land acquisition, is the responsibility of the State and is well underway in accordance with State and National regulations and all necessary steps are being taken to complete R&R by the end of December 2009. Out of 22 villages which would be submerged or partially submerged, two alternate villages are not required, seven rehabilitation sites have been developed and three are under development. In respect of two more, the land is under acquisition. With regard to the remaining villages, the State Government has set up a Task Force under the District Collector to expedite the process.

Assuming that the investment is held to maturity and in line with the Company's stated valuation methodology, the value derived for this holding as at 30 September 2009 is £20.2 million compared to the £13.2 million invested on 9 June 2008.

If a single "construction period" discount rate is applied to the expected cash flows and the exchange rate applicable at the time of the investment, then the value of the SMHPCL investment derived as at 30 September 2009 is approximately £14.6 million compared to the £13.2 million as invested on 9 June 2008. The value accretion of £0.2m since March 2009 is explained by a negative rebasing movement of £0.7m due to macro factors such as movements in the risk free rate adopted and the exchange rate applied and a positive movement of £0.9m due to the unwinding of the discount rate.

### **Toll Road Central India Western Madhya Pradesh Infrastructure & Toll Roads Ltd.(WMPITRL)**

On 30 September 2008 IIP completed its second acquisition, being a 26% shareholding in a toll road in Madhya Pradesh. The transaction was undertaken through the Company's Mauritian subsidiary, Roads Infrastructure India ("RII") and was for a consideration of Rs. 960 million (approximately £11.3 million). This acquisition represents the Company's first investment in India's transportation sector.

The SPV was awarded the project on a DBFO (Design, Build, Finance, Operate) basis in August 2007 for a term of 25 years. The toll road project comprises a single 125 km stretch which is being widened from the existing 2 lanes to 4 lanes in order to reduce congestion experienced on the route and to provide further scope for traffic growth. The project is currently 18 months into construction and works to date are ahead of schedule. The expected date of completion of the construction works and start of tolling is forecast as 1 April 2010. The SPV shall have the right to toll the traffic as soon as it receives the Completion or Provisional Completion Certificate for the project from the Independent Certifier. Upon completion of the concession period the SPV will hand over the project highway to the Concession Authority.

There have been a number of variations to the project specification, the costs of which ultimately are technically for the account of the State Roads Authority. Reimbursement, if any, traditionally takes the form of an extension to the concession length rather than cash recompense. In the interim the project company has borne these additional costs. The cost of the variations is INR 491m (c. £6.3m). In the Shareholder Agreement by which RII invested in the SPV the probability of these cost escalations was anticipated and the RII liability capped at its proportionate share of INR 500m. The liability of IIP to contribute to the cost escalation under the executed documentation is 26% of INR 491m i.e. INR 128m (c. £1.6m). An equity call of INR 68m was received and paid on 15 October 2009, at a sterling cost of £881,000. The balance of an equivalent amount is expected to be required by the end of November 2009.

Assuming that the equity is held to maturity and in accordance with the Company's stated valuation methodology, a portfolio value for this investment as at 30 September 2009 is £36.3 million compared to the £11.3 million as invested on 30 September 2008.

If a single "construction period" discount rate is applied to the expected cash flows and the exchange rate applicable at the time of the investment, then the value of this investment as at 30 September 2009 is £16.3 million compared to the £11.3 million as invested on 30 September 2008. The value depreciation of £1.3m since March 2009 is explained by a negative rebasing movement of £0.9m due to macro factors such as movements in the risk free rate adopted and the exchange rate applied and the net of a positive movement due to the unwinding of the discount rate and a negative movement due to the cost escalation being incorporated (net negative movement of £0.4m).

# Review report by KPMG Audit LLC to Infrastructure India plc

## Introduction

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the period ended 30 September 2009, which comprises the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of change in equity, the consolidated statement of cash flows and the related explanatory notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with the terms of our engagement to assist the company in meeting the requirements of the Disclosure and Transparency Rules ("the DTR") of the UK's Financial Services Authority ("the FSA"). Our review has been undertaken so that we might state to the Company those matters we are required to state to it in this 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 for our review work, for this report, or for the conclusions we have reached.

## Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the DTR of the UK FSA.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRSs. The condensed set of financial statements included in the half-yearly financial report has been prepared in accordance with IAS 34 *Interim Financial Reporting*.

## Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

## Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 September 2009 is not prepared, in all material respects, in accordance with IAS 34 and the DTR of the UK FSA.

## KPMG Audit LLC

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Accountants

13 November 2009

# Consolidated Statement of Comprehensive Income

For the six months ended 30 September 2009

		(Unaudited) 6 months ended 30 September 2009 £'000	(Unaudited) Period ended 30 September 2008 £'000	(Audited) Period ended 31 March 2009 £'000
<b>Investment income</b>				
Interest income on bank balances		15	197	278
Fair value (loss) / gain on investments at fair value through profit or loss		(1,100)	-	7,467
Realised loss on expired option		-	(250)	(250)
<b>Net investment (loss) / profit</b>		<b>(1,085)</b>	<b>(53)</b>	<b>7,495</b>
<b>Expenses</b>				
Investment advisor's fees	7	246	80	326
Performance fee (write back) / provision		(1,432)	-	1,559
Other administration fees and expenses	6	1,025	1,023	2,367
Foreign exchange loss		1	2	5
Interest expense		-	55	55
<b>Total expenses</b>		<b>(160)</b>	<b>1,160</b>	<b>4,312</b>
<b>(Loss) / profit for the period before tax</b>		<b>(925)</b>	<b>(1,213)</b>	<b>3,183</b>
Taxation		-	-	-
<b>(Loss) / profit for the period</b>		<b>(925)</b>	<b>(1,213)</b>	<b>3,183</b>
Other comprehensive income		-	-	-
<b>Total comprehensive (loss) / income for the period</b>		<b>(925)</b>	<b>(1,213)</b>	<b>3,183</b>
<b>Basic (loss)/earnings per share (pence)</b>	8	<b>(2.52)</b>	<b>(3.30)</b>	<b>8.67</b>

# Consolidated Balance Sheet

as at 30 September 2009

		(Unaudited) 30 September 2009 £'000	(Unaudited) 30 September 2008 £'000	(Audited) 31 March 2009 £'000
	Note			
<b>Non-current assets</b>				
Investments at fair value through profit or loss	9	30,900	24,533	32,000
<b>Total non-current assets</b>		<b>30,900</b>	<b>24,533</b>	<b>32,000</b>
<b>Current assets</b>				
Trade and other receivables		74	147	80
Cash and cash equivalents		3,983	7,049	5,604
<b>Total current assets</b>		<b>4,057</b>	<b>7,196</b>	<b>5,684</b>
<b>Total assets</b>		<b>34,957</b>	<b>31,729</b>	<b>37,684</b>
<b>Current liabilities</b>				
Trade and other payables		(318)	(688)	(688)
<b>Total current liabilities</b>		<b>(318)</b>	<b>(688)</b>	<b>(688)</b>
<b>Non-current liabilities</b>				
Performance fee provision	7	(127)	-	(1,559)
<b>Total non-current liabilities</b>		<b>(127)</b>	<b>-</b>	<b>(1,559)</b>
<b>Total liabilities</b>		<b>(445)</b>	<b>(688)</b>	<b>(2,247)</b>
<b>Net assets</b>		<b>34,512</b>	<b>31,041</b>	<b>35,437</b>
<b>Equity</b>				
Share capital	11	367	367	367
Share premium	11	31,887	31,887	31,887
Retained profit		2,258	(1,213)	3,183
<b>Total equity</b>		<b>34,512</b>	<b>31,041</b>	<b>35,437</b>

## Consolidated Statement of Changes in Equity

For the six months ended 30 September 2009

	Share capital £'000	Share premium £'000	Retained profit £'000	Total £'000
<b>Total comprehensive income for the period:</b>				
Loss for the period	-	-	(1,213)	(1,213)
Other comprehensive income	-	-	-	-
<b>Transactions with owners recorded directly in equity:</b>				
<b>Contributions by and distributions to owners</b>				
Issue of ordinary shares	367	36,333	-	36,700
Share issue costs	-	(4,446)	-	(4,446)
<b>Total contributions by and distributions to owners</b>	<b>367</b>	<b>31,887</b>	<b>-</b>	<b>32,254</b>
<b>Balance at 30 September 2008 (unaudited)</b>	<b>367</b>	<b>31,887</b>	<b>(1,213)</b>	<b>31,041</b>
<b>Total comprehensive income for the period:</b>				
Profit for the period	-	-	3,183	3,183
Other comprehensive income	-	-	-	-
<b>Transactions with owners recorded directly in equity:</b>				
<b>Contributions by and distributions to owners</b>				
Issue of ordinary shares	367	36,333	-	36,700
Share issue costs	-	(4,446)	-	(4,446)
<b>Total contributions by and distributions to owners</b>	<b>367</b>	<b>31,887</b>	<b>-</b>	<b>32,254</b>
<b>Balance at 31 March 2009 (audited)</b>	<b>367</b>	<b>31,887</b>	<b>3,183</b>	<b>35,437</b>
<b>Balance at 31 March 2009 (audited)</b>	<b>367</b>	<b>31,887</b>	<b>3,183</b>	<b>35,437</b>
<b>Total comprehensive income for the period:</b>				
Loss for the period	-	-	(925)	(925)
Other comprehensive income	-	-	-	-
<b>Transactions with owners recorded directly in equity:</b>				
<b>Contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Total contributions by and distributions to owners</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Balance at 30 September 2009 (unaudited)</b>	<b>367</b>	<b>31,887</b>	<b>2,258</b>	<b>34,512</b>

# Consolidated Statement of Cash Flows

for the six months ended 30 September 2009

	(Unaudited) 6 months ended 30 September 2009 £'000	(Unaudited) Period ended 30 September 2008 £'000	(Audited) Period ended 31 March 2009 £'000
	Note		
<b>Cash flow from operating activities</b>			
(Loss) / profit for the period	(925)	(1,213)	3,183
Adjustments:			
Interest income on bank balances	(15)	(197)	(278)
Fair value loss / (gain) on investments at fair value through profit or loss	1,100	-	(7,467)
Foreign exchange loss	1	2	3
Interest expense	-	55	55
Realised loss of expired option	-	250	250
Performance fee provision/(write back)	(1,432)	-	1,559
<b>Operating loss before changes in working capital</b>	<b>(1,271)</b>	<b>(1,103)</b>	<b>(2,695)</b>
Increase in trade and other receivables	(6)	(147)	(5)
(Decrease) / increase in trade and other payables	(370)	688	688
	<b>(1,647)</b>	<b>(562)</b>	<b>(2,012)</b>
Interest received	15	197	278
<b>Net cash utilised by operating activities</b>	<b>(1,632)</b>	<b>(365)</b>	<b>(1,734)</b>
<b>Cash flow from investing activities</b>			
Acquisition of investments	-	(24,783)	(24,783)
Loan issued to investment advisor	-	-	(75)
Repayments of loan by investment advisor	12	-	-
<b>Cash generated from/(utilised by) investing activities</b>	<b>12</b>	<b>(24,783)</b>	<b>(24,858)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of shares (net of share issue costs)	11	27,130	27,130
Payment of share issue costs	-	(4,446)	(4,446)
Proceeds from bank borrowings	-	13,350	13,350
Repayment of bank borrowings	-	(3,780)	(3,780)
Interest on loan paid	-	(55)	(55)
<b>Net cash generated from financing activities</b>	<b>-</b>	<b>32,199</b>	<b>32,199</b>
Net (decrease)/increase in cash and cash equivalents	(1,620)	7,051	5,607
Cash and cash equivalents at the start of the period	5,604	-	-
Effect of exchange rate fluctuations on cash held	(1)	(2)	(3)
<b>Cash and cash equivalents at the end of the period</b>	<b>3,983</b>	<b>7,049</b>	<b>5,604</b>

# **Selected notes to the interim consolidated financial statements for the six months ended 30 September 2009**

## **1. General information**

The Company was incorporated as Infrastructure India plc on 18 March 2008 in the Isle of Man under the Companies Acts 2006 with registration number 002457V. It was admitted to the London Stock Exchange on 30 June 2008.

The Company's principal activity is to act as a holding company for a group of companies involved in infrastructure development within India.

The Group has no employees.

The interim consolidated financial statements of the Company as at and for the six months ended 30 September 2009 comprise the Company and its subsidiaries (together referred to as the "Group"). The interim consolidated financial statements are unaudited.

The consolidated financial statements of the Group as at and for the year ended 31 March 2009 are available upon request from the Company's registered office at IOMA House, Hope Street, Douglas, Isle of Man, IM1 1AP or at [www.iiplc.com](http://www.iiplc.com).

## **2. Statement of Compliance**

These interim consolidated financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. They do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the period ended 31 March 2009.

These interim consolidated financial statements were approved by the Board of Directors on 13 November 2009.

## **3. Significant accounting policies**

Except as described below, the accounting policies applied by the Group in these interim consolidated financial statements are the same as those applied by the Group in its consolidated financial statements as at and for the period ended 31 March 2009.

### **Change in accounting policy**

#### **Presentation of financial statements**

The Group applies revised IAS 1 *Presentation of Financial Statements (2007)*, which became effective as of 1 January 2009. As a result, the Group presents in the consolidated statement of changes in equity all owner changes in equity, whereas all non-owner changes in equity are presented in the consolidated statement of comprehensive income. This presentation has been applied in these interim financial statements as of and for the six months period ended on 30 September 2009. Comparative information has been re-presented so that it also is in conformity with the revised standard. Since the change in accounting policy only impacts presentation aspects, there is no impact on earnings per share.

## **4. Critical accounting estimates and assumptions**

The preparation of interim financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, income and expense. Actual results may differ from these estimates.

Except as described below, in preparing these interim consolidated financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the period ended 31 March 2009.

During the six months ended 30 September 2009 management reassessed its estimates in respect of:

(a) *Estimate of fair value of unquoted investments*

The Group holds partial ownership interests in two unquoted Indian infrastructure companies. The Directors' valuations of these investments, as shown in note 9, are based on a discounted cash flow methodology, prepared by the Company's Investment Advisor.

The methodology is principally based on company-generated cash flows and observable market data on interest rates and equity returns. The discount rates are determined by market observable risk free rates plus a risk premium which is based on the phase of the project concerned.

If the determined discount rates were increased by 1% per annum, the value of unlisted equity securities would fall by £3.3m (31 March 2009: £3.5 million).

(b) *Estimated performance fee (carried interest) on investments*

As described in note 7, a provision has been established for performance fees. This is based on the increases in net assets to date.

## 5. Financial risk management policies

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the period ended 31 March 2009.

## 6. Other administration fees and expenses

	6 months ended 30 September 2009 £'000	Period ended 30 September 2008 £'000	Period ended 31 March 2009 £'000
Legal fees	445	512	836
Accounting and tax services	235	157	157
Other Professional costs	87	113	738
Administration fees	76	65	117
Directors' fees	66	119	147
Audit fees	(2)	36	64
Other	118	21	308
	1,025	1,023	2,367

## 7. Investment Advisor fees and performance fees

The Investment Advisor receives a management fee of 2% per annum of the amount invested. This fee is payable quarterly in advance.

The Investment Advisor is also entitled to a performance fee, calculated annually at each reporting date by the Administrator.

The following key definitions apply:

**Lower Hurdle**                    the sum of the net placing proceeds from the Placing and any subsequent capital raising multiplied by 10 per cent. per annum, calculated on a daily pro rata basis, and presented at the Accounting Date;

**Upper Hurdle**                    the sum of the net placing proceeds from the Placing and any subsequent capital, raising multiplied by 12 per cent. per annum, calculated on a daily pro rata basis, and presented at the Accounting Date;

**Total Cash Returned ("TCR")** TCR shall be the sum of all amounts received from all investments and paid to IIHoldCo; including all dividends all income from cash on deposit or cash equivalents, and all net cash proceeds on realisations and/or refinancing (i.e. cash gains on principal originally invested, following realisations) for the period from the date of completion of the first investment to the relevant Calculation Date.

TCR shall be calculated net of:

- any interest expenses on borrowings to finance the acquisition or development of any investment;
- any expenses directly attributable to the acquisition or disposal of Investments; and
- the Annual Advisory Fee;

TCR shall be calculated without including expenses due to the direct operation of IIHoldCo, including: inter alia directors' fees, treasury management, administration, brokerage fees, and incidentals.

No performance fee will be payable for any relevant accounting period in which the TCR is less than the Lower Hurdle. The performance fee shall equal 100 per cent. of the TCR between the Lower Hurdle and the Upper Hurdle and 20 percent. of the TCR in excess of the Upper Hurdle. The Investment Advisor Agreement is dated the 23 June 2008 and shall continue in force for a period of five years from the date of completion of the first investment made by the Group and thereafter unless or until terminated by either party giving to the other party not less than twelve months' written notice to expire at any time on or after the end of that five year period.

A management fee of £245,998 became payable for the six months ended 30 September 2009 (period ended 31 March 2009: £79,680).

A provision of £127,000 has been made in respect of performance fees, due at 30 September 2009 being an estimate of the performance fee which would become payable, based on the cumulative return to date. The previous reported provision was £1,559,000, giving rise to a release through the statement of comprehensive income of £1,432,000.

## 8. Basic and diluted loss per share

The basic and diluted loss per share is calculated by dividing the loss for the period attributable to ordinary shareholders of £925,000 (period ended 30 September 2008: loss of £1,213,000) by the weighted average number of shares outstanding during the period, being 36,700,000.

There are no dilutive potential ordinary shares and therefore diluted loss per share is the same as basic loss per share.

## 9. Investments – designated at fair value through profit or loss

Investments, consisting of unlisted equity securities, are recorded at fair value as follows:

	At Cost	Fair value Adjustment	Fair Value	Fair value Adjustment	Fair Value
	£'000	31/03/09 £'000	31/03/09 £'000	30/09/09 £'000	31/09/09 £'000
Shree Maheshwar Hydel Power Corporation Ltd	13,220	1,180	14,400	200	14,600
Western Madhya Pradesh Infrastructure Toll Road Pvt Limited	11,313	6,287	17,600	(1,300)	16,300
	24,533	7,467	32,000	(1,100)	30,900

The investments have been fair valued by the Directors as at 30 September 2009 using discounted cash flow techniques, as described in note 4. The discount rate adopted for both investments is the single "construction period" discount rate, which consists of the risk free rate of 7.15% (31 March 2009: 7%) plus a risk premium of 6% (31 March 2009: 6%) for SMHPCL and 8% (31 March 2009: 8%) for WMPTRPL.

## 10. Commitments

As at 30 September 2009 the Company had a capital commitment of INR 126.5 million (£1.7 million) of which 50% INR 63 million (£881,000) was paid on 14 October 2009, relating to the roads project WMPTRPL.

## 11. Share capital and share premium

	No. of shares	Share capital £	Share premium £
Ordinary shares of £ 0.01 each	36,700,000	367,000	31,887,000
	<u>36,700,000</u>	<u>367,000</u>	<u>31,887,000</u>

## Warrants

7,340,000 warrants were issued pursuant to the initial placing (one warrant for every five ordinary shares issued). The warrants entitle the holder to subscribe for one Ordinary Share of one pence in the Company at any time in the five years from the initial placing, at an exercise price of £1 each.

## 12. Net asset value per share

The net asset value per share, based on the net assets attributable to ordinary shareholders at the period end of £34,512,000 divided by 36,700,000 shares in issue at period end, amounts to £0.94 per share. (31 March 2009: net asset value per share of £0.97 based on net assets of £35,437,000 and 36,700,000 shares.)

## 13. Group entities

Subsidiaries	Country incorporation	of Ownership interest
Infrastructure India HoldCo	Mauritius	100%
Power Infrastructure India	Mauritius	100%
Roads Infrastructure India	Mauritius	100%
Roads Infrastructure India (Two)	Mauritius	100%

## 14. Related party transactions

Related parties and material related party transactions and balances and other transactions with affiliates, including fees, commissions, no charge transactions, purchases and sales and related amounts receivable or payable must be disclosed.

As defined in International Accounting Standard 24, Related Party Disclosures, parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related party transactions are transfers of resources or obligations between related parties, regardless of whether a price is charged.

### Investment Advisor fees

Investment Advisor fees are disclosed in note 7.

### Investment Advisor Loan

£63,000 loan to the Investment advisor was outstanding as at 30 September 2009 and is included in trade and other receivables (31 March 2009: £75,000).

### Administrator fees

Philip Scales is a Director of the Company and of the Administrator. The fees of the Administrator for the period amounted to £48,875 (period ended 30 September 2008: £49,938).

## **15. Comparatives**

The comparatives in the statement of comprehensive income, statement of changes in equity and statement of cash flows are for the period from 18 March 2008 (date of incorporation) to 30 September 2008.

## **16. Post balance sheet events**

As announced on 3 November 2009, the Company appointed Akur Partners LLP ("Akur") as the Company's retained asset adviser. Akur is assisting the Board in the development of the Company's corporate strategy and most immediately is assisting with the implementation of the proposed Corporate Alliance.

The Company also received notification from its existing Investment Adviser, Bloomsbury Asset Management Advisors ("BAMA") of certain key staff resignations.

On 14 October 2009 the Company invested a further amount of INR 63 million (£881,000) in the roads project WMPTRPL, as described in note 10 above.

## Responsibility Statement

The directors confirm to the best of their knowledge that:

this condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;

the interim management report includes a fair review of the information required by DTR 4.2.7R and DTR 4.2.8R of the Disclosure and Transparency Rules, being:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements and a description of the principal risks and uncertainties for the remaining six months of the year; and
- related party transactions that have taken place in the first six months of the financial year and any changes in the related party transactions described in the annual report that have materially affected or could have a material effect on the financial position or performance of the Group.

The Directors of Infrastructure India plc are Rupert Cottrell, Prodaman Sarwal, Philip Scales and Timothy Walker

On behalf of the Board

T Walker  
Non-executive director

Philip Scales  
Non-executive director

13 November 2009