HICL Infrastructure Company Limited

22 May 2013

ANNUAL RESULTS FOR YEAR TO 31 MARCH 2013

The Directors of HICL Infrastructure Company Limited announce the results for the year ended 31 March 2013.

Highlights

for the year ended 31 March 2013 (on an Investment basis unless noted otherwise[1])

- Operational performance and cash generation remain strong
- Profit before tax of £93.1m, a 50.1% increase (2012: £62.0m)
- Second interim distribution of 3.575p for the year to 31 March 2013 declared and paid, with a scrip dividend alternative, giving total distributions of 7.00p per share for the year thus achieving the Company's target set at IPO.
- The Company is targeting a total distribution of 7.1p per share for the year ending 31 March 2014.
- Directors' Valuation of the portfolio at 31 March 2013 of £1,213.1m, up from £902.0m at 31 March 2012, a 34% increase
- NAV per Ordinary Share post distribution of 116.4p at 31 March 2013 compared to 112.8p at 31 March 2012, a 3.2% increase
- 21 value-accretive investments acquired, with a combined investment value of £278.0m
- Raised £272.6m (before expenses) through an issue of 140m New Ordinary Shares (£167.3m) in March 2013 and aggregate tap issues of 88.3m shares (£105.3m) during the year
- Four new investments acquired since 31 March 2013 for £36.1m
- Healthy pipeline of further attractive investment opportunities under consideration, including five on an exclusive basis worth over £100m
- Two new Directors recruited as part of the long-term succession plan, and to bolster depth and breadth of the Board

[1] In order to provide shareholders with further information regarding the Group's net asset value, coupled with greater transparency in the Company's capacity for investment and ability to make distributions, as in previous periods, the results have been restated in pro-forma tables with all investments accounted for on an Investment basis.

Graham Picken, Chairman of the Board, said:

“Last year the Company was again able to grow its assets and its distributions. The business performed well operationally and, as a result, the Company met its long term target of an annual distribution of 7.0p per share within the seven year time horizon set at the time of the IPO in March 2006.

During the year the Company’s Investment Adviser, InfraRed Capital Partners Ltd, successfully leveraged its wide network of industry relationships to secure value-accretive new investments, often through exclusive negotiation with potential vendors. By actively managing the assets acquired, their value is both protected and enhanced. Based on its expectations for current year cashflows, the Board is targeting a total dividend of 7.1p per share for the year ending 31 March 2014.

Growing investor interest in infrastructure as an asset class, and the Company in particular, was evidenced by the strong support for the Company’s issue of New Ordinary Shares in March and two tap issues in November and December. Although each issue priced at a premium to the prevailing NAV per share, all were oversubscribed.

These equity issues funded the growth in the Company’s portfolio from 70 to 79 investments during the year, as well as providing finance for the four acquisitions of £36.1m completed since the year end and the £27.5m of Conditional Investments awaiting completion. Given the Group’s healthy pipeline of potential investments, including five opportunities where we are in exclusive negotiations, we confidently expect the remaining proceeds of the equity issue in March to be invested by the summer, ahead of plan.

Opportunities in the UK secondary market for social and transportation assets remain good. The announcement of PF2 in December 2012 will hopefully breathe new life into the UK Government’s primary infrastructure pipeline which has grown to over 550 projects requiring £310bn of capital investment. However, it is too early to say whether these projects, when executed, will meet with the Company’s investment criteria.

Outside the UK, other governments continue to use PFI/PPP/P3 as a tried-and-tested model for public sector infrastructure procurement and the Board expects that the Company will take advantage of secondary market opportunities overseas provided that the risks and rewards are similar to, or more favourable than, those accepted to date.

Pricing of social infrastructure assets in the UK has risen slightly over the year and this is reflected in the lower discount rates used. After consultation with the independent third-party valuation expert, the Board remains comfortable that the Investment Adviser employs a robust screening and valuation process. During the year a number of prospective acquisitions in the UK and overseas did not progress beyond an early phase, or were lost in auctions, where it was judged that the return did not justify the risk or too much of the value potential was being paid to the vendor.

Asset management and client relationships remain a priority and we continue to work closely with co-shareholders, sub-contractors and clients to implement contract variations and to improve the efficiency and cost profile of the concessions for the benefit of all stakeholders. We are also keen to work with the local communities in which the projects are located and will target social initiatives accordingly.

Finally, I am pleased to welcome Susie Farnon and Ian Russell to the Board. Their respective skills, knowledge and experience will be valuable to the Group as we pursue the strategy that has served us well over the years.”

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Copies of this announcement can be found on the Company's website, www.hicl.com. The Annual Report and Consolidated Financial Statements for the year to 31 March 2013 will be available to shareholders in early June, and an electronic version will be available from the Company's website at that time.

Chairman's Statement

Introduction

Once again, on behalf of the Board, I am pleased to be able to report that the year to 31 March 2013 has been a busy and successful period for the Company. Not only did the Company achieve its stated long-term distribution target of 7.0p per share, but its strong performance enabled it to deliver a total shareholder return (based on share price and dividends paid) of 14.7% in the year.

With interest rates in many developed markets still at low levels, and no imminent prospect of material increases, the low-volatility, inflation-linked, cash-yielding features of the Group's portfolio are exceptionally attractive to investors looking to match their long term assets and liabilities.

Given the underlying strong fundamentals of the current portfolio, coupled with the new investment pipeline, we expect the Company to be able to provide shareholders with sustainable distributions alongside preservation of capital value.

Financial Results and Performance

Financial results

As in previous periods, the Company has prepared pro-forma accounts on an Investment basis (treating all 79 holdings as investments). On an Investment basis profit before tax was £93.1m (2012: £62.0m) and earnings per share were 10.4p (2012: 9.8p per share). This increase reflects a combination of rising secondary market prices, contributions from new investments, actual inflation exceeding the 2.75% p.a. valuation assumption and value enhancements to existing investments.

Cash received from the portfolio by way of distributions, capital repayments and fees was £76.8m (2012: £51.2m). After Group costs, net cash inflows of £64.3m adequately covered the distributions paid in the year. The growth in cash generated was in line with our projections, benefitting from the acquisitions made in the current and the prior year.

On a consolidated IFRS basis, the profit before tax was £55.4m (2012: £84.2m). Profit before tax has decreased due predominantly to a £52.7m reduction in gains on finance receivables arising from lower reductions in UK long term gilt rates in the year compared to the prior year.

The Company has raised a total of £272.6m (before expenses) in the year: £105.3m through tap issues and £167.3m through the New Ordinary Shares capital raising in March 2013.

Total fees accruing to InfraRed Capital Partners Limited (the Investment Adviser) amounted to £13.0m in the year, comprising their management fee, the fees paid on the acquisitions made and the advisory fee. The Investment Adviser does not receive any fees from, nor are there any contracts with, the project companies in the portfolio.

The Association of Investment Companies ("AIC") recommends reporting an Ongoing Charges Percentage. As at 31 March 2013, using the AIC methodology, the Company's Ongoing Charges Percentage was 1.19% (1.38% for the year to 31 March 2012). There is no performance fee payable to any service provider.

More details of the financial results are set out below.

Portfolio Performance

The Group's portfolio continues to perform well, and as at 31 March 2013 consisted of 79 social and transportation infrastructure projects (70 as at 31 March 2012). The return generated from the portfolio (after rebasing it for new investments, disposals and distributions) was 8.9% (2012: 9.1%) which reflects not only the unwinding of the discount rate, but value-accretive acquisitions and asset management derived value enhancements which include contract variation income and insurance benefits.

In November 2012, the Group made its first divestment, the Doncaster Schools PFI project, for £5.3m which yielded a £0.5m capital gain on the September 2012 Directors' valuation.

Following completion of construction works on the M80 Motorway DBFO in Scotland in December 2012, the Group currently has no projects in the construction phase.

The Investment Adviser's asset management team continues to be actively engaged across the Group's portfolio of assets, maintaining dialogue with our public sector clients and partners to find new efficiencies and savings. Guidance published by HM Treasury has prompted a constructive response from public sector clients. Some clients are working very closely with the Group to share our experiences of past initiatives; others have been very pleased with the current levels of service and associated contractual costs and have not sought to make changes.

Valuation

As in previous periods, the Investment Adviser has prepared a fair market valuation for each investment in the portfolio as at 31 March 2013. This valuation is based on a discounted cashflow analysis of the future expected equity and loan note cashflows accruing to the Group from each investment. This valuation uses key assumptions which are benchmarked from a review of recent comparable market transactions in order to arrive at a fair market value.

The Directors have satisfied themselves as to the methodology used, the economic assumptions adopted, and the discount rates applied. The Directors have again taken independent third party advice on the valuation carried out by the Investment Adviser.

The Directors have approved the valuation of £1,213.1m for the portfolio of 79 investments as at 31 March 2013. This includes one outstanding investment commitment to a single project of £12.7m as at 31 March 2013 which was subsequently paid in April 2013.

The valuation of £1,213.1m compares with £902.0m as at 31 March 2012, £1,015.9m as at 30 September 2012, and £1,174.1m as at 31 December 2012 as reported in the Company's prospectus of 26 February 2013 ("Prospectus"). An analysis of the increase in the valuation is detailed in the Investment Adviser's Report.

On an Investment basis the NAV per share was 120.0p at 31 March 2013 (2012: 116.3p). The Investment basis NAV per share after the second interim distribution at 31 March 2013 was 116.4p; an increase of 3.2% over the comparable figure at 31 March 2012 being attributable to increased pricing for secondary market assets, the operational performance of the portfolio and new, value-accretive investments.

The NAV per share on an IFRS basis at 31 March 2013 was 117.9p (2012: 117.0p).

Acquisitions

The Group has made 10 new investments and 11 incremental acquisitions during the year for a total consideration of £278.0m. Further details are set out in the Investment Adviser's report.

The Board is pleased that, even in the competitive environment for these types of investments, the Investment Adviser has been able to generate a consistently strong pipeline of potential acquisitions, sourced through a wide network of industry relationships, the majority of which are then negotiated on an exclusive basis. During the year the Investment Adviser participated in 15 auctions and was successful in three, indicating pricing was higher than the Group was prepared to pay.

Since the financial year end the Group has acquired four new investments totalling £36.1m. These are the 50% interest in the Tameside General Hospital project for £16.0m, 33.3% interest in Addiewell Prison for £10.3m, and a 60% interest in two further LIFT projects in London and Kent for £9.8m.

In addition, the conditional contract to acquire the two Conditional Investments identified in the Prospectus, being a 50% interest in the University of Sheffield Accommodation project and a 29.2% interest in the Bradford Schools Phase I project, has been signed and the acquisitions are now subject to certain third party approvals and consents.

These post period transactions were all part of the identified pipeline of new investments reviewed by the Board at the time of the New Ordinary Shares issue in March 2013. Following the completion of the two Conditional Investments, the Group will have circa £43.2m from the capital raising still to be invested and the Board is very confident that these funds will be invested by the summer and ahead of plan.

Distributions

On 21 February 2013, the Board declared a second interim distribution of 3.575p per share for the year to 31 March 2013 (2012: 3.50p). This brought the total distributions paid for the year to 7.00p, representing a 2.2% growth on the prior year total of 6.85p. The second interim dividend was declared, and subsequently paid, to allow the share price to trade ex-dividend during the New Ordinary Shares capital raising in March 2013.

As in prior years, a scrip dividend alternative was offered which secured a 13.7% take-up. The distribution (or scrip dividend) was paid on 22 April 2013 to those shareholders on the register as at 1 March 2013.

At the Annual General Meeting ("AGM") in July 2012, shareholders gave the Board the power to offer a scrip dividend alternative and this power runs until the next AGM on 25 July 2013. Based on the level of take-up and feedback from shareholders, it is the Board's intention to seek a renewal of this power at the forthcoming AGM.

Based on the current performance of the portfolio, the Board is targeting total distributions for the year to 31 March 2014 of 7.1p per share (2013: 7.0p).

Risks and Uncertainties

The UK has been at the forefront of public infrastructure procurement in partnership with private sector capital for almost two decades. Following a consultation on how the original PFI model of procurement could be improved and enhanced, the UK Government used the Chancellor of the Exchequer's Autumn Statement on 5 December 2012 to present the new procurement model called PF2.

The Investment Adviser's Report provides more detailed commentary on both PF2 and the UK Government's 2012 National Infrastructure Plan but, essentially, the framework is now in place for the participation by private sector capital in the construction and funding of new public infrastructure. Moreover, PF2 clearly attaches significant importance to the involvement of long-term institutional investors both in the provision of equity as well as debt capital for these projects. While these are very positive steps, it remains unclear how quickly new projects will come to market and when capital will be required.

A component of the new PF2 model is competition for project equity which is aimed at reducing the cost of capital. It is too early to say whether the risks and rewards achievable under the new model will be suitable for the Group.

The Group's project cashflows are positively correlated with inflation, and future inflation, based on current expectations, is one of the key drivers of the Directors' valuation. In late 2012 the UK's Office for National Statistics ("ONS") undertook a consultation on the method of calculation of RPI and RPIx inflation in the UK. Although there was speculation around a formula change which would deliver a lower figure for RPI, and thus create a one-off downside impact on the Company's portfolio valuation, the ONS announced a 'no change' recommendation in February 2013.

The Group is reliant on its clients, namely public sector entities, to fulfil their payment obligations under the PFI contracts. An NHS trust in South London with financial difficulties, and party to two PFI projects (in neither of which the Company is invested), was put into special administration in 2012. The outcome of administration was a re-organisation of healthcare services in the area and an agreement on continued central funding to support these projects.

This outcome provided comfort that the UK Government would not unilaterally seek to amend or renege on existing contracts, especially relevant given the importance of private capital for the funding of new infrastructure in the National Infrastructure Plan.

Every project in the Group's portfolio has long-term non-recourse debt. The term is typically one to two years shorter than the term of the contract. There is no refinancing risk.

Projects have exposures to banks in the form of interest rate swaps and deposit accounts. The Investment Adviser monitors and manages these exposures as appropriate.

The projects in the portfolio rely on partners who contract to provide services. There is good diversification amongst our service partners which has again increased with the new acquisitions made in the year. There are no material performance or credit issues to report.

The Investment Adviser monitors project performance and, if issues arise, takes action to minimise any impact. As one would expect for a portfolio of this size, there will always be some investments with operational matters to be resolved, and the Investment Adviser's team is actively engaged in facilitating timely and acceptable outcomes. Our investments in Holland and Ireland have not been impacted by the Eurozone crisis, but we remain watchful.

The Alternative Investment Managers Directive ("AIFMD") is scheduled to come into force in July 2013, with transitional arrangements for a year. This could impact on our ability to market the Company in various European jurisdictions, with a consequent impact on share price and liquidity. We have monitored developments closely and have taken professional advice and worked with the Investment Adviser to ensure that we are appropriately prepared to make any changes required in a timely fashion.

Corporate Governance

On 30 September 2011 the Guernsey Financial Services Commission (the 'Commission') issued the Finance Sector Code of Corporate Governance. This Code comprises Principles and Guidance, and provides a formal expression of good corporate practice against which shareholders, boards and the Commission can better assess the governance exercised over companies in Guernsey's finance sector. As the Company reports against the AIC Code of Corporate Governance, it is also deemed to meet this Code.

The Company reports governance against the Association of Investment Companies (the "AIC") Code of Corporate Governance dated October 2010. In September 2012, the Financial Reporting Council issued a new edition of the UK Corporate Governance Code, and in February 2013, the AIC published its updated AIC Code of Corporate Governance. This new AIC code has been endorsed by the Financial Reporting Council and the Company will report governance against this revised code in the financial year ending March 2014, albeit the Company has been mindful of the amendments to the new AIC code in this Annual Report.

As part of good corporate governance, all four of the Directors offered themselves for re-election at the AGM held in July 2012 and were duly re-elected. It is proposed to continue with this process of all Directors seeking annual re-election, which is more regular than the Company's Articles require.

At the AGM in July 2012 shareholders approved the Board's proposals to adopt, substantially as presented, the recommendations of an independent consultant to increase the directors' remuneration in line with companies of a similar size and complexity. Inflationary increases, which were also part of the recommendations, have been endorsed by the Board for the year to 31 March 2014 and are subject to shareholder approval at the forthcoming AGM in July.

As mentioned in the Prospectus for the New Ordinary Shares issue in March, the Board felt that given the growth in size and scope of the Company in recent years, it would be beneficial to recruit at least one further Director. It would also facilitate succession planning as both John Hallam, the senior independent Director, and I have been Directors for seven years.

Trust Associates were retained to evaluate potential candidates and we are pleased to have been able to attract individuals of the calibre and experience of Ian Russell, CBE and Susie Farnon. Ian's background as CFO and subsequently CEO of a major listed utility (Scottish Power plc), together with Susie's experience on regulatory, governance and audit matters will be of considerable benefit to the

Company. Ian and Susie were appointed with effect from 1 May 2013, and like all the other Directors are offering themselves for re-election at the forthcoming AGM in July.

Following the introduction of a further fee taper agreed with the Investment Adviser last year, the Board believes the fee structure remains transparent, straightforward and competitive for the asset class. The Board is also pleased to see the Investment Adviser further expand the team which services the Group, with an additional four hires. The Group will also benefit from the expansion of the Investment Adviser's global infrastructure team, and notes their opening of a new office in Sydney, Australia.

Corporate Social Responsibility

Public procurement and engagement

During the last year the UK witnessed sluggish economic growth and there were fears of a triple-dip recession. Capital expenditure on public infrastructure procurement is regarded as having the potential to reinvigorate the economy and the opportunity is not particular to the UK. The US, for example, has now made headway with its infrastructure procurement programme which has achieved broad political acceptance.

The Group, through its Investment Adviser, is an active participant in the evolution of public policy and has a regular dialogue with various interest groups in both the public and private sectors.

A key part of the Investment Adviser's role is to build and maintain good open relationships with all of the stakeholders associated contractually with the Group's projects, especially public sector clients. The Investment Adviser's asset management team is heavily focused on client engagement; resolving issues, seeking efficiencies and/or facilitating variations, which may include the provision of additional services or assets.

Investor Communications

With the capitalisation of the Company exceeding £1.4bn and an investor base of over 4,500 shareholders, the Board is acutely aware of the need to keep shareholders up to date with developments through regular engagement. During the last 12 months, the Investment Adviser has strengthened its Investor Relations team to provide greater coverage of existing shareholders and to cultivate relationships with potential new investors in the UK and overseas.

The Company's Directors also make themselves available to meet with shareholders. During the last year, I have met personally with representatives from some of our larger shareholders in order to promote an understanding of the Company's plans and to receive feedback. The Board welcomes the opportunity to engage directly with investors as a means of correlating and supplementing the regular feedback received from the Investment Adviser and the Broker.

The Board also takes a keen interest in the level and quality of the information which the Company publishes both on the Company website and in reports and presentations. Our intention is to remain at the forefront of disclosure and transparency for our asset class.

January 2013 saw the formal introduction of the legislation proposed under the Retail Distribution Review ("RDR"). As expected, there has been no overnight change as most organisations involved in the distribution of financial products had been adapting to the proposed changes during the prior year. The expected levelling of the playing field, such that investment companies are not disadvantaged by the commissions paid to IFAs and other intermediaries on open-ended/unit trust vehicles, is now taking place. Self-selection and self-execution through trading platforms has begun to increase and, over the medium term, we expect larger, liquid stocks such as ours to benefit.

Environment, Social and Governance Policies

The Investment Adviser is a subscriber to the United Nations' Policies for Responsible Investment and has established and documented environmental, social and governance policies not just for itself as Investment Adviser and Operator, but also for the Group, its subsidiaries and the other project companies in which it has a stake. The Company now operates within this framework and ensures, to the extent that it is able, that project companies adhere to these polices and other relevant best practice.

Outlook

Infrastructure spending is becoming increasingly relevant around the world as other public policy measures reduce costs but often fall short of delivering the necessary economic growth. Against this backdrop, the investment community has developed a much greater understanding of the dynamics of infrastructure as an asset class, and the Company is benefiting from its strategy of investing in lower-risk, operational, social and transportation infrastructure projects with public sector counterparties. Demand for the Company's shares has enabled it to raise, at a premium to NAV per share, capital which it has then successfully deployed by acquiring value-accretive investments. The Group continues to look for further acquisitions in the UK and overseas which meet its investment criteria and its stated return objectives.

With funds available from the recent New Ordinary Shares issue, the Group is well placed to make further acquisitions over the coming months from the healthy pipeline of opportunities that were identified at the time of the equity raising and which continue to arise. Nevertheless, we will not compromise our strict investment criteria and our disciplined investment processes by overpaying for assets or acquiring those with structural or operational issues. The Investment Adviser is currently in exclusive positions on five new investments, worth over £100m, and this is a testament to its sector knowledge and wide network of industry relationships. Its reputation for diligently valuing new investments and executing the purchases in a timely and efficient manner underpins our success in acquiring suitable assets.

We remain cautious of investing in certain countries where, while the sovereign risk may have diminished, the risk-adjusted returns are still not attractive. Northern Europe, Canada and Australia remain firmly of interest, although aggressive pricing, or structural investment advantages accruing to domestic buyers, has meant that assets in the UK generally offer a more compelling investment case on a risk-adjusted basis.

The investment portfolio performed well last year and, with prior year acquisitions adding value and greater diversification, we are confident that future cashflows are both strong and resilient.

The Company has now met its target distribution of 7.00p per share and is satisfied that this distribution level can be sustained, with some upside potential. In conjunction with the Investment Adviser, the Board has reviewed the performance and cash flow generation of the portfolio forecast for the current year and is setting a target total distribution for the year to 31 March 2014 of 7.10p per share.

Graham Picken
Chairman

21 May 2013

Investment Adviser's Report

Market Developments

The primary market in the UK for new social infrastructure slowed further during the last year in anticipation of the announcement of the outcome of the UK Government's consultation on future infrastructure procurement. The announcement of PF2 in December 2012 was welcomed by market participants as it not only put forward a more refined and efficient form of procurement, albeit very similar to PFI, but it augured well for a pipeline of new projects. Moreover, the revised National Infrastructure Plan 2012 saw more projects announced with an even greater value than its predecessor. The Plan now specifies 576 projects with a capital value of £310bn (source: HM Treasury).

The UK Government hopes that this revised procurement approach together with the "Infrastructure Procurement Routemap" published by HM Treasury in January 2013 will accelerate the roll-out of the pipeline whilst improving the efficiency, transparency and value for money of infrastructure spending through the partnership between the public and private sectors.

Despite the initial positive response to these announcements, there has been limited progress to date in converting the pipeline into live procurement processes. A delay in primary procurement does not affect the Group in the near to medium term as it is not typically an investor in new primary projects. It does however mean the pool of secondary opportunities in the UK market is barely growing currently. It is also too early to say whether future UK projects procured under PF2 will have sufficiently attractive risk/return profiles to make them acceptable potential investments for the Group.

The secondary market for social infrastructure assets in the UK continues to be active, and in the year there has been a good flow of assets onto the market with both single assets and portfolios being marketed by contractors, operators and financial investors. This is expected to continue over the next few years as certain owners seek to monetise the value of these assets.

The number of buyers has increased in recent years with several new listed and unlisted infrastructure funds entering the market, as well as some pension funds looking to invest directly in the asset class. This increase in demand has had a slight impact on pricing during the year, leading to a small reduction in the weighted average discount rate used to value the portfolio of 0.2%.

The Investment Adviser's broad network of long-standing relationships with potential vendors is proving extremely valuable in this environment, enabling direct negotiations with the relevant seller and the conclusion of transactions on acceptable terms in a timely and cost efficient way for both parties. Over the last 12 months, the majority of the Group's acquisitions have been completed in this manner.

Similarly, the Investment Adviser has been able to capitalise on its relationships with co-shareholders on projects in which the Group does not own a 100% stake. Through these relationships, the Group has successfully acquired a further eleven stakes in existing investments during the year to 31 March 2013.

Based on an analysis of the portfolio and an assessment of whether co-shareholders are likely to be sellers, the Investment Adviser estimates that there is at least £150m of potential incremental investment which the Group is in a strong position to acquire over the next three years.

During the year, the Investment Adviser participated in 15 auctions to acquire new investments and was successful on three, indicating others were prepared to pay a higher price than the Group for these investments. Careful bid management ensures that the costs of due diligence are generally only incurred after shortlisting or preferred bidder status.

The overseas social and transportation infrastructure market for secondary purchases continues to grow, but is smaller than the UK market. With near-term opportunities less numerous, the increase in the number of new infrastructure projects currently being procured in these markets should hopefully lead to more opportunities in the medium-term.

InfraRed has a main office in London as well as smaller offices in New York, Paris and, more recently, Sydney. Through this network, the team has sourced and evaluated appropriate investment opportunities in a number of overseas markets over the last 12 months.

During the year, the Investment Adviser was unsuccessful in bids to acquire social infrastructure investments in France, Belgium, Holland and Germany where local investors appear willing to accept lower returns.

In such cases, the Group chose not to match the prices paid by local investors, who either had a domestic tax advantage or seemed to take a more bullish view on price and risk. This trend is not expected to change materially in the foreseeable future and, whilst the Investment Adviser is optimistic of acquiring additional overseas investments, the portfolio will continue to have a UK focus for the most part.

The team continues to evaluate new investment opportunities in countries with developed pipelines of opportunities and a stable fiscal position. North America, Australia and countries in Northern Europe broadly satisfy our requirements, while the risk/return balance in Southern Europe remains insufficiently compelling to target this region at the present time.

Current Investment Priorities

The Group, as part of its Investment Policy, adopts an investment strategy which has been consistently applied since May 2009. The investment strategy remains focused on social and transportation infrastructure (such as PFI/PPP/P3) concessions, predominantly with availability-based contracts and likely to be operational, although projects under construction will be considered. Of possible secondary interest, but only selectively, are:

▲ debt funding of infrastructure projects (without taking an equity interest), where attractively priced and appropriately structured;

▲ toll roads where there is proven demand history and an appropriate risk/return profile;

▲ regulated utilities and transmission systems, if of an appropriate scale; and

▲ operational renewable energy projects such as wind farms, solar parks or hydro-electric schemes, where there are suitable contractual structures in place which enable the Group to secure long-term income streams, comparable in nature to those of social infrastructure projects.

In setting the above strategy, the Board and the Investment Adviser carried out a fundamental analysis of certain market segments to ensure they are complementary or additive to the existing portfolio. All potential investment opportunities are carefully screened by the team, initially to determine whether the opportunity is suitable for the Group, including assessing the counterparties and the jurisdiction.

When seeking to acquire an investment, the proposition needs to be fully assessed and vetted by the Investment Committee of the Investment Adviser, and this committee meets on a number of occasions before an investment is acquired for the Group. Detailed, thorough commercial and technical due diligence is undertaken by the team and includes a peer-group review. Third party legal, technical and insurance due diligence is commissioned as appropriate to support the acquisition.

The characteristics of new investments are not expected to deviate materially from the underlying risk and reward characteristics of the existing portfolio, nor should any new investment cashflows be subject to risk or revenue dynamics which are substantially different from the profile already established.

Since 2009, a number of renewable energy projects have been considered by the Investment Adviser but no investments have been made. This is because the risk profile of the potential acquisition has been too high, or the yield profile insufficiently attractive when compared to a social infrastructure investment.

During the year, the Investment Adviser has considered a number of potential investments in all segments of the investment strategy. In one case, Investment Committee approval was granted to acquire a tranche of infrastructure debt, but ultimately the vendor was unwilling to sell a sufficiently large stake, as originally marketed. In another case, the vendor of a European road investment decided not to sell.

Portfolio Update

Current performance

The Group's portfolio continues to perform in line with expectations enabling the dividend to be increased to 7.0p per share for the year to 31 March 2013. The operational strategy for each project within the portfolio is to deliver services to the required contractual standards and to maximise value through active asset management.

The Group and its clients, contractors, and co-shareholders have worked together successfully on a number of cost-saving pilot studies in the UK, including at Romford Hospital, the Greater Manchester Police Stations, the Defence Sixth Form College, and the Dorset Fire & Rescue project. These studies have been carried out by reference to HM Treasury guidance on how to facilitate and achieve cost savings from existing PFI projects in the UK.

On the basis of this experience, the Investment Adviser's asset management team has initiated cost saving and efficiency programmes involving clients and contractors across more UK projects than simply those with formal pilot studies. Such programmes cover a wide variety of themes of which improved energy management is the most prevalent.

A typical spend-to-save scheme will involve an initial investment by either the shareholders, a sub-contractor or the client with a view to payback from savings in the short term followed by incremental savings shared with the client over the medium term. Savings come from using energy at the time, place and level at which it is specifically required through the use of intelligent control systems. Space reconfiguration and better asset utilisation benchmarked on private sector occupancy levels are also releasing excess capacity for additional occupants.

On certain projects, notably schools, promoting the community use of facilities has increased revenue for our clients e.g. a variety of local groups have taken school classrooms and halls outside school hours and at weekends, thus generating incremental revenue and promoting community goodwill.

The Group owns a large portfolio of projects across which such experiences can be shared and implemented for the benefit of all stakeholders. The Investment Adviser will continue to encourage clients to take advantage of such schemes by assisting their facilitation even when the Group itself does not receive an economic benefit.

Contract Variations

The Investment Adviser's asset management team continues to seek value enhancements across the portfolio, an important component of which are project variations. Variations are requests from the client to amend the scope of services delivered, be it a capital project or an additional or amended service for which the project earns incremental revenue. During the year the team has worked on a number of variations, many of which have been environmentally focused, and which have included:

- On the Dutch High Speed Rail link, the client has recently commissioned a pilot study to test various technologies to improve noise attenuation relating to the high speed trains, especially at bends in the route. Solutions include the use of rail dampening and noise absorption materials between or beside the tracks and the scope includes removal at the end of the 1 year study period. We have responded to the client's request and the implementation works are due to commence shortly.
- At West Middlesex Hospital in London, the project assisted the client in procuring £0.5m of match-funding from Salix, an independent not-for-profit company, which, together with a £0.3m investment from the client, was spent on implementing the findings of an energy-saving consultancy project. This has led to the introduction of variable speed power drives, LED lights, and other advanced energy management systems which will achieve overall energy savings of circa 15% p.a. and effect a significant reduction in carbon emissions for the Trust.
- At the Metropolitan Police Specialist Training Centre, the client funded several million pounds of upfront capital investment through a spend-to-save programme focused on more efficient energy

consumption. This included the installation of a voltage optimiser, occupancy sensors and PV panels as well as additional metering and enhanced boiler management. The result has been an 11% reduction in energy consumption in 2012, together with the separate generation of over 85,000 Kwh of additional electricity. A feasibility study into the use of a wind turbine is also currently being progressed.

- At the Medium Support Helicopter Aircrew Training Facility at RAF Benson in Oxfordshire, the project team has been working with CAE (Canadian Aviation Electronics Ltd) to deliver the latest of a number of variations to the helicopter simulators. It is essential that the simulators accurately reflect live aircraft in terms of performance, equipment and physical layout. This year the variations included major upgrades in respect of the Puma Mk 2 helicopter and the Dutch Block 6 Chinook. These upgrades require downtime of the simulators which reduces availability to the MoD and third party customers, so effective relationship management is vitally important to a successful outcome.

Acquisitions

As noted in the Chairman's Statement, the Group made ten new investments and 11 incremental acquisitions during the year for an aggregate consideration of £278.0m.

- In May 2012 the Group acquired an additional 14% stake in the Colchester Garrison project for £15.0m taking its interest up to 56%. The Group also completed the acquisition of a 19.5% interest in the Connect PFI project for £39.0m, and the acquisition of a 30% interest in the Birmingham Hospitals project for £34.6m from a division of RBS.

- In July 2012 the Group announced the acquisition of a 75% interest in a primary care facility in Blackpool from the Eric Wright Group for £2.9m.

- In August 2012, additional interests were acquired in four PFI projects for a total consideration of £10.4m taking the Group's total interests in these projects to 66.67% on Romford Hospital, 50.0% on Fife Schools (completed January 2013), and 100% on both Exeter Crown Courts and Stoke Mandeville Hospital.

- In September 2012 the Group paid £4.9m in aggregate to acquire incremental stakes in Dorset Fire & Rescue (final 33%) and Ealing Care Homes (further 16%).

- In October 2012, the Group acquired 30% stakes in two operational LIFT companies, the Birmingham & Solihull LIFTCo and the Staffordshire LIFTCo, as well as a further interest in the Connect PFI Project, giving it a 28.5% interest overall. The combined consideration was £33.8m. The Group also acquired a 30% interest in the Fife Schools 2 PPP, a 25 year concession for nine primary schools and one special education needs facility for £3.9m from The Miller Group.

- In November 2012 the Group signed a contract to acquire a 50% equity and loan note interest in the Northwood MoD HQ PFI project from Carillion for £30.6m. This completed on 14 January 2013.

- In December 2012 the Group paid £75.0m aggregate consideration for 100% interests in the Edinburgh Schools PFI project and the Perth & Kinross Schools PFI project (17 schools across 13 sites), both from Eiser Infrastructure Partners Ltd, as well as a 37.5% interest in the West Lothian Schools PFI project from Dawn Construction Ltd. It also acquired the remaining 10.1% equity interest in the Sussex Police Authority Custody Centre PFI project for £0.5m.

- In March 2013, the Group acquired the remaining 50% interest in the Highland Schools PFI project from 3i Infrastructure plc for £21.2m, as well as an additional 37.5% stake in the West Lothian Schools PFI project from Hochtief PPP Solutions (UK) Ltd for £6.2m.

Full control of a project can give rise to opportunities for value enhancement which would not be available as a co-shareholder.

As part of the consideration for the Perth & Kinross Schools PFI project acquisition in December, the Group had a contractual investment obligation of £12.7m which was paid in April, after the financial year end.

Since 31 March 2013, the Group has announced four further acquisitions:

- On 30 April 2013, the Group acquired a 60% shareholding in two further LIFT companies, the Medway LIFTCo and the Redbridge & Waltham Forest LIFTCo, which have together successfully developed seven new primary care facilities with a total development cost of approximately £50m. The total consideration paid by the Group for the investment in the two LIFTCos was £9.8m.

- On 1 May 2013, the Group announced that it had acquired a 50% stake in the Tameside General Hospital PFI project from Balfour Beatty Infrastructure Investments Limited for £16.0m.

- On 8 May 2013 the Group acquired a 33.3% interest in the Addiewell Prison PFI project from a division of RBS for £10.3m

Acquisitions during the year increased the Group's portfolio to 79 social and transportation infrastructure investments as at 31 March 2013. The acquisitions completed since the year end and highlighted above have increased the portfolio to 83 investments, all of which are now fully operational following the completion of construction of the M80 DBFO Road in Scotland in December 2012.

Since the year end, the Group has signed a conditional contract to acquire the two Conditional Investments from a fund managed by an affiliate of the Investment Adviser. This was documented in the February 2013 Prospectus and was subject to shareholder approval at the Extraordinary General Meeting in March 2013. It is expected that these two investments will be acquired when the conditions have been satisfied and the necessary approvals obtained. The total consideration for these two investments will be £27.5m and no acquisition fee will be payable to the Investment Adviser. The Rules of Engagement as set out in the Investment Policy were followed and the Directors received a third party valuation opinion.

Disposals

In November 2012 the Group made its first disposal. This was its 50% stake in the Doncaster Schools PFI project for £5.3m which the Group originally acquired in December 2011 within a 26 project portfolio. The purchaser of the stake was Vinci Pensions Limited, an affiliate of the 50% co-shareholder in the project, Vinci (Holdings) Limited.

The Group had originally sought to take its own stake up to 100%. However, a price was offered for our stake well in excess of our valuation of the project and which delivered a capital gain of £0.5m on the 30 September 2012 valuation.

Valuation of the Portfolio

The Investment Adviser is responsible for carrying out the fair market valuation of the Group's investments which is presented to the Directors for their approval and adoption. The valuation is carried out on a six monthly basis as at 31 March and 30 September each year.

The Directors receive an independent third party report and opinion on this valuation from a third party valuation expert.

For non-market traded investments (being all the investments in the current portfolio), the valuation principles used are based on a discounted cash flow methodology, and adjusted in accordance with the European Venture Capital Associations' valuation guidelines where appropriate to comply with IAS 39, given the special nature of infrastructure investments. Where an investment is traded, a market quote is used.

This is the same method used at the time of launch and in each subsequent six month reporting period (further details can be found in the Company's New Ordinary Shares Prospectus of February 2013, available from the Company's website).

The Directors' Valuation of the portfolio as at 31 March 2013 was £1,213.1m, including the £12.7m outstanding investment obligation on Perth and Kinross Schools PFI project. This valuation compares to £902.0m as at 31 March 2012 (up 34%). A reconciliation between the valuation at 31 March 2013 and that shown in the financial statements is given in Note 1 to the unaudited consolidated pro-forma financial statements, the principal difference being the £12.7m equity commitment outstanding on the Perth & Kinross Schools PFI project, which has now been satisfied.

A breakdown in the growth in the Directors' Valuation in the year is tabled below.

Valuation movement during the year to 31 March 2013		£m
Valuation at 31 March 2012		**902.0**
Investments	278.0	
Divestment	(5.3)	
Cash receipts from investments	(76.8)	
	195.9	
Rebased valuation of the portfolio		**1,097.9**
Return from the portfolio	97.5	
Change in discount rate	21.4	
Economic assumptions	(5.8)	
Forex movement on non-UK investments	2.1	
	115.2	
Valuation at 31 March 2013		**1,213.1**

Allowing for the acquisitions during the year of £278.0m, the divestment of £5.3m (Doncaster Schools) and investment receipts of £76.8m, the rebased valuation was £1,097.9m. The growth in the valuation of the portfolio at 31 March 2013 over the rebased value was 10.5%. This increase is a product of the return from the portfolio, the reduction in the discount rate, the lowering of deposit rate assumptions and UK corporate tax rates, and forex movements.

The return from the portfolio of £97.5m represents a 8.9% increase in the rebased value of the portfolio and includes:

- The unwinding of the discount rate (future cashflows are a year closer and hence more valuable)
- Value enhancement initiatives from existing investments
- Contributions from new investments
- Acquisitions made at above the portfolio discount rate
- Actual inflation in the year being greater than the 2.75% p.a. valuation assumption
- Gain from the disposal

Fair value for each investment is derived from the application of an appropriate discount rate to the investment's future cash flows to give the present value of those cashflows. We exercise our judgment in assessing the expected future cash flows from each investment based on the detailed concession life financial models produced by each Project Company. These are adjusted where necessary to include the Group's economic assumptions as well as any specific operating assumptions.

Discount rates

The discount rate used for valuing each investment is based on the appropriate long term Government Bond yield and a risk premium. The risk premium takes into account risks and opportunities associated with the project earnings (e.g. predictability and covenant of the concession income), all of which may be differentiated by project phase and market participants' appetite for these risks.

The discount rates used for valuing the projects in the portfolio are as follows:

Discount rate	31 March 2013	30 September 2012	31 March 2012
Range	**8.0% to 10.0%**	8.1% to 10.0%	8.2% to 11.0%
Weighted average	**8.4%**	8.5%	8.6%
Phase			
Operational phase	8.4%	8.5%	8.6%
Construction phase	n/a	9.0%	9.0%
Portfolio	**8.4%**	**8.5%**	**8.6%**

We use our judgement in arriving at the appropriate discount rate. This is based on our knowledge of the market, taking into account intelligence gained from bidding activities, discussions with financial advisers knowledgeable of these markets and publicly available information on relevant transactions.

The discount rate to reflect market pricing for an operational asset has been judged as 8.4% – down 0.2% from the prior year – reflecting market conditions discussed in the *Market Developments* section above.

An analysis of the weighted average discount rates for the investments in the portfolio analysed by territory is shown below:

Country	31 March 2013			31 March 2012 Discount rate	Movement
	Long term Government Bond yield	Risk Premium	Discount rate		
UK	2.9%	5.5%	8.4%	8.6%	(0.2)%
Canada	2.5%	5.6%	8.1%	8.2%	(0.1)%
Holland	2.4%	6.2%	8.6%	8.8%	(0.2)%
Ireland	5.5%	4.5%	10.0%	11.0%	(1.0)%
Portfolio	**2.9%**	**5.5%**	**8.4%**	**8.6%**	**(0.2)%**

The risk premium for each country is derived from the market discount rate for operational social and transportation infrastructure investments less the appropriate long term Government Bond yield. Long term Government Bond yields in the UK, Canada and Holland are currently low and this is reflected in higher country risk premium, which includes a buffer to allow for increases from these historically low yields.

For the Irish assets, where there is limited transactional evidence, we believe the appropriate discount rate for the operational school projects in which the Group is invested is 10%. This is also the opinion of the third-party valuation expert appointed by the Board.

An analysis of the movements in the weighted average risk free rate and risk premium for the social and transportation infrastructure assets is shown below:

Year Ending	31 March 2013	31 March 2012	Movement
Government Bond yield	2.9%	3.2%	(0.3)%
Risk premium	5.5%	5.4%	0.1%
Discount Rate	**8.4%**	**8.6%**	**(0.2)%**

Long term Government Bond yields have continued to trend lower over the year as the authorities use all means at their disposal to try and stimulate economic growth. However, as in previous years we have not reduced our discount rate to the same extent, as investors in the social and transportation infrastructure market believe Government Bond yields are artificially low as a result of government intervention and other factors, and yields will return to more normalised levels in due course. The discount rate therefore reduces this potential short term volatility and, all other factors being equal, could accommodate a material rise in yields before the discount rate would need to rise.

The 0.2% reduction is attributable to a more competitive environment for social infrastructure assets. While there is a steady supply of new investment opportunities, new market entrants, attracted by the favourable risk-adjusted returns, have had a small upward impact on pricing, and hence caused a slight reduction in discount rates during the year.

Valuation Assumptions

Discount Rate Sensitivity

The discount rates used to derive the Directors' valuation is a key judgement, based on the knowledge of the Investment Adviser and the third party advice which the Board receives on the valuation. As in previous years, the Company prepares certain valuation sensitivities including changing the weighted average discount rate. A change to the weighted average rate of 8.4% by plus or minus 0.5% has the following effect on the valuation;

Discount rate	-0.5% change	Base 8.4%	+0.5% change
Directors' valuation	+£58.4m	£1,213.1m	-£54.1m
Implied change in NAV per Ordinary Share[1]	+5.2p/share		-4.8p/share

1. NAV per share based on 1,116m Ordinary Shares as at 31 March 2013

Inflation Rate Sensitivity

The projects in the portfolio have contractual income streams with public sector clients, which are rebased every year for inflation. UK projects tend to use either RPI (Retail Price Index) or RPIx (RPI excluding mortgage payments), and revenues are either partially or totally indexed (depending on the contract and the nature of the project's financing). Facilities management sub-contracts have similar indexation arrangements. The portfolio valuation assumes UK inflation of 2.75% per annum for both RPI and RPIx, the same assumption as for the prior year. The March 2013 forecasts for RPI out to December 2014 range from 1.7% to 4.0% from 25 independent forecasters as compiled by HM Treasury, with an average forecast of 3.0%.

As mentioned by the Chairman, during the year the Office for National Statistics ("ONS") undertook a consultation on the method of calculation of RPI and RPIx inflation in the UK. While not directed at the infrastructure sector, a change in the calculation methodology could have had a one-off adverse impact on the value of the Group's portfolio. In February 2013, the ONS announced that its consultation had concluded that so many aspects of the financial services industry would have been unduly impacted by such a change that no change should be made to the calculation methodology and that RPI would continue to be measured and reported as before. This outcome is clearly positive for the sector and for the Company.

A change of 0.5% p.a. to the assumed inflation rate of 2.75% p.a. would have the following effect on the valuation:

Inflation assumption (UK)	-0.5% pa change	Base 2.75%pa	+0.5% pa change
Directors' valuation	-£34.2m	£1,213.1m	+£36.9m
Implied change in NAV per Ordinary Share[1]	-3.1p/share		+3.3p/share

1. NAV per share based on 1,116m Ordinary Shares as at 31 March 2013

Changing the assumption for future inflation by a 1.0% p.a. increase (i.e. from 2.75% p.a. to 3.75% p.a. for the UK investments) has the effect of increasing the forecast return from the portfolio from 8.4% (being the weighted average discount rate) to 9.0%.

Deposit Rate Sensitivity

Each project's interest costs are at fixed rates, either through fixed rate bonds or bank debt which is hedged with an interest rate swap, or linked to inflation through index-linked bonds. A project's sensitivity to interest rates relates to the cash deposits which the project is required to maintain as part of its senior debt funding. For example most projects would have a debt service reserve account in which 6 months of debt service payments are held.

As at 31 March 2013 cash deposits for the portfolio were earning interest at a rate of 0.4% per annum on average. There is a consensus that UK base rates will remain low for an extended period, with a current median forecast for UK base rates in December 2014 of 0.5%.

The portfolio valuation assumes UK deposit interest rates are 1% to March 2017 and 3.50% thereafter. This is lower than applied in the March 2012 valuation, which assumed 1% deposit interest rates to March 2015 and 3.75% thereafter. These changes have reduced the portfolio valuation by approximately £11.9m and are included within the £5.8m aggregate reduction in portfolio value attributable to changes in Economic Assumptions.

A change of 0.5% p.a. to the assumed deposit rates would have the following effect on the valuation:

Cash deposit rate	-0.5% pa change	Base 1.0% pa, then 3.5% pa	+0.5% pa change
Directors' valuation	-£15.3m	£1,213.1m	+£16.3m
Implied change in NAV per Ordinary Share[1]	-1.4p/share		+1.5p/share

1. NAV per share based on 1,116m Ordinary Shares as at 31 March 2013

Tax Rates

The profits of each UK project company are subject to UK corporation tax. On 1 April 2013 the prevailing rate of corporation tax reduced from 24% to 23%. In the 2013 Budget Statement the Chancellor announced the Government's intention to bring UK corporation tax down to 20%, reducing the rate in April 2014 to 21% and by a further 1% the following year.

The UK corporation tax assumption for the portfolio valuation is 23%, which has reduced by 1% from 24% at March 2012, to reflect the current rate of UK corporation tax. This change has increased the portfolio valuation by approximately £6.1m and is included within the £5.8m aggregate change in portfolio value attributable to changes in Economic Assumptions.

Financing

The Company raised £272.6m (before expenses) during the year from the issue of 140m of New Ordinary Shares in February 2012 raising £167.3m, and £105.3m by way of Ordinary Share tap issues in November and December 2012. The net proceeds from the share issues were used to fund new investments and to reduce the Group's debt. As at 31 March 2013, the Group had overall net cash of £146m and £12.7m of outstanding future investment obligations.

The AIC has recently published new guidance in relation to gearing disclosures which is defined for a company with net cash as: a company's net exposure to cash and cash equivalents expressed as a percentage of shareholders' funds after any offset against its gearing. It is calculated by dividing total assets (less cash/cash equivalents) by shareholders funds. On an Investment basis, the Group had a net cash position of 10.0% at 31 March 2013 (2012: 11.4%).

The Group uses its £100m revolving debt facility, which matures in February 2015, to fund new acquisitions, and to provide letters of credit for future investment obligations. This facility was put in place for working capital purposes just before the Company's C Share issue in March 2012, and it originally included a further £50m tranche which matured after 18 months. The Company cancelled this tranche in August 2012 as the benefit of the incremental £50m did not justify the commitment fee.

The Board's policy is that the Company should not hold cash to any material extent above any outstanding equity commitments in respect of existing investments or the amount required to fund potential acquisitions which are likely to be secured in the near future. The target and maximum size of the recent New Ordinary Shares issue was therefore set by the Board based on an analysis of the pipeline of potential new investment opportunities that were likely to be concluded by September 2013. Even though the issue was heavily oversubscribed, the Company only issued the maximum of 140m shares, and the Investment Adviser is confident that the remaining proceeds will be invested by the summer, ahead of plan.

All the projects in the portfolio all have long-term debt in place which does not need refinancing to meet their business plans. The weighted average project concession length remaining is 22.3 years at 31 March 2013 and the weighted average debt tenor is 20.7 years.

Counterparty Exposures

All project clients are public sector bodies. Each project subcontracts the delivery of services to one or more experienced facilities managers such as Carillion, Bouygues, Siemens, Mitie or Sodexo. The Group has a diversified range of facilities management companies, with the acquisitions in the year providing further diversification of the supply chain.

On a quarterly basis the portfolio's counterparty exposure to both the operational supply chain and the financial providers of bank deposit accounts and interest rate swaps is reviewed. The Investment Adviser's risk and control function monitors financial creditworthiness, while our asset management team monitors project performance for service issues which may indicate financial difficulties. The review processes have not identified any significant counterparty concerns for any of the portfolio's construction or facilities management contractors.

Financial Results

Accounting

At 31 March 2013, the Group had 25 investments classified for IFRS reporting purposes as subsidiaries which it was deemed to control by virtue of having the power, directly or indirectly, to govern the financial and operating policies of the project entities. This has increased by five over the year due to three incremental acquisitions and the purchase of two wholly-owned new investments. Under International Financial Reporting Standards ("IFRS"), the results of these companies are required to be consolidated in the Group's financial statements on a line-by-line basis.

However, these investments form part of a portfolio of similar investments which are held for investment purposes and managed as a whole and there is no distinction for operational purposes made between those investments classified as subsidiaries and those which are not. Further, all debt owed by the Group's investments is non-recourse and the Group does not participate in their day-to-day management.

As in previous periods, in order to provide shareholders with further information regarding the Group's net asset value, coupled with greater transparency in the Company's capacity for investment and ability to make distributions, the results have been restated in pro-forma tables which follow the Financial Results. The pro-forma tables show all investments accounted for on an Investment basis, which are reconciled to the consolidated financial statements on a line by line basis. By deconsolidating the subsidiary investments, the performance of the business under consolidated IFRS basis may be compared with the results under the Investment basis.

In October 2012 revised IRFS standards were issued (Investment Entities – Amendments to IRFS 10, IFRS 12 and IAS 27) to address the consolidation of investments held by investment companies. These revised accounting standards are expected to require the Group in the future to prepare IFRS financial statements which do not consolidate subsidiaries in a similar manner to the Group's current pro-forma Investment basis tables. The Group expects that these revised standards will apply to the Group and anticipate adoption of these standards in respect of the year ending March 2014 following their official adoption by the EU.

Income and Costs

Summary income statement

	Year to 31 March 2013			Year to 31 March 2012		
£m	**Investment basis**	**Consolidation adjustments**	**IFRS basis**	**Investment basis**	**Consolidation adjustments**	**IFRS basis**
Total Income	**67.7**	**265.3**	**333.0**	**48.1**	**201.7**	**249.8**
Expenses & finance costs	**(17.8)**	**(271.9)**	**(289.7)**	**(14.9)**	**(214.0)**	**(228.9)**
Profit/(loss) before tax & valuation movements	**49.9**	**(6.6)**	**43.3**	**33.2**	**(12.3)**	**20.9**
Fair value movements	**43.2**	**(31.1)**	**12.1**	**28.8**	**34.5**	**63.3**
Tax and non-controlling interests	**(0.1)**	**9.9**	**9.8**	**(0.1)**	**(1.3)**	**(1.4)**
Earnings	**93.0**	**(27.8)**	**65.2**	**61.9**	**20.9**	**82.8**
Earnings per share	**10.4p**		**7.3p**	**9.8p**		**13.1p**

On an Investment basis, Profit before tax and valuation movements was £49.9m (2012: £33.2m), an increase due to contributions from acquisitions.

Fair value movements are a £43.2m profit (2012: £28.8m) which represents the increase in the portfolio valuation recognised in the income statement. The portfolio valuation benefited from a 0.2% reduction in the weighted average discount rate applied in the Directors' valuation, positive contributions from acquisitions, actual inflation above the 2.75% valuation assumption and a solid performance from the portfolio. Further detail on the valuation movement is given in the Investment Adviser's Report.

Earnings on an Investment basis were £93.0m (2012: £61.9m), an increase of £31.1m compared to the prior year, with earnings per share of 10.4p up 0.6p or 6.1% as compared to 2012. The uplift in earnings reflects a reduction in the weighted average discount rate of 0.2%, positive contributions from acquisitions and a good operation performance from the portfolio.

On a consolidated IFRS basis, the earnings per share were 7.3p (2012: 13.1p). The results on a consolidated IFRS basis show a reduction in earnings per share due to lower gains on financial receivables and higher adverse inflation swap mark to market costs. Gains on finance receivables have reduced due to the 0.3% fall in UK long term gilt rates in the year compared with the 1% reduction in the prior year.

Total income on a consolidated IFRS basis increased to £333.0m (2012: £249.8m) driven by contributions from new subsidiaries. Profit before tax and valuation movements on a consolidated IFRS basis increased materially driven by growth in gains on investments reflecting contributions from acquisitions.

Cost analysis

	Year to 31 March 2013	Year to 31 March 2012
£m	**Investment basis**	**Investment basis**
Interest income	**(0.2)**	**(0.3)**
Interest expense	**3.2**	**2.4**
Investment Adviser fees	**13.0**	**11.1**
Auditor – KPMG – for the Group	**0.3**	**0.2**
Directors fees & expenses	**0.2**	**0.2**
Other expenses	**1.3**	**1.3**
Expenses & finance costs	**17.8**	**14.9**

Interest was a net cost of £3.0m in the year (2012: £2.1m). It increased from the prior year due to a £0.9m write-off of debt arrangement costs in relation to the cancellation of the £50m 18 month tranche of the Group's debt facility.

Total fees accruing to InfraRed Capital Partners Limited (the Investment Adviser) were £13.0m (2012: £11.1m) for the year, comprising the 1.1% per annum management fee (1.0% for assets above £750m, 0.9% for assets above £1.5bn, and 1.5% for assets in construction), the 1.0% fee on the acquisitions made from third parties, and the £0.1m per annum advisory fee. The increase reflects the management fee on a growing portfolio value.

In the year, the Group incurred £0.2m of third party bid costs (mainly legal, technical and tax due diligence) on unsuccessful bids. The Investment Adviser earned £1.7m in acquisition fees, for its work on financial, commercial and structuring due diligence.

Neither the Investment Adviser nor any of its affiliates receives other fees from the Group or the Group's portfolio of investments.

Ongoing Charges ('OCs')

	Year to 31 March 2013	Year to 31 March 2012
£m	**Investment basis**	**Investment basis**
Investment Adviser[1]	**11.3**	**8.7**
Auditor – KPMG, for the Group	**0.3**	**0.3**
Directors' fees and expenses	**0.2**	**0.1**
Other ongoing expenses	**1.0**	**0.9**
Total expenses	**12.8**	**10.0**
Average NAV[2]	**1,077.2**	**724.3**
Ongoing Charges	**1.19%**	**1.38%**

1. Excludes acquisition fees of £1.7m (2012: 2.4m)
2. Excludes £164.7m net share capital raised in March 2013 (and £246.8m raised in March 2012)

In 2012 the AIC published new guidance in relation to calculating Ongoing Charges which is defined as annualised ongoing charges (i.e. excluding acquisition costs and other non-recurring items) divided by the average published undiluted net asset value in the period. On this basis, the Ongoing Charges Percentage is 1.19% (2012 equivalent : 1.38%). There are no performance fees paid to any service provider.

The Ongoing Charges reduced in the year by 0.2% reflecting a combination of lower gearing during the year on an Investment basis and the Group's expenses being spread over a larger capital base. As the Investment Adviser's management fee is based on a percentage of portfolio value, lower gearing on an Investment basis means that the Investment Adviser's fee as a percentage of net assets is lower and hence the Ongoing Charge Percentage is reduced.

Balance Sheet

Summary balance sheet

£m	31 March 2013 Investment basis	Consolidation adjustments	IFRS basis	31 March 2012 Investment basis	Consolidation adjustments	IFRS basis
Investments at fair value	1,200.4	(529.9)	670.5	902.0	(377.7)	524.3
Other non-current assets	-	3,009.1	3,009.1	-	2,224.3	2,224.3
Working capital	(11.7)	15.9	4.2	(12.0)	21.8	9.8
Net cash/(borrowings)	146.0	(1,770.3)	(1,624.3)	(116.3)	(1,357.0)	(1,473.3)
Other non-current liabilities	-	(739.8)	(739.8)	-	(498.6)	(498.6)
Non-controlling interests	-	(8.4)	(8.4)	-	(8.4)	(8.4)
Net assets[1] attributable to Ordinary Shares	1,334.7	(23.4)	1,311.3	773.7	4.4	778.1
NAV per Ordinary Share (before distribution)[2]	120.0p		117.9p	116.3p		117.0p
NAV per Ordinary Share (post distribution)	116.4p		114.3p	112.8p		113.5p
Net assets attributable to 2012 C Shares	-	-	-	246.8	-	246.8
NAV per C Share	-		-	98.7p		98.7p

1 This is net assets attributable to the Group net of non-controlling interests
2 The NAV per share at 31 March 2013 is that applicable to the 976.4m Ordinary Shares in issue on the record date of 1 March 2013. The 140m Ordinary Shares issued on 27 March 2013 pursuant to the New Ordinary Shares Prospectus of 26 February 2013 were not eligible for the second interim dividend of 3.575p. See Note 2 to the pro-forma financial statements and Note 13 to the financial statements.

On an Investment basis, Investments at fair value were £1,200.4m (2012: £902.0m), net of the £12.7m of future investment obligations on Perth and Kinross Schools PFI project. This is an increase from 31 March 2012 of £298.4m or 33%. Further detail on the movement in Investments at fair value is given in this Report under *Valuation*.

Following the acquisitions and share issues during the year, the Group had a net cash position at 31 March 2013 on an Investment basis of £146.0m (2012: net cash of £129.4m). An analysis of the movements in net cash is shown in the cashflow analysis below. The £164.7m of net proceeds of the New Ordinary Shares issue were used to pay down £27.9m of drawings under the credit facility as well as to fund two acquisitions with an aggregate consideration of £27.4m at the end of March. Since 31 March 2013, the Group has made a further four acquisitions totalling £36.1m and these have been funded from cash resources.

On an Investment basis, NAV per Ordinary Share was 116.4p after the 3.575p distribution (2012: 112.8p post dividend distribution of 3.5p).

On a consolidated IFRS basis, net assets attributable to Ordinary Shares have increased to £1,311.3m (2012: £778.1 m) reflecting £274.8m from the issue of shares (net of costs) in the year and £11.6m of retained profits. NAV per Ordinary Share was 117.9p (2012: 117.0p).

Cashflow analysis

Summary cash flow

£m	Year to 31 March 2013 Investment basis		Year to 31 March 2012 Investment basis	
Net cash at start of year		129.4		54.7
Cash from investments[1]	78.2		51.2	
Operating and finance costs outflow	(13.9)		(10.2)	
Net cash inflow before acquisitions/financing		64.3		41.0
Disposal/Redemption of investment		3.9		30.0
Cost of new investments		(270.2)		(283.3)
Share capital raised net of costs		270.1		320.9
Forex movement on borrowings/hedging[2]		(3.4)		2.9
Distributions paid:				
Relating to operational investments	(46.6)		(33.2)	
Relating to investments in construction	(1.5)		(3.6)	
Distributions paid		(48.1)		(36.8)
Net cash at end of year		146.0		129.4

1. The year to 31 March 2013 includes £1.4m profit on disposal of Doncaster Schools.
2. Includes amortisation of debt issue costs of £1.7m (2012: £0.4m)

On an Investment basis the Group's net cash at 31 March 2013 was £146.0m (31 March 2012: net cash of £129.4m).

Cash inflows from the portfolio were up 52.7% at £78.2m (2012: £51.2m). The growth in cash generation was driven by contributions from acquisitions combined with active cash management across the portfolio.

Cost of investments of £270.2m (2012: £283.3m) represents the cash cost of the 10 new investments and 11 incremental acquisitions, and associated acquisition costs of £5.1m. The disposal in the year was Doncaster Schools which had been acquired in December 2011 for £3.9m.

The £3.4m (2012: £2.9m) movement in forex and hedging arises from the strengthening of the Euro against Sterling in the year. The forward sales are to hedge the Group's forex exposure on the Dutch High Speed Rail Link, two Irish assets and two Canadian assets.

The 140m New Ordinary Shares capital raising in March 2013, placing of 88.3m Ordinary Shares via tap issues and the £1.8m of delayed C Share proceeds provided net cash receipts in the year of £270.1m (2012: £320.9m).

Dividends paid increased £11.3m to £48.1m (2012: £36.8m) for the year (being the payment of 3.50p in June 2012 and the payment of 3.425p per share in December 2012). The dividends declared for the year to 31 March 2013 represent a total of 7.00p per share (2012: 6.85p).

Dividend cash cover, which compares operational cash flow of £64.3m (2012: £41.0m) to dividends attributable to operational assets, was 1.38 times (2012: 1.23 times). The proportion of the total dividend attributable to operational assets (96.9%) and construction assets (3.1%) is based on their respective share of the portfolio valuation during the year.

Gearing

The Group started the financial year with a committed £150m revolving credit facility comprising a £50m 18 month tranche and a £100m three year multi-currency tranche jointly provided by Royal Bank of Scotland and National Australia Bank. The facility was signed in February 2012 and for regulatory reasons was sized to reflect the maximum potential working capital requirements for the 18 months following the £250m C Share issue in March 2012. In August 2012 the Company cancelled the £50m 18 month tranche as the anticipated level of utilisation prior to expiry did not justify the ongoing commitment fee.

The Group's debt facility is used to fund acquisitions and is on a recourse basis to the Group. The Company's Articles of Association limit the Group's recourse debt to 50% of Adjusted Gross Asset Value of its investments and cash balances. As at 31 March 2013, the Group's cash drawings under the £100m facility were £27.9m, the balance having been repaid in April from the proceeds of the New Ordinary Shares issue. As such, on an Investment basis the Group is ungeared with net cash as at 31 March 2013 of £146.0m (2012: £129.4m).

Since 31 March 2013, the Group has utilised £36.1m to make four new investments, £12.7m to finance the loan note subscription on Perth and Kinross Schools project, as well as £30.1m for the payment of the second interim dividend of 3.575p per share on 22 April.

To manage interest rate risk the Group can use interest rate swaps to hedge drawings under the Group's debt facility. During the year the Group did not utilise any interest rate swaps due to the limited period during which the Group was a net borrower under the facility.

On a consolidated IFRS basis, the Group had net debt of £1,624.3m at 31 March 2013 (2012: £1,473.3m). This increase in net debt over the year reflects the consolidation of five new subsidiaries arising from the various acquisitions in the year.

As previously reported, all of the projects have either long-term bank borrowings with interest rate hedges, or bonds with fixed or indexed coupon payments. This ensures the Group's investments have minimal exposure to interest rate volatility or debt market appetite.

Foreign Exchange Risk

Foreign exchange risk from non-Sterling assets has been managed on a balance sheet basis through the forward sale of Euros and Canadian Dollars and by debt drawings under the Group's credit facility. This has minimised the volatility in the Group's NAV from foreign exchange movements. The Group has undertaken increased hedging of investment income from overseas assets through the forward sale of the respective foreign currency and reduced the balance sheet hedge. The net effect of these changes is expected to give more yield certainty and to limit NAV per share sensitivity to no more than 1.0p for a 10% forex movement.

Unaudited consolidated proforma income statement

for the year ended 31 March 2013

	Year ended 31 March 2013					Year ended 31 March 2012				
	Investment basis			Consolidation	Consolidated	Investment basis			Consolidation	Consolidated
	Revenue	Capital	Total	adjustments	IFRS basis	Revenue	Capital	Total	adjustments	IFRS basis
	£million	£million	£million	£million	£million	£million	£million	£million	£million	£million
Services revenue	-	-	-	190.4	190.4	-	-	-	149.9	149.9
Gains on finance receivables	-	-	-	149.0	149.0	-	-	-	177.8	177.8
Gains/(loss) on investments	67.7	45.0	112.7	(44.6)	68.1	48.1	24.0	72.1	(22.0)	50.1
Total income	67.7	45.0	112.7	294.8	407.5	48.1	24.0	72.1	305.7	377.8
Services costs	-	-	-	(169.2)	(169.2)	-	-	-	(130.0)	(130.0)
Administrative expenses	(14.8)	-	(14.8)	(5.2)	(20.0)	(12.8)	-	(12.8)	(4.6)	(17.4)
Profit before net finance costs and tax	52.9	45.0	97.9	120.4	218.3	35.3	24.0	59.3	171.1	230.4
Finance costs	(3.2)	(1.8)	(5.0)	(158.9)	(163.9)	(2.4)	-	(2.4)	(149.5)	(151.9)
Finance income	0.2	-	0.2	0.8	1.0	0.3	4.8	5.1	0.6	5.7
Profit/(loss) before tax	49.9	43.2	93.1	(37.7)	55.4	33.2	28.8	62.0	22.2	84.2
Income tax (expense)/credit	(0.1)	-	(0.1)	12.2	12.1	(0.1)	-	(0.1)	0.7	0.6
Profit for the year	49.8	43.2	93.0	(25.5)	67.5	33.1	28.8	61.9	22.9	84.8
Attributable to:										
Equity holders of the parent	49.8	43.2	93.0	(27.8)	65.2	33.1	28.8	61.9	20.9	82.8
Non-controlling interests	-	-	-	2.3	2.3	-	-	-	2.0	2.0
	49.8	43.2	93.0	(25.5)	67.5	33.1	28.8	61.9	22.9	84.8
Earnings per share – basic and diluted (pence)	5.6	4.8	10.4	(3.1)	7.3	5.2	4.6	9.8	3.3	13.1

See Note 2(a) of Notes to the consolidated financial statements for the definition of revenue and capital items.

Unaudited consolidated proforma balance sheet
as at 31 March 2013

	31 March 2013			31 March 2012		
	Investment basis	Consolidation adjustments	Consolidated IFRS basis	Investment basis	Consolidation adjustments	Consolidated IFRS basis
	£million	£million	£million	£million	£million	£million
Non-current assets						
Investments at fair value through profit or loss *(Note 1)*	1,200.4	(529.9)	670.5	902.0	(377.7)	524.3
Finance receivables at fair value through profit or loss	-	2,435.0	2,435.0	-	1,739.4	1,739.4
Intangible assets	-	420.7	420.7	-	375.2	375.2
Deferred tax assets	-	153.4	153.4	-	109.7	109.7
Total non-current assets	1,200.4	2,479.2	3,679.6	902.0	1,846.6	2,748.6
Current assets						
Trade and other receivables	0.2	26.4	26.6	1.8	27.4	29.2
Other financial assets	0.8	-	0.8	-	-	-
Finance receivables at fair value through profit or loss	-	40.2	40.2	-	31.2	31.2
Cash and cash equivalents	172.9	153.7	326.6	267.9	105.8	373.7
Total current assets	173.9	220.3	394.2	269.7	164.4	434.1
Total assets	1,374.3	2,699.5	4,073.8	1,171.7	2,011.0	3,182.7
Current liabilities						
Trade and other payables	(12.2)	(49.1)	(61.3)	(12.5)	(35.6)	(48.1)
Other current financial liabilities	(0.5)	-	(0.5)	-	-	-
Current tax payable	-	(1.6)	(1.6)	(0.2)	(1.2)	(1.4)
Loans and borrowings	(26.9)	(52.6)	(79.5)	(138.5)	(52.9)	(191.4)
Total current liabilities	(39.6)	(103.3)	(142.9)	(151.2)	(89.7)	(240.9)
Non-current liabilities						
Loans and borrowings	-	(1,871.4)	(1,871.4)	-	(1,409.9)	(1,409.9)
Other financial liabilities (fair value of derivatives)	-	(452.2)	(452.2)	-	(259.9)	(259.9)
Deferred tax liabilities	-	(287.6)	(287.6)	-	(238.7)	(238.7)
Total non-current liabilities	-	(2,611.2)	(2,611.2)	-	(1,908.5)	(1,908.5)
Total liabilities	(39.6)	(2,714.5)	(2,754.1)	(151.2)	(1,998.2)	(2,149.4)
Net assets	1,334.7	(15.0)	1,319.7	1,020.5	12.8	1,033.3
Equity						
Shareholders' equity	1,334.7	(23.4)	1,311.3	1,020.5	4.4	1,024.9
Non-controlling interests	-	8.4	8.4	-	8.4	8.4
Total equity	1,334.7	(15.0)	1,319.7	1,020.5	12.8	1,033.3
Net assets per Ordinary Share (pence) *(Note 2)*	120.0	(2.1)	117.9	116.3	0.7	117.0
Net assets per C Share (pence)	-	-	-	98.7	-	98.7

Unaudited consolidated proforma cash flow
for the year ended 31 March 2013

	Year ended 31 March 2013			Year ended 31 March 2012		
	Investment basis	**Consolidation adjustments**	**Consolidated IFRS basis**	**Investment basis**	**Consolidation adjustments**	**Consolidated IFRS basis**
	£million	£million	£million	£million	£million	£million
Cash flows from operating activities						
Profit/(loss) before tax	93.1	(37.7)	55.4	62.0	22.2	84.2
Adjustments for:						
(Gains)/loss on investments	(112.7)	44.6	(68.1)	(72.1)	22.0	(50.1)
Gains on finance receivables	-	(149.0)	(149.0)	-	(177.8)	(177.8)
Interest payable and similar charges	3.2	90.8	94.0	2.4	80.0	82.4
Changes in fair value of derivatives	1.8	68.1	69.9	(4.8)	69.5	64.7
Operator acquisition investment fees	1.7	-	1.7	2.4	-	2.4
Interest income	(0.2)	(0.8)	(1.0)	(0.3)	(0.6)	(0.9)
Amortisation of intangible assets	-	17.6	17.6	-	13.5	13.5
Operating cash flow before changes in working capital	(13.1)	33.6	20.5	(10.4)	28.8	18.4
Changes in working capital:						
(Increase)/Decrease in receivables	0.8	(0.2)	0.6	0.9	2.2	3.1
(Decrease)/Increase in payables	-	(1.5)	(1.5)	0.5	-	0.5
Cash flow (used in)/from operations	(12.3)	31.9	19.6	(9.0)	31.0	22.0
Interest received on bank deposits and finance receivables	0.2	0.8	1.0	0.3	0.6	0.9
Cash received from finance receivables	-	134.3	134.3	-	99.9	99.9
Interest paid	(1.9)	(79.5)	(81.4)	(3.5)	(81.6)	(85.1)
Corporation tax received/(paid)	-	(0.6)	(0.6)	0.5	(0.7)	(0.2)
Interest received on investments	51.1	(12.2)	38.9	32.9	(14.2)	18.7
Dividends received	16.0	(3.1)	12.9	15.1	(5.4)	9.7
Fees and other operating income	8.1	(1.7)	6.4	2.2	(0.9)	1.3
Loanstock and equity repayments received	1.6	-	1.6	31.0	-	31.0
Net cash from operating activities	62.8	69.9	132.7	69.5	28.7	98.2
Cash flows from investing activities						
Proceeds from disposal of investment	5.3	-	5.3	-	-	-
Purchases of investments	(270.2)	82.1	(188.1)	(283.3)	66.4	(216.9)
Acquisition of subsidiaries net of cash acquired	-	(54.6)	(54.6)	-	(15.9)	(15.9)
Net cash (used in)/from investing activities	(264.9)	27.5	(237.4)	(283.3)	50.5	(232.8)
Cash flows from financing activities						
Proceeds from issue of share capital	270.1	-	270.1	320.9	-	320.9
Proceeds from issue of loans and borrowings	64.5	-	64.5	183.2	-	183.2
Repayment of loans and borrowings	(177.8)	(47.1)	(224.9)	(44.5)	(30.2)	(74.7)
Distributions paid to Company shareholders	(48.1)	-	(48.1)	(36.8)	-	(36.8)
Distributions paid to non-controlling interests	-	(2.4)	(2.4)	-	(3.4)	(3.4)
Net cash from/(used in) financing activities	108.7	(49.5)	59.2	422.8	(33.6)	389.2
Net increase in cash and cash equivalents	(93.4)	47.9	(45.5)	209.0	45.6	254.6
Cash and cash equivalents at beginning of year	267.9	105.8	373.7	54.7	60.2	114.9
Exchange gains on cash	(1.6)	-	(1.6)	4.2	-	4.2
Cash and cash equivalents at end of year	172.9	153.7	326.6	267.9	105.8	373.7

Notes to the unaudited consolidated proforma financial statements
for the year ended 31 March 2013

1. Investments

The valuation of the Group's portfolio at 31 March 2013 reconciles to the consolidated balance sheet as follows:

	31 March 2013 £million	31 March 2012 £million
Portfolio valuation	1,213.1	902.0
Less : undrawn investment commitments	(12.7)	-
Portfolio valuation on an investment basis	1,200.4	902.0
Less : equity and loanstock investments in operating subsidiaries eliminated on consolidation	(529.9)	(377.7)
Investments per audited consolidated balance sheet on an IFRS basis	670.5	524.3

Portfolio valuation on an investment basis is represented by:

	31 March 2013 £million	31 March 2012 £million
Less than one year	-	-
Greater than one year	1,200.4	902.0
Carrying amount at year end	1,200.4	902.0

Investments per audited consolidated balance sheet on an IFRS basis is represented by:

	31 March 2013 £million	31 March 2012 £million
Less than one year	-	-
Greater than one year	670.5	524.3
Carrying amount at year end	670.5	524.3

2. Net assets on Investment Basis

	31 March 2013 £million	31 March 2012 £million
Shareholders' equity at 31 March	1,334.7	773.7
Less: Second Interim Dividend	(34.9)*	(23.3)†
	1,299.8	**750.4**
Number of shares at 31 March	**1,116.3**	**665.4**
Net assets per share after deducting second interim dividend	**116.4p**	**112.8p**
Add Second Interim Dividend	**3.575p**	**3.5p**
Net assets per share at 31 March	**120.0p**	**116.3p**

* 3.575p declared on 21 February 2013 and paid on 22 April 2013
† 3.5p declared on 12 April 2012 and paid on 29 June 2012

The Net assets per share at 31 March 2013 is that applicable to the 976.4 million Ordinary Shares in issue on the record date of 1 March 2013. The 140 million Ordinary Shares issued on 27 March 2013 pursuant to the New Ordinary Share Prospectus of 26 February 2013 were not eligible for the second interim dividend of 3.575p.

The Net assets per share at 31 March 2013 applicable to the 140 million Ordinary Shares issued on 27 March 2013 is 116.4p on an Investment basis.

Statement of Directors' responsibilities

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

The Companies (Guernsey) Law, 2008 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 International Financial Reporting Standards as adopted by the EU and applicable law.

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 apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable 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 which disclose with reasonable accuracy at any time the financial position of the Company and which enable them to ensure that the financial statements comply with the Companies (Guernsey) Law, 2008. They have a 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.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' Report and Corporate Governance Statement that comply with company law and regulations.

Directors' Responsibility Statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and Group included in the consolidation as a whole; and
- the Chairman's Statement and Report of the Directors include a fair review of the development and performance of the business and the position of the Company and Group included in the consolidation taken as a whole together with a description of the principal risks and uncertainties that it faces.

Disclosure of Information to the 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 he or she ought to have taken as a Director to make himself or herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

KPMG Channel Islands Limited have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board
Authorised signatory
Dexion Capital (Guernsey) Ltd
Company Secretary
21 May 2013

Registered Office:
1 Le Truchot
St Peter Port
Guernsey
Channel Islands GY1 1WD

Independent auditor's report to the members of HICL Infrastructure Company Limited

We have audited the Group financial statements of HICL Infrastructure Company Limited (the "Company", and together with its subsidiaries, the "Group") for the year ended 31 March 2013 which comprise the Consolidated Income Statement, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Shareholders' Equity, the Consolidated Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the EU.

This report is made solely to the Company's members, as a body, in accordance with section 262 of the Companies (Guernsey) Law, 2008. 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 Statement of Directors' Responsibilities, 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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Board of Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 March 2013 and of the Group's profit for the year then ended;
- are in accordance with International Financial Reporting Standards as adopted by the EU; and
- comply with the Companies (Guernsey) Law, 2008.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- the Company has not kept proper accounting records, or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations, which to the best of our knowledge and belief are necessary for the purpose of our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review. We have nothing to report in respect of this review.

Steven D. Stormonth
For and on behalf of KPMG Channel Islands Limited
Chartered Accountants and Recognised Auditors
20 New Street, St Peter Port
Guernsey GY1 4AN

21 May 2013

Consolidated income statement

for the year ended 31 March 2013

	Note	Year ended 31 March 2013 Revenue £million	Capital £million	Total £million	Year ended 31 March 2012 Revenue £million	Capital £million	Total £million
Services revenue	5	190.4	-	190.4	149.9	-	149.9
Gains on finance receivables	17	94.5	54.5	149.0	70.6	107.2	177.8
Gains on investments	6	48.1	20.0	68.1	29.3	20.8	50.1
Total income		333.0	74.5	407.5	249.8	128.0	377.8
Services costs	7	(169.2)	-	(169.2)	(130.0)	-	(130.0)
Administrative expenses	8	(20.0)	-	(20.0)	(17.4)	-	(17.4)
Profit before net finance costs and tax		143.8	74.5	218.3	102.4	128.0	230.4
Finance costs	9	(101.5)	(62.4)	(163.9)	(82.4)	(69.5)	(151.9)
Finance income	9	1.0	-	1.0	0.9	4.8	5.7
Profit before tax		43.3	12.1	55.4	20.9	63.3	84.2
Income tax credit/(expense)	10a	10.7	1.4	12.1	10.0	(9.4)	0.6
Profit for the year		54.0	13.5	67.5	30.9	53.9	84.8
Attributable to:							
Equity holders of the parent		50.2	15.0	65.2	29.5	53.3	82.8
Non-controlling interests		3.8	(1.5)	2.3	1.4	0.6	2.0
		54.0	13.5	67.5	30.9	53.9	84.8
Earnings per share – basic and diluted (pence)	11			7.3			13.1

Supplementary information has been provided analysing the income statement between those items of a revenue nature and those of a capital nature, in order to better reflect the Consolidated Group's activities as an investment company. See Note 2 (a) to the consolidated financial statements for the definition of revenue and capital items.

All results are derived from continuing operations. There is no other comprehensive income or expense apart from those disclosed above and consequently a consolidated statement of comprehensive income has not been prepared.

Consolidated balance sheet

as at 31 March 2013

	Note	31 March 2013 £million	31 March 2012 £million
Non-current assets			
Investments at fair value through profit or loss	15	670.5	524.3
Finance receivables at fair value through profit or loss	17	2,435.0	1,739.4
Intangible assets	14	420.7	375.2
Deferred tax assets	10c	153.4	109.7
Total non-current assets		3,679.6	2,748.6
Current assets			
Trade and other receivables	18	26.6	29.2
Other financial assets		0.8	-
Finance receivables at fair value through profit or loss	17	40.2	31.2
Cash and cash equivalents	19	326.6	373.7
Total current assets		394.2	434.1
Total assets		4,073.8	3,182.7
Current liabilities			
Trade and other payables	20	(61.3)	(48.1)
Other current financial liabilities		(0.5)	-
Current tax liabilities		(1.6)	(1.4)
Loans and borrowings	21	(79.5)	(191.4)
Total current liabilities		(142.9)	(240.9)
Non-current liabilities			
Loans and borrowings	21	(1,871.4)	(1,409.9)
Other financial liabilities (fair value of derivatives)	22	(452.2)	(259.9)
Deferred tax liabilities	10c	(287.6)	(238.7)
Total non-current liabilities		(2,611.2)	(1,908.5)
Total liabilities		(2,754.1)	(2,149.4)
Net assets		1,319.7	1,033.3
Equity			
Ordinary Share capital	23	0.1	-
C Share capital	23	-	-
Share premium	23	992.4	717.7
Retained reserves		318.8	307.2
Total equity attributable to equity holders of the parent		1,311.3	1,024.9
Non-controlling interests		8.4	8.4
Total equity		1,319.7	1,033.3
Net assets per Ordinary Share (pence)	13	117.9	117.0
Net assets per C Share (pence)		-	98.7

The accompanying Notes are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the Board of Directors on 21 May 2013, and signed on its behalf by:

J Hallam
Director

G Picken
Director

Consolidated statement of changes in shareholders' equity

for the year ended 31 March 2013

Year ended 31 March 2013

	Attributable to equity holders of the parent			Non-controlling interests	Total equity
	Share capital and share premium	Retained reserves	Total shareholders' equity		
	£million	£million	£million	£million	£million
Shareholders' equity at beginning of year	717.7	307.2	1,024.9	8.4	1,033.3
Profit for the year	-	65.2	65.2	2.3	67.5
Distributions paid to Company shareholders	-	(53.6)	(53.6)	-	(53.6)
Distributions paid to non-controlling interests	-	-	-	(2.3)	(2.3)
Ordinary Shares issued	278.2	-	278.2	-	278.2
Costs of Ordinary Share issue	(3.4)	-	(3.4)	-	(3.4)
Shareholders' equity at end of year	992.5	318.8	1,311.3	8.4	1,319.7

Year ended 31 March 2012

	Attributable to equity holders of the parent			Non-controlling interests	Total equity
	Share capital and share premium	Retained reserves	Total shareholders' equity		
	£million	£million	£million	£million	£million
Shareholders' equity at beginning of year	390.7	266.3	657.0	9.9	666.9
Profit for the year	-	82.8	82.8	2.0	84.8
Distributions paid to Company shareholders	-	(41.9)	(41.9)	-	(41.9)
Distributions paid to non-controlling interests	-	-	-	(3.5)	(3.5)
C Shares issued	250.0	-	250.0	-	250.0
Costs of C Share issue	(3.2)	-	(3.2)	-	(3.2)
Ordinary Shares issued	80.9	-	80.9	-	80.9
Costs of Ordinary Share issue	(0.7)	-	(0.7)	-	(0.7)
Shareholders' equity at end of year	717.7	307.2	1,024.9	8.4	1,033.3

Consolidated cash flow statement

for the year ended 31 March 2013

	Year ended 31 March 2013 £million	Year ended 31 March 2012 £million
Cash flows from operating activities		
Profit before tax	55.4	84.2
Adjustments for:		
Gains on investments	(68.1)	(50.1)
Gains on finance receivables	(149.0)	(177.8)
Interest payable and similar charges	94.0	82.4
Changes in fair value of derivatives	69.9	64.7
Operator acquisition investment fees	1.7	2.4
Interest income	(1.0)	(0.9)
Amortisation of intangible assets	17.6	13.5
Operating cash flow before changes in working capital	20.5	18.4
Changes in working capital:		
(Increase)/Decrease in receivables	0.6	3.1
(Decrease)/Increase in payables	(1.5)	0.5
Cash flow from operations	19.6	22.0
Interest received on bank deposits and finance receivables	1.0	0.9
Cash received from finance receivables	134.3	99.9
Interest paid	(81.4)	(85.1)
Corporation tax paid	(0.6)	(0.2)
Interest received on investments	38.9	18.7
Dividends received	12.9	9.7
Fees and other operating income	6.4	1.3
Loanstock and equity repayments received	1.6	31.0
Net cash from operating activities	132.7	98.2
Cash flows from investing activities		
Proceeds from disposal of investments	5.3	-
Purchases of investments	(188.1)	(216.9)
Acquisition of subsidiaries net of cash acquired (Note 16a)	(54.6)	(15.9)
Net cash used in investing activities	(237.4)	(232.8)
Cash flows from financing activities		
Proceeds from issue of share capital	270.1	320.9
Proceeds from issue of loans and borrowings	64.5	183.2
Repayment of loans and borrowings	(224.9)	(74.7)
Distributions paid to Company shareholders	(48.1)	(36.8)
Distributions paid to non-controlling interests	(2.4)	(3.4)
Net cash from financing activities	59.2	389.2
Net increase in cash and cash equivalents	(45.5)	254.6
Cash and cash equivalents at beginning of year	373.7	114.9
Exchange gains on cash	(1.6)	4.2
Cash and cash equivalents at end of year	326.6	373.7

1. Reporting entity

HICL Infrastructure Company Limited (the "Company") is a company domiciled in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange. The consolidated financial statements of the Company as at and for the year ended 31 March 2013 comprise the Company and its subsidiaries (together referred to as the "Consolidated Group"). The Consolidated Group invests in infrastructure projects in the UK, Canada and Europe.

Of the Consolidated Group's portfolio of 79 investments at 31 March 2013, 54 have been accounted for as investments (the "Entity Investments") in accordance with the accounting policies set out in parts (b) and (d) of Note 2. The 25 remaining investments are deemed to be subsidiaries of the Company (the "Operating Subsidiaries"), and are therefore treated as business combinations as described in parts (b) and (c) of Note 2. Certain items of the accounting policies apply only to the Operating Subsidiaries. Where applicable, this is noted in the relevant accounting policy note.

2. Key accounting policies

(a) Basis of preparation

The consolidated financial statements were approved and authorised for issue by the Board of Directors on 21 May 2013.

The consolidated financial statements which give a true and fair view have been prepared in compliance with the Companies (Guernsey) Law, 2008 and in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") using the historical cost basis, except that the following assets and liabilities are stated at their fair values: derivative financial instruments and financial instruments classified at fair value through profit or loss. The accounting policies have been applied consistently. The consolidated financial statements are presented in sterling, which is the Company's functional currency.

The preparation of financial statements in conformity with IFRS as adopted by the EU, requires the Directors and advisers to make judgements, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Investment Adviser's Report. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are described in the Financial Results. In addition, Notes 1 to 4 and 21 to 22 of the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments and hedging activities; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long - term contracts with various public sector customers and suppliers across a range of infrastructure projects. The financing for these projects and the Operating Subsidiaries is non-recourse to the Group. As a consequence, the directors believe that the Group is well placed to manage its business risks successfully despite the continuing uncertain economic outlook.

The Directors believe that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that year or in the period of the revision and future periods if the revision affects both current and future periods. Note 3 shows critical accounting judgements, estimates and assumptions.

Supplementary information has been provided analysing the income statement between those items of a revenue nature and those of a capital nature, in order to better reflect the Consolidated Group's activities as an investment company. Those items of income and expenditure which relate to the interest and dividend yield of investments and annual operating and interest expenditure are shown as "revenue". Those items of income and expenditure which arise from changes in the fair value of investments, foreign exchange movements, finance receivables and derivative financial instruments are recognised as "capital".

New standards effective for the current year

The following EU-endorsed amendments, improvements and interpretations of published standards are effective for accounting periods beginning on or after 1 April 2012 and have been adopted with no material impact on the Group's financial statements:

- IFRS 7 'Financial Instruments – Disclosures'. The amendment introduces new requirements about transfers of financial assets including disclosure for financial assets that are not derecognised in their entirety; and financial assets that are derecognised in their entirety but for which the entity retains continuing involvement.
- IAS 12 'Income Taxes'. The amendment introduces an exception to the current measurement principles of deferred tax assets and liabilities arising from investment property measured using the fair value model in accordance with IAS 40 'Investment Property'.
- IFRS 1 'First Time Adoption of IFRS'. This change adds an exemption that an entity can apply at the date of transition to IFRSs after being subject to severe hyperinflation.

Standards not yet applied

In October 2012 revised IRFS standards were issued (Investment Entities – Amendments to IRFS 10, IFRS 12 and IAS 27) to address the consolidation of investments held by investment companies. These revised accounting standards are expected to require the Group in the future to prepare IFRS financial statements which do not consolidate subsidiaries in a similar manner to the Group's current pro-forma Investment basis tables. The Group expects that these revised standards will apply to the Group and anticipate adoption of these standards in respect of the year ending March 2014 following their official adoption by the EU.

The Group anticipate that the adoption of the following new, revised, amended and improved published standards and interpretations, which were in issue at the date of authorisation of these Financial Statements, will have no material impact on the Financial Statements of the Group when they become applicable in future periods:

- IFRS 7 'Financial Instruments: Disclosures';
- IFRS 1 'First-time Adoption of IFRS';
- IAS 1 'Presentation of Financial Statements';
- Annual Improvements IFRS 2009-2011 cycle;
- IFRS 9 'Financial Instruments';
- IFRS 13 'Fair Value Measurement';
- IAS 27 'Separate Financial Statements'; and
- IAS 28 'Investments in Associates'.

(b) Basis of consolidation

The consolidated financial statements of the Consolidated Group include the financial statements of the Company and its subsidiaries up to 31 March 2013. Subsidiaries are those entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities as defined in IAS 27 'Consolidated and Separate Financial Statements'. The financial statements of subsidiaries are included in the consolidated financial statements on a line by line basis from the date that control commences until the date control ceases. Nineteen of the twenty-five Operating Subsidiaries have a different statutory financial reporting date to the Company, being either 31 December or 31 January. Their results for the year to 31 March are included by reference to management accounts.

Associates are those entities over which the Company has significant influence as defined in IAS 28 'Investments in Associates'. By virtue of the Company's status as an investment fund and the exemption provided by IAS 28.1, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit or loss.

Joint ventures are those entities over which the Company has joint control as defined by IAS 31 'Interests in Joint Ventures'. By virtue of the Company's status as an investment fund and the exemption provided by IAS 31.1, investments in such entities are designated upon initial recognition to be accounted for at fair value through profit or loss.

Intra-Group receivables, liabilities, revenue and expenses are eliminated in their entirety when preparing the consolidated financial statements. Gains that arise from intra-group transactions and that are unrealised from the standpoint of the Consolidated Group on the balance sheet date are eliminated in their entirety. Unrealised losses on intra-group transactions are also eliminated in the same way as unrealised gains, to the extent that the loss does not correspond to an impairment loss.

(c) Acquisition of subsidiaries

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which control is transferred to the Consolidated Group. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Consolidated Group takes into consideration potential voting rights that are currently exercisable.

The Consolidated Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit and loss.

Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Consolidated Group incurs in conjunction with a business combination are expensed as incurred.

(d) Financial instruments

Financial assets and liabilities are recognised on the Consolidated Group's balance sheet when the group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when the contractual rights to the cash flows from the instrument expire or the asset is transferred and the transfer qualifies for derecognition in accordance with IAS 39 'Financial instruments: Recognition and measurement'.

(i) Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, finance receivables, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value including directly attributable transaction costs, except for financial instruments measured at fair value through profit or loss. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Investments in equity and debt securities
Entity Investments (investments in the equity and loanstock of entities engaged in infrastructure activities which are not classified as subsidiaries of the Consolidated Group) are designated at fair value through profit or loss since the Consolidated Group manages these investments and makes purchase and sale decisions based on their fair value.

The initial difference between the transaction price and the fair value, derived from using the discounted cash flows methodology at the date of acquisition, is recognised only when observable market data indicates there is a change in a factor that market participants would consider in setting the price of that investment. After initial recognition, investments at fair value through profit or loss are measured at fair value with changes recognised in the income statement.

Finance receivables
Finance receivables are recognised initially at fair value. Subsequent to initial recognition, finance receivables are measured at fair value using the discounted cash flows methodology, with changes recognised in the income statement as gains/(loss) on finance receivables as a capital item.

Finance receivables are designated at fair value through profit or loss because it eliminates or significantly reduces the accounting mismatch that would result from fair value movements in interest rate swaps.

Loans and borrowings
Borrowings are recognised initially at fair value of the consideration received, less transaction costs. Subsequent to initial recognition, borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the income statement over the period of the borrowings on an effective interest basis.

Other
Other non-derivative financial instruments are measured at amortised cost using the effective interest method less any impairment losses.

(ii) Derivative financial instruments
The Operating Subsidiaries hold derivative financial instruments to mitigate their interest rate risk and inflation rate risk exposures. All derivatives are recognised initially at fair value with attributable transaction costs recognised in the income statement as incurred. Thereafter, derivatives are measured at fair value with changes recognised in the income statement as part of finance costs or income. Fair value is based on price quotations from financial institutions active in the relevant market. The Consolidated Group does not use hedge accounting.

(iii) Fair values
The fair values are determined using the income approach, except for derivative financial instruments, which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the appropriate discount rate, regard is had to relevant long term government bond yields, the specific risks of each investment and the evidence of recent transactions.

(iv) Effective interest
The effective interest rate is that rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the relevant asset's carrying amount.

(e) Intangible assets

Intangible assets are recognised as part of a business combination if they are reliably measurable and separable from the acquired entity or give rise to other contractual/legal rights. Only one category of intangible asset has been recognised as part of a business combination to date, being the fair value of service concessions in Operating Subsidiaries as at the date of acquisition.

These assets are being amortised over the life of the concessions concerned on a straight-line basis.

The accounting policies for intangible assets arising under IFRIC 12 are disclosed in part (k) of this Note.

(f) Impairment

(i) Financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the income statement. An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in the income statement.

(ii) Non-financial assets

The carrying amounts of the Consolidated Group's non-financial assets are reviewed at each reporting date to determine whether there is any evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss is recognised in the income statement whenever the carrying amount of an asset exceeds its recoverable amount.

The recoverable amount of an asset is the greater of its net selling price and its value in use. The value in use is determined as the net present value of the future cash flows expected to be derived from the asset, discounted using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount after the reversal does not exceed the amount that would have been determined, net of applicable depreciation, if no impairment loss had been recognised.

(g) Share capital and share premium

Ordinary and C Shares are classified as equity. Costs directly attributable to the issue of new shares or associated with the establishment of the Company that would otherwise have been avoided are written-off against the balance of the share premium account.

(h) Cash and cash equivalents

Cash and cash equivalents comprises cash balances, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. Bank overdrafts that are repayable on demand are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(i) Non-controlling interests

The interest of non-controlling shareholders is stated at the non-controlling shareholders' proportion of the fair values of the assets and liabilities recognised. Subsequently, any losses applicable to the non-controlling interest in excess of its carrying value are allocated against the interest of the parent, except to the extent that the non-controlling shareholder has both a binding obligation and the ability to make an additional investment to cover the losses.

(j) Revenue

(i) Services revenue

Services revenue (in accordance with IFRIC 12), which relates solely to the Operating Subsidiaries, is comprised of the following components:

- revenues from the provision of facilities management services to Private Finance Initiative or Public Private Partnerships ("PFI/PPP/P3") projects calculated as the fair value of services provided (see Note k(i));
- the fair value of the consideration receivable on construction and upgrade services;
- availability fees and usage fees on PFI/PPP/P3 projects where the principal asset is accounted for as an intangible asset (see Note k(ii)); and
- third party revenues on PFI/PPP/P3 projects calculated as the fair value of services provided.

(ii) Gains on finance receivables

Gains on finance receivables relate solely to the Operating Subsidiaries.

Revenue

Gains on finance receivables included in the "revenue" category includes interest, dividends and other operating income relating to finance receivables designated at fair value through profit or loss.

Interest income arising on finance receivables at fair value through profit or loss is recognised in the income statement as it accrues, using the effective interest rate of the instrument concerned.

Dividends are recognised when the Consolidated Group's rights to receive payment have been established. That part of the dividend which has already been recognised in the fair value of finance receivable is deducted from the carrying amount of the relevant finance receivable.

Fees and other operating income are recognised when the Consolidated Group's rights to receive payment have been established.

Capital

Gains on finance receivables included in the capital category arise from the movement in the fair value of the finance receivables excluding the movements shown as revenue above.

(iii) Gains on investments

Gains on investments relates solely to the Entity Investments.

Revenue

Gains on investments included in the "revenue" category includes interest, dividends and other operating income relating to the Entity Investments.

Interest income arising on Entity Investments is recognised in the income statement as it accrues, using the effective interest rate of the instrument concerned as calculated at the acquisition or origination date.

Dividends are recognised when the Consolidated Group's rights to receive payment have been established. That part of the dividend which has already been recognised in the fair value of investments is deducted from the carrying amount of the relevant investment.

Fees and other operating income are recognised when the Consolidated Group's rights to receive payment have been established.

Capital

Gains on investments included in the "capital" category arise from the movement in the fair value of the Entity Investments excluding the movements shown as revenue above.

(k) Service concessions

In accordance with IFRIC 12 and the various provisions of IFRS, the Consolidated Group has determined the appropriate treatment of the principal assets of, and income streams from, PPP and similar contracts within the Operating Subsidiaries. Results of all service concessions which fall within the scope of IFRIC 12 conform to the following policies depending on the rights to consideration under the service concessions:

(i) Service concessions treated as financial assets

Service concessions are determined to give rise to finance receivables where the Consolidated Group, as operator, has an unconditional contractual right to receive cash or another financial asset from or at the direction of the grantor.

Revenue is recognised by allocating a proportion of total cash receivable to construction income and service income. The consideration received will be allocated by reference to the relative fair value of the services delivered, when the amounts are separately identifiable.

During the construction phase, revenue is recognised at cost, plus attributable profit to the extent that this is reasonably certain, in accordance with IAS 11. Costs for this purpose include valuation of all work done by subcontractors whether certified or not, and all overheads other than those relating to the general administration of the relevant companies.

During the operational stage, cash received in respect of the service concessions is allocated to services revenue (see part j(i) of this Note) based on its fair value, with the remainder being allocated between capital repayment and interest income using the effective interest method (see part j(ii) of this Note).

The finance receivables are designated as at fair value through profit or loss in accordance with part (d) of this Note. The fair values of the finance receivables are determined in a similar manner to that described in part (d)(i), with changes recognised in the income statement.

(ii) Service concessions treated as intangible assets

Service concessions are determined to give rise to intangible assets to the extent the Consolidated Group, as operator, has a contractual right to charge users of the public services. The intangible asset represents the construction cost of assets which give rise to the contractual right to charge. The intangible asset is amortised to estimated residual value over the remaining life of the service concession and tested each year for impairment.

Revenue arising in respect of these service concessions is recognised when the services are delivered.

(l) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use. Other borrowing costs are expensed.

(m) Income tax

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. The Company's Operating Subsidiaries are UK based and are therefore subject to UK tax legislation. Dividend and interest income received by the Consolidated Group may be subject to withholding tax imposed in the country of origin of such income, but all such tax is currently recoverable.

Income tax on the profit for the year of the Operating Subsidiaries comprises current and deferred tax. Current tax is the tax payable on the taxable income for the year. Deferred tax is provided in full using the balance sheet liability method on temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes, except for differences arising on:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- investments in subsidiaries and jointly controlled entities where the group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date. For the UK Operating Subsidiaries deferred tax is measured at UK tax rates.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(n) Foreign exchange gains and losses

Transactions entered into by group entities in a currency other than their functional currency are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in the consolidated income statement as capital amounts.

(o) Segmental reporting

The Chief Operating Decision Maker (the "CODM") is of the opinion that the Group is engaged in a single segment of business, being investment in infrastructure which is currently predominately in private finance initiatives and public private partnership companies in one geographical area, the United Kingdom.

The financial information used by the CODM to allocate resources and manage the group presents the business as a single segment comprising a homogeneous portfolio and is prepared on an Investment basis. The Investment basis deconsolidates the subsidiary investments. A reconciliation of the consolidated financial statements to pro-forma statements on an Investment basis is shown within the Financial Results of the annual report.

(p) ***Expenses***

All expenses and the profit share of the General Partner are accounted for on an accruals basis (refer to Note 24). The Consolidated Group's investment management and administration fees, finance costs (including interest on long-term borrowings) and all other expenses are charged through the consolidated income statement.

(q) Dividends

Dividends are recognised when they become legally payable. In the case of interim dividends, this is when they are paid. In the case of final dividends, this is when they are approved by the shareholders at the AGM. For scrip dividends where the Company issues shares with an equal value to the cash dividend amount as an alternative to the cash dividend a credit to equity is recognised when the shares are issued.

(r) Provisions

Provisions are recognised when the Consolidated Group has a present obligation as a result of a past event, and it is probable that the Consolidated Group will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the balance sheet date, and are discounted to present value where the effect is material.

(s) Statement of compliance

Pursuant to the Protection of Investors (Bailiwick of Guernsey) Law, 1987 the Company is an Authorised Closed-Ended Investment Scheme. As an authorised scheme, the Company is subject to certain ongoing obligations to the Guernsey Financial Services Commission.

3. Critical accounting judgements, estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions in certain circumstances that affect reported amounts. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

(i) Investments at fair value through profit or loss

The Consolidated Group has a greater than 50% shareholding in certain entities (see Note 15), where in the opinion of the Directors it is unable to govern the financial and operating policies of the entities by virtue of agreements with the other shareholder(s). These entities are consequently not treated as subsidiaries, and instead they are accounted for as financial assets at fair value through profit or loss, as set out in Note 2(b).

By virtue of the Company's status as an investment fund and the exemption provided by IAS 28.1 and IAS 31.1, investments in associates and joint ventures are designated upon initial recognition to be accounted for at fair value through profit or loss.

Fair values for those investments for which a market quote is not available are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long term government bond yields, specific risks and the evidence of recent transactions. The Directors have satisfied themselves that the PFI/PPP/P3 investments share the same investment characteristics and as such constitute a single asset class for IFRS 7 disclosure purposes.

The carrying amount of the PFI/PPP/P3 investments would be an estimated £15.8 million higher or £15.2 million lower (2012: £13.1 million higher or £12.7 million lower) if the discount rate used in the discounted cash flow analysis were to differ by 25 basis points from that used in the fair value calculation. The weighted average discount rate for the PFI/PPP/P3 portfolio as at 31 March 2013 was 8.4% (2012: 8.6%).

The carrying amount of the PFI/PPP/P3 investments would be an estimated £10.2 million higher or £9.5 million lower (2012: £9.0 million higher or £8.3 million lower) if the inflation rate used in the discounted cash flow analysis were to differ by 25 basis points from that used in the fair value calculation. The UK inflation rate assumed from 31 March 2013 is 2.75% (2012: 2.75%).

The carrying amount of the PFI/PPP/P3 investments would be an estimated £4.5 million higher or £4.2 million lower (2012: £3.6 million higher or £3.6 million lower) if the deposit rates used in the discounted cash flow analysis were to differ by 25 basis points from that used in the fair value calculation. The UK deposit rates assumed for all future periods from 31 March 2013 were 1% to March 2017 and 3.50% thereafter (2012: 1% to March 2015 and 3.75% thereafter).

(ii) Finance receivables at fair value through profit or loss

Fair values are determined using the income approach which discounts the expected cash flows at the appropriate rate. In determining the discount rate, regard is had to relevant long term government bond yields, specific risks and the evidence of recent transactions.

The carrying amount of finance receivables would be an estimated £62.6 million higher or £60.2 million lower (2012: £42.9 million higher or £41.3 million lower) if the discount rate used in the discounted cash flow analysis were to differ by 25 basis points from that used in the fair value calculation. The discount rates at 31 March 2013 were between 3.0% and 7.1% (2012: between 4.2% and 7.5%).

(iii) IFRIC 12

Service concessions fall within the scope of IFRIC 12 where the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and the price; and the grantor controls, through ownership, beneficial entitlement or otherwise, any significant residual interest in the infrastructure at the end of the service agreement. Each subsidiary has been assessed to determine whether it falls within the scope of IFRIC 12. Following this review it has been determined that all twenty-five subsidiaries controlled at the year-end fall within this scope. Service concessions are determined to be finance receivables where the operator has a contractual right to receive cash or another financial asset from or at the direction of the grantor. Alternatively, service concessions are determined to be intangible assets to the extent the operator has a contractual right to charge users of the public services.

(iv) Intangible assets

Intangible assets represent fair value of service concessions for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts, and intangible assets recognised under IFRIC 12. Fair values are determined using the income approach which discounts the expected cash flows attributable to the services portion of the service concessions acquired at an appropriate rate to arrive at fair values. In determining the appropriate discount rate, regard is had to relevant long term government bond yields and the specific risks of each project.

4. Financial instruments

Financial risk management

Financial risk is managed by the group on an investment basis; for the purposes of this Note, the group comprises the Company, its two wholly-owned Luxembourg subsidiaries (HICL Infrastructure 1 SARL and HICL Infrastructure 2 SARL), the English Limited Partnership (Infrastructure Investments Limited Partnership ('IILP')) and Infrastructure Investments Holdings Limited, and is referred to as the "Investment Group". The objective of the Investment Group's financial risk management is to manage and control the risk exposures of its investment portfolio. The Board of Directors has overall responsibility for overseeing the management of financial risks, however the review and management of financial risks are delegated to the Investment Adviser and the Operator of the group which has documented procedures designed to identify, monitor and manage the financial risks to which the Investment Group is exposed. This Note presents information about the group's exposure to financial risks, its objectives, policies and processes for managing risk and the group's management of its financial resources.

The Investment Group owns a portfolio of investments predominantly in the subordinated loanstock and ordinary equity of project finance companies. These companies are structured at the outset to minimise financial risks where possible, and the Investment Adviser and Operator primarily focus their risk management on the direct financial risks of acquiring and holding the portfolio but continue to monitor the indirect financial risks of the underlying projects through representation, where appropriate, on the Boards of the project companies and the receipt of regular financial and operational performance reports.

Interest rate risk

The Investment Group invests in subordinated loanstock of project companies, usually with fixed interest rate coupons. Where floating rate debt is owned the primary risk is that the Consolidated Group's cash flows will be subject to variation depending upon changes to base interest rates. The portfolio's cash flows are continually monitored and reforecasted both over the near future (five year time horizon) and the long-term (over whole period of projects' concessions) to analyse the cash flow returns from investments. The Investment Group has made limited use of borrowings to finance the acquisition of investments and the forecasts are used to monitor the impact of changes in borrowing rates against cash flow returns from investments as increases in borrowing rates will reduce net interest margins.

The group's policy is to ensure that interest rates are sufficiently hedged to protect the group's net interest margins from significant fluctuations when entering into material medium/long term borrowings. This includes engaging in interest rate swaps or other interest rate derivative contracts.

The Investment Group has an indirect exposure to changes in interest rates through its investment in project companies, which are financed by senior debt. Senior debt financing of project companies is generally either through floating rate debt, fixed rate bonds or index linked bonds. Where senior debt is floating rate, the projects typically have concession length hedging arrangements in place, which are monitored by the project companies' managers, finance parties and boards of directors. Floating rate debt is hedged using fixed floating interest rate swaps.

The finance costs in the income statement would be an estimated £25.9 million higher or £26.2 million lower (2012: £18.5 million higher or £18.5 million lower) if the interest rates used in the fair value calculation of the interest rate swaps were to differ by 25 basis points.

Inflation risk

The group's project companies are generally structured so that contractual income and costs are either wholly or partially linked to specific inflation where possible to minimise the risks of mismatch between income and costs due to movements in inflation indexes. The Investment

Group's overall cashflows vary with inflation, although they are not directly correlated as not all flows are indexed. The effects of these inflation changes do not always immediately flow through to the Investment Group's cashflows, particularly where a project's loanstock debt carries a fixed coupon and the inflation changes flow through by way of changes to dividends in future periods. The sensitivity of the portfolio valuation is shown in Note 3(i).

The finance costs in the income statement would be an estimated £24.5 million higher or £24.5 million lower (2012: £14.9 million higher or £14.9 million lower) if the RPI rates used in the fair value calculation of the inflation swaps were to differ by 25 basis points.

Market risk
Returns from the Investment Group's investments are affected by the price at which they are acquired. The value of these investments will be a function of the discounted value of their expected future cash flows, and as such will vary with, inter alia, movements in interest rates, market prices and the competition for such assets.

Currency risk
The projects in which the group invests all conduct their business and pay interest, dividends and principal in sterling other than its investments in Dutch High Speed Rail, Cork School of Music and Irish Grouped Schools projects (comprising 8% of the portfolio by value), which conduct their business and pay their interest, dividends and principal in Euros and its investments in North West Anthony Henday P3 and Kicking Horse Canyon P3 projects (comprising 2% of the portfolio by value), which conduct their business and pay interest, dividends and principal in Canadian dollars. The group monitors its foreign exchange exposures using its near term and long term cash flow forecasts. Its policy is to use foreign exchange hedging to provide protection to the level of sterling distributions that the Investment Group aims to pay over the medium term, where considered appropriate. This may involve the use of forward exchange and other currency hedging contracts, as well as the use of Euro, Canadian and other currency denominated borrowings. The Investment Group at 31 March 2013 hedged its currency exposure through Euros and Canadian dollar forward contracts.

Credit risk
Credit risk is the risk that a counterparty of the group will be unable or unwilling to meet a commitment that it has entered into with the group.

The group's key direct counterparties are the project companies in which it makes investments. The Investment Group's near term cash flow forecasts are used to monitor the timing of cash receipts from project counterparties. Underlying to the cash flow forecast are project company cash flow models, which are regularly updated by project companies and provided to the Operator, for the purposes of demonstrating the projects' ability to pay interest and dividends based on a set of detailed assumptions. Many of the Investment Group's investment and subsidiary entities generally receive revenue from government departments, and public sector or local authority clients. Therefore a significant portion of the group's investments' revenue is with counterparties of good financial standing.

The group is also reliant on the project's subcontractors continuing to perform their service delivery obligations such that revenues to projects are not disrupted. The Investment Adviser has a subcontractor counterparty monitoring procedure in place. The credit standing of subcontractors is reviewed, and the risk of default estimated for each significant counterparty position. Monitoring is ongoing, and period end positions are reported to the Board on a quarterly basis. The Investment Group's largest credit risk exposure to a project at 31 March 2013 was to the Home Office project (8% of portfolio by value) and the largest subcontractor counterparty risk exposure was to subsidiaries of the Carillion group which provided facilities management services in respect of 15% of the portfolio by value.

The Consolidated Group is subject to credit risk on its loans, receivables, cash and deposits. The Consolidated Group's cash and deposits are held with a variety of well known banks. The credit quality of loans and receivables within the investment portfolio is based on the financial performance of the individual portfolio companies. For those assets that are not past due, it is believed that the risk of default is small and capital repayments and interest payments will be made in accordance with the agreed terms and conditions of the investment. Fair value adjustments, or "loan impairments", are made when the net present value of the future cash flows predicted to arise from the asset, discounted using the effective interest rate method, implies non-recovery of all or part of the Group's loan investment. In these cases a loan impairment is recorded equal to the valuation shortfall.

As at 31 March 2013, the ageing of trade receivables past due but not impaired were as follows:

	31 March 2013	**31 March 2012**
	£million	£million
3 to 6 months due	0.5	0.4
Over 6 months due	0.5	0.6
	1.0	1.0

At 31 March 2013 there were no loans and other receivables considered impaired (2012: £Nil) for the Consolidated Group.

The Consolidated Group's maximum exposure to credit risk over financial assets is the carrying value of those assets in the balance sheet. The Consolidated Group does not hold any collateral as security.

Liquidity risk
Liquidity risk is the risk that the group will not be able to meet its financial obligations as these fall due. The group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient financial resources and liquidity to meets its liabilities when due. The group ensures it maintains adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. The Investment Group's investments are predominantly funded by share capital and medium term debt funding.

The Investment Group's investments are generally in private companies in which there is no listed market and therefore such investment would take time to realise and there is no assurance that the valuations placed on the investments would be achieved from any such sale process.

The Investment Group's investments have borrowings which rank senior to the Investment Group's own investments into the companies. This senior debt is structured such that, under normal operating conditions, it will be repaid within the expected life of the projects. Debt raised by the investment companies from third parties is without recourse to the Investment Group.

The Investment Group's investments may include obligations to make future investment amounts. These obligations will typically be supported by standby letters of credit, issued by the Investment Group's bankers in favour of the senior lenders to the investment companies. Such subscription obligations are met from the Investment Group's cash resources when they fall due. Such obligations totalled £12.7 million (2012: £Nil) at the year end.

The next table analyses the Consolidated Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts in the table are the contracted undiscounted cashflows (including the impact of netting agreements).

31 March 2013	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**
	£million	£million	£million	£million
Bank borrowings	53.4	28.8	89.9	804.0
Trade and other payables	61.3	-	-	-
Interest on bank borrowings	50.0	48.8	146.4	485.6
Other loans and borrowings	28.1	30.7	104.5	915.5
Interest on other loans and borrowings	23.7	22.6	67.9	278.2
Other financial liabilities	62.6	61.8	137.8	190.0
Total	279.1	192.7	546.5	2,673.3

31 March 2012	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years
	£million	£million	£million	£million
Bank borrowings	165.3	21.4	70.0	649.2
Trade and other payables	48.1	-	-	-
Interest on bank borrowings	42.3	40.9	119.6	386.1
Other loans and borrowings	19.8	18.6	72.4	752.5
Interest on other loans and borrowings	19.4	19.2	60.3	234.0
Other financial liabilities	31.9	30.6	59.3	163.9
Total	326.8	130.7	381.6	2,185.7

Capital management

The Investment Group has a £100 million revolving acquisition facility of which £59.3 million was undrawn at year end. Further equity raisings are considered when debt drawings are at an appropriate level. The proceeds from the share issues are used to repay debt and to fund future investment commitments. In March 2013 the Company raised £167.3 million (before costs) in an equity capital raising, the net proceeds of which were on deposit at year end prior to repayment of the drawings under the Investment Group's £100 million revolving facility in April 2013.

The Investment Group makes prudent use of its leverage. Under the Articles the Investment Group's outstanding borrowings, including any financial guarantees to support outstanding subscription obligations but excluding internal Investment Group borrowings of the Investment Group's underlying investments, are limited to 50% of the Adjusted Gross Asset Value of its investments and cash balances at any time.

The ratio of the Investment Group's debt to Adjusted Gross Asset Value at the end of the year was as follows:

	31 March 2013	31 March 2012
	£million	£million
Outstanding drawings		
Bank borrowings	27.9	141.3
Letter of credit facility	12.8	-
	40.7	141.3
Adjusted Gross Asset Value		
Portfolio valuation	1,213.1	902.0
Cash and cash equivalents	172.9	267.9
	1,386.0	1,169.9
Borrowing concentration	2.9%	12.1%

From time to time the Company issues its own shares to the market; the timing of these purchases depends on market prices.

In order to assist in the narrowing of any discount to the Net Asset Value at which the Ordinary Shares may trade from time to time, the Company may, at the sole discretion of the Directors:

- make market purchases of up to 14.99% per annum of its issued Ordinary Shares; and
- make tender offers for the Ordinary Shares.

There were no changes in the Investment Group's approach to capital management during the year.

Fair value estimation

The following summarises the significant methods and assumptions used in estimating the fair values of financial instruments:

Non-derivative financial instruments
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Consolidated Group uses the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values. In determining the discount rate, regard is had to relevant long term government bond yields, the specific risks of each investment and the evidence of recent transactions.

Derivative financial instruments
The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Consolidated Group is the current bid price. Note 2 discloses the methods used in determining fair values on a specific asset / liability basis. Where applicable, further information about the assumptions used in determining fair value is disclosed in the Notes specific to that asset or liability.

Classification of financial instruments

	31 March 2013 £million	**31 March 2012** £million
Financial assets		
Designated at fair value through profit or loss		
Investment in Entity Investments	670.5	524.3
Operating Subsidiaries' financial assets	2,475.2	1,770.6
Financial assets at fair value	3,145.7	2,294.9
Loans and receivables		
Other financial assets	0.8	-
Trade and other receivables	26.6	29.2
Cash and cash equivalents	326.6	373.7
Financial assets at amortised cost	354.0	402.9
Financial liabilities		
Designated at fair value through profit or loss		
Other financial liabilities (fair value of derivatives)	(452.2)	(259.9)
Financial liabilities at fair value	(452.2)	(259.9)
At amortised cost		
Trade and other payables	(61.3)	(48.1)
Loans and borrowings	(1,950.9)	(1,601.3)
Financial liabilities at amortised cost	(2,012.2)	(1,649.4)

The Directors believe that the carrying values of all financial instruments, except the fixed rate and RPI-linked borrowings, are not materially different to their fair values. See Note 21 for the comparison between fair values and the carrying values of the fixed rate and RPI-linked borrowings.

Secured loans and borrowings totalling £1,925.2 million (2012: £1,576.6 million) are secured by fixed and/or floating charges over the Consolidated Group's financial assets. The terms of these charges are generally of a form that are usual and customary to project finance borrowing and lending activities.

Fair value hierarchy

The fair value hierarchy is defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	As at 31 March 2013			
	Level 1 £million	Level 2 £million	Level 3 £million	Total £million
Investments at fair value through profit or loss (Note 15)	-	-	670.5	670.5
Finance receivables at fair value through profit or loss (Note 17)	-	-	2,475.2	2,475.2
	-	-	3,145.7	3,145.7
Other financial liabilities (fair value of derivatives) (Note 22)	-	(452.2)	-	(452.2)
	-	(452.2)	-	(452.2)

	As at 31 March 2012			
	Level 1 £million	Level 2 £million	Level 3 £million	Total £million
Investments at fair value through profit or loss (Note 15)	-	-	524.3	524.3
Finance receivables at fair value through profit or loss (Note 17)	-	-	1,770.6	1,770.6
	-	-	2,294.9	2,294.9
Other financial liabilities (fair value of derivatives) (Note 22)	-	(259.9)	-	(259.9)
	-	(259.9)	-	(259.9)

There were no transfers between Level 1 and 2 during the year.

Reconciliations of Level 3 assets from beginning balances to the ending balances, disclosing separately changes during the year are disclosed in Notes 15 and 17 respectively. Sensitivity analysis disclosing the effect of different economic assumptions on the fair value of the Level 3 assets are disclosed in Note 3.

5. Services revenue

	For year ended 31 March 2013 £million	For year ended 31 March 2012 £million
Service revenue	173.0	140.7
Construction revenue	16.7	8.5
Other revenue	0.7	0.7
	190.4	149.9

Revenue from 4 customers which each represent more than 10% of the Consolidated Group's total revenues provide approximately £100.6 million of revenue (2012: 62.9 million from 3 customers each representing more than 10% of the Consolidated Group's total revenues). The Consolidated Group has treated each Government entity and/or department as a separate customer.

All services revenue is derived from customers domiciled in the United Kingdom.

6. Gains on investments

	For the year ended 31 March 2013			For the year ended 31 March 2012		
	Revenue £million	Capital £million	Total £million	Revenue £million	Capital £million	Total £million
Interest from investments	31.7	-	31.7	21.2	-	21.2
Dividend income from investments	9.9	-	9.9	6.7	-	6.7
Fees and other operating income	6.5	-	6.5	1.4	-	1.4
Gains on investments (Note 15)	-	20.0	20.0	-	20.8	20.8
	48.1	20.0	68.1	29.3	20.8	50.1

Included within the gain on valuation is an unrealised exchange gain of £2.1 million on the Consolidated Group's Euro and Canadian borrowings (2012: £0.2 million). The following exchange rates were used at the year end:

	31 March 2013	31 March 2012
Euro	0.84	0.83
Canadian	0.65	0.63

7. Services costs

	For year ended 31 March 2013 £million	For year ended 31 March 2012 £million
Service and construction costs	143.9	110.6
Amortisation of intangibles (see Note 14)	17.6	13.5
Other costs	7.7	5.9
	169.2	130.0

8. Administrative expenses

	For year ended 31 March 2013 £million	For year ended 31 March 2012 £million
Fees payable to the Consolidated Group's auditors for the audit of the Consolidated Group accounts	0.2	0.1
Fees payable to the Consolidated Group's auditors and its associates for other services:		
Audit of financial statements of Operating Subsidiaries of the company	0.2	0.2
Audit-related assurance services	0.1	0.1
Taxation compliance services	0.1	-
Other Tax advisory services	0.1	-
Management fees	3.6	2.6
Operator fees (Note 24)	11.2	8.6
Investment fees (Note 24)	1.8	2.5
Directors' fees (Note 24)	0.2	0.2
Professional fees	1.4	0.9
Project bid costs	0.2	0.7
Other costs	0.9	1.5
	20.0	17.4

In addition to the above an amount of £0.3 million (2012: £0.3 million) was paid to associates of the Consolidated Group's auditors in respect of audit and tax services provided to Entity Investments (and therefore not included within consolidated administrative expenses) and an amount of £47 thousand was paid to the auditor for audit assurance work on the capital raising in March 2013 – this amount is not included in Administrative expenses above as it is included as a Cost of Ordinary Share issue included in the Share premium account.
The Consolidated Group had no employees during the year.

9. Net finance costs

	For year ended 31 March 2013			For year ended 31 March 2012		
	Revenue £million	Capital £million	Total £million	Revenue £million	Capital £million	Total £million
Interest expense:						
Interest on bank loans and overdrafts	(58.4)	-	(58.4)	(40.4)	-	(40.4)
Interest and indexation on other loans	(42.0)	-	(42.0)	(39.1)	-	(39.1)
Other finance costs	(1.1)	5.7	4.6	(2.9)	(4.7)	(7.6)
Change in fair value of interest and inflation rate swaps	-	(68.1)	(68.1)	-	(64.8)	(64.8)
Total finance costs	(101.5)	(62.4)	(163.9)	(82.4)	(69.5)	(151.9)
Interest income:						
Interest on bank deposits	1.0	-	1.0	0.9	-	0.9
Other finance income	-	-	-	-	4.8	4.8
Change in fair value of interest and inflation rate swaps	-	-	-	-	-	-
Total finance income	1.0	-	1.0	0.9	4.8	5.7
Net finance (costs)/income	(100.5)	(62.4)	(162.9)	(81.5)	(64.7)	(146.2)

10. Income tax

Under the current system of taxation in Guernsey, the Company itself is exempt from paying taxes on income, profits or capital gains. Therefore, income from investments is not subject to any further tax in Guernsey, although these investments will bear tax in the individual jurisdictions in which they operate.

The Company's Operating Subsidiaries are UK based and as a consequence are bound by UK tax legislation. Operating Subsidiaries in the UK have provided for UK corporation tax at the rate of 24% for current tax liabilities (2012: 26%) and 23% for deferred tax assets and liabilities (2012: 24%).

Changes in overseas tax rates

The Finance Act 2012 was enacted on 17 July 2012 to amend the UK corporation tax rate to 23% with effect from 1 April 2013. In addition, the UK Government announced in the 2013 Budget Statement further reductions of the rate to 21% and 20% by 1 April 2014 and 1 April 2015 respectively.

Other than the change to 23% from 1 April 2013, the effects of the announced changes are not reflected in the financial statements for the year ended 31 March 2013 as they have not yet been enacted however the impact would be a reduction in deferred tax assets and liabilities.

10a. Income tax expense

	For year ended 31 March 2013 £million	For year ended 31 March 2012 £million
Foreign current tax:		
Foreign corporation tax on profits for the year	(0.7)	(0.3)
Total current tax credit/(expense)	(0.7)	(0.3)
Deferred tax:		
Origination and reversal of temporary differences (Note 10d)	13.4	0.9
Total income tax credit in the consolidated income statement	12.1	0.6

The income tax credit in the year of £12.1 million (2012: £0.6 million) is primarily due to movements in deferred tax. The main components of the deferred tax movement recognised in the profit or loss arises from a reduction in the UK corporation tax rate to 23% which has led to a re-measurement of the Consolidated Group's deferred tax asset and liability and adverse movements in the fair value of derivatives. The effect of the reduction in the UK corporation tax rate has resulted in a reduction in the deferred tax asset and liability and a corresponding tax credit. Further analysis of deferred tax movements recognised in the consolidated income statement is detailed in Note 10d.

10b. Reconciliation of effective tax rate	For year ended 31 March 2013 £million	For year ended 31 March 2012 £million
Profit before taxation	55.4	84.2
Expected tax on profit at 0% (2012: 0%)	-	-
Different tax rates applied in overseas jurisdictions	12.8	1.7
Tax losses (utilised)/recognised	(0.7)	(1.1)
Total income tax credit for the year	12.1	0.6

10c. Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

	As at 31 March 2013			As at 31 March 2012		
	Assets	**Liabilities**	**Net**	**Assets**	**Liabilities**	**Net**
	£million	£million	£million	£million	£million	£million
Finance receivables at fair value through profit or loss	0.9	(131.9)	(131.0)	0.9	(85.7)	(84.8)
Intangible assets	-	(98.0)	(98.0)	-	(91.0)	(91.0)
Subordinated debt	16.5	(1.3)	15.2	15.0	(1.3)	13.7
Other financial liabilities (fair value of derivatives)	120.6	(12.3)	108.3	77.7	(12.3)	65.4
Tax losses	15.4	-	15.4	16.1	-	16.1
Carrying value of finance receivable on acquisition where there is no available tax deduction	-	(44.1)	(44.1)	-	(48.4)	(48.4)
Net assets/(liabilities)	153.4	(287.6)	(134.2)	109.7	(238.7)	(129.0)

10d. Deferred tax movements

	For the year ended 31 March 2013			
	Opening balance	**Acquired in business combination**	**Recognised in profit or loss**	**Closing balance**
	£million	£million	£million	£million
Finance receivables at fair value through profit or loss	(84.8)	(37.6)	(8.6)	(131.0)
Intangible assets	(91.0)	(14.5)	7.5	(98.0)
Subordinated debt	13.7	2.6	(1.1)	15.2
Other financial liabilities (fair value of derivatives)	65.4	30.9	12.0	108.3
Tax losses	16.1	-	(0.7)	15.4
Carrying value of finance receivable on acquisition where there is no available tax deduction	(48.4)	-	4.3	(44.1)
Other	-	-	-	
	(129.0)	(18.6)	13.4	(134.2)

	For the year ended 31 March 2012			
	Opening balance	**Acquired in business combination**	**Recognised in profit or loss**	**Closing balance**
	£million	£million	£million	£million
Finance receivables at fair value through profit or loss	(21.9)	(39.6)	(23.3)	(84.8)
Intangible assets	(43.2)	(56.7)	8.9	(91.0)
Subordinated debt	7.6	6.0	0.1	13.7
Other financial liabilities (fair value of derivatives)	8.3	44.5	12.6	65.4
Tax losses	4.6	12.6	(1.1)	16.1
Carrying value of finance receivable on acquisition where there is no available tax deduction	(26.1)	(26.1)	3.8	(48.4)
Other	0.1	-	(0.1)	-
	(70.6)	(59.3)	0.9	(129.0)

11. Basic and diluted earnings per share

Basic and diluted earnings per share are calculated by dividing the profit attributable to equity shareholders of the Company by the weighted average number of Ordinary Shares in issue during the year.

	2013	**2012**
Profit attributable to equity holders of the Company	£65.2 million	£82.8 million
Weighted average number of Ordinary Shares in issue	898.3 million	633.4 million
Basic and diluted earnings per Ordinary Share	7.3 pence	13.1 pence

Further details of shares issued in the year are set out in Note 23.

12. Dividends

	For year ended 31 March 2013	**For year ended 31 March 2012**
	£million	£million
Amounts recognised as distributions to equity holders during the year:		
Second interim dividend for the year ended 31 March 2012 of 3.5p (2011: 3.425p) per share	23.3	20.4
Interim dividend for the year ended 31 March 2013 of 3.425p (2012: 3.35p) per share	30.3	21.5
	53.6	41.9
Second interim dividend for the year ended 31 March 2013 of 3.575p (2012: 3.5p) per share	34.9	23.3

The second interim dividend was approved by the Board on 21 February 2013 and was paid on 22 April 2013 to shareholders on the register as at 1 March 2013. The second interim dividend was paid to shareholders as a cash payment or alternatively as a scrip dividend. The dividend has not been included as a liability at 31 March 2013.

The 2012 second interim dividend and the first 2013 interim dividend are included in the statement of changes in shareholder equity.

	For year ended 31 March 2013	**For year ended 31 March 2012**
Interim dividend for the period ended September	3.425p	3.35p
Interim dividend for the period ended March	3.575p	3.50p
	7.0p	6.85p

13. Net assets per Ordinary Share

	2013	2012
	£million	£million
Shareholders' equity at 31 March	1,311.3	778.1
Less: Second Interim Dividend	(34.9)*	(23.3)†
	1,276.4	**754.8**
Number of shares at 31 March	**1,116.3**	**665.4**
Net assets per share after deducting second interim dividend	**114.3p**	**113.5p**
Add Second Interim Dividend	**3.575p**	**3.5p**
Net assets per Ordinary Share at 31 March	**117.9p**	**117.0p**

* 3.575p declared on 21 February 2013 and paid on 22 April 2013
† 3.5p declared on 12 April 2012 and paid on 29 June 2012

The Net assets per share at 31 March 2013 is that applicable to the 976.4 million Ordinary Shares in issue on the record date of 1 March 2013. The 140 million Ordinary Shares issued on 27 March 2013 pursuant to the New Ordinary Share Prospectus of 26 February 2013 were not eligible for the second interim dividend of 3.575p.

The Net assets per share at 31 March 2013 applicable to the 140 million Ordinary Shares issued on 27 March 2013 is 114.3p on an IFRS basis.

14. Intangible assets

	31 March 2013	31 March 2012
	£million	£million
Cost		
Opening balance	416.2	189.5
Acquisition through business combinations	63.1	226.7
Balance as at 31 March	479.3	416.2
Amortisation		
Opening balance	(41.0)	(27.5)
Amortisation for the year	(17.6)	(13.5)
Balance as at 31 March	(58.6)	(41.0)
Carrying amounts		
At 31 March	420.7	375.2

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts, and intangible assets recognised under IFRIC 12. See Note 3 (iv) for the methods and assumptions used in determining the fair values. Intangibles are being amortised on a straight line basis over the forecast remaining life of the concessions concerned on acquisition of the subsidiaries (range from between 10.5 and 29.5 years). Amortisation of £17.6 million (2012: £13.5 million) is included within service cost expenses in the consolidated income statement.

15. Investments at fair value through profit or loss

	31 March 2013 £million	31 March 2012 £million
Opening balance	524.3	426.0
Investments in the year	181.1	236.6
Disposals in the year	(4.0)	-
Accrued interest	(2.7)	(6.7)
Repayments in the year	(12.1)	(37.8)
Subscription obligations	-	46.7
Gains on valuation	18.9	21.9
Investments consolidated during the year	(35.2)	(161.6)
Other movements	0.2	(0.8)
Carrying amount at year end	670.5	524.3
This is represented by:		
Less than one year	-	-
Greater than one year	670.5	524.3
Carrying amount at year end	670.5	524.3
Gains on valuation as above	18.9	21.9
Gain on disposal	1.3	-
Less : transaction costs incurred	(0.2)	(1.1)
Gains on investments	20.0	20.8

The gains on investment have been included in Gains on investments presented in the consolidated income statement as capital items.

The Investment Adviser has carried out fair market valuations of the investments as at 31 March 2013. The Directors have satisfied themselves as to the methodology used, the discount rates applied, and the valuation. The Directors have also obtained an independent opinion from a third party with considerable expertise in valuing these types of investments, supporting the reasonableness of the valuation. All investments in PFI/PPP/P3 projects are valued using a discounted cashflow methodology. The valuation techniques and methodologies have been applied consistently with the prior year. Discount rates applied range from 8.0% to 10.0% (weighted average of 8.4%) (2012: 8.2% to 11.0% (weighted average of 8.6%)).

The following economic assumptions were used in the discounted cashflow valuations:

UK inflation rates	2.75%
Holland, Ireland and Canada inflation rates	2.0%
UK deposit interest rates	1% to March 2017 and 3.50% thereafter
UK corporation tax rate	23%
Euro/Sterling exchange rate	0.84 for all future periods
Can$/Sterling exchange rate	0.65 for all future periods

The economic assumptions for the year ended 31 March 2012 were as follows:

UK inflation rates	2.75%
Holland, Ireland and Canada inflation rates	2.0%
UK deposit interest rates	1% to March 2015 and 3.75% thereafter
UK corporation tax rate	24%
Euro/Sterling exchange rate	0.83 for all future periods
Can$/Sterling exchange rate	0.63 for all future periods

Investments are generally restricted on their ability to transfer funds to the Group under the terms of their senior funding arrangements for that investment. Significant restrictions include:

- Historic and projected debt service and loan life cover ratios exceed a given threshold;
- Required cash reserve account levels are met;

- Senior lenders have agreed the current financial model that forecasts the economic performance of the project company;
- Project company is in compliance with the terms of its senior funding arrangements; and
- Senior lenders have approved the annual budget for the company.

Details of investments recognised at fair value through profit or loss were as follows:

	Percentage Holding					
	31 March 2013			31 March 2012		
Investments (project name)	**Equity**	**Subordinated loanstock**	**Mezzanine debt**	**Equity**	**Subordinated loanstock**	**Mezzanine debt**
A249 Road	50.0%	50.0%	-	50.0%	50.0%	-
A92 Road	50.0%	50.0%	-	50.0%	50.0%	-
Barking & Dagenham Schools	85.0%	100.0%	-	85.0%	100.0%	-
Birmingham & Solihull LIFT	30.0%	44.0%	-	-	-	-
Birmingham Hospital	30.0%	30.0%	-	-	-	-
Bishop Auckland Hospital	36.0%	37.0%	100.0%	36.0%	36.0%	100.0%
Blackpool Primary Care	75.0%	75.0%	-	-	-	-
Bradford Schools	34.0%	34.0%	-	34.0%	34.0%	-
Brentwood Community Hospital	75.0%	75.0%	-	75.0%	75.0%	-
Colchester Garrison	56.0%	56.0%	-	42.0%	42.0%	-
Connect PFI	28.5%	28.5%	-	-	-	-
Cork School Of Music[2]	50.0%	50.0%	-	50.0%	50.0%	-
Darlington Schools	50.0%	50.0%	-	50.0%	50.0%	-
Defence Sixth Form College	45.0%	45.0%	-	45.0%	45.0%	-
Derby Schools	80.0%	80.0%	-	80.0%	80.0%	-
Doncaster Mental Health Hospital	50.0%	50.0%	-	50.0%	50.0%	-
Doncaster Schools[7]	-	-	-	50.0%	50.0%	-
Dorset Fire & Rescue[1]	-	-	-	67.0%	67.0%	-
Dorset Police	80.0%	80.0%	-	80.0%	80.0%	-
Dutch High Speed Rail Link[3]	43.0%	43.0%	-	43.0%	43.0%	-
Ealing Care Homes	84.0%	84.0%	-	68.0%	68.0%	-
Ealing Schools	50.0%	50.0%	-	50.0%	50.0%	-
Fife Schools	50.0%	64.0%	100%	40.0%	40.0%	100.0%
Fife Schools 2	30.0%	30.0%	-	-	-	-
Glasgow Hospital	25.0%	25.0%	-	25.0%	25.0%	-
Haverstock School	50.0%	50.0%	-	50.0%	50.0%	-
Health & Safety Laboratory	80.0%	90.0%	-	80.0%	90.0%	-
Health & Safety HQ	50.0%	50.0%	-	50.0%	50.0%	-
Helicopter Training Facility[4/5]	23.5%	74.1%	-	23.5%	74.1%	-
Highland Schools[1]	-	-	-	50.0%	50.0%	-
Irish Grouped Schools[2]	50.0%	50.0%	-	50.0%	50.0%	-
Kent Schools	50.0%	50.0%	-	50.0%	50.0%	-
Kicking Horse Canyon P3[6]	50.0%	-	-	50.0%	-	-
M80 Motorway DBFO	50.0%	50.0%	-	49.9%	50.0%	-
Manchester School	50.0%	50.0%	-	50.0%	50.0%	-
Medway Police	80.0%	80.0%	-	80.0%	80.0%	-
South East London Police Stations	50.0%	50.0%	-	50.0%	50.0%	-
Newcastle Libraries	50.0%	50.0%	-	50.0%	50.0%	-
Newport Schools	80.0%	80.0%	-	80.0%	80.0%	-
Newton Abbot Hospital	50.0%	100.0%	-	50.0%	100.0%	-
North Tyneside Schools	50.0%	50.0%	-	50.0%	50.0%	-
North West Anthony Henday P3[6]	50.0%	50.0%	-	50.0%	50.0%	-
Northwood MOD	50.0%	50.0%	-	-	-	-
Norwich Schools	75.0%	75.0%	-	75.0%	75.0%	-
Oldham Library	50.0%	50.0%	-	50.0%	50.0%	-
Oldham Schools	75.0%	75.0%	-	75.0%	75.0%	-
Oxford Churchill Oncology	40.0%	40.0%	-	40.0%	40.0%	-
Oxford Nuffield Hospital	25.0%	25.0%	-	25.0%	25.0%	-

Pontefract & Pinderfields Hospitals	50.0%	50.0%	-	50.0%	50.0%	-
Renfrewshire Schools	30.0%	30.0%	-	30.0%	30.0%	-
Romford Hospital	66.7%	66.7%	-	50.0%	50.0%	-
Sheffield Hospital	75.0%	75.0%	-	75.0%	75.0%	-
Sheffield Schools	37.5%	37.5%	-	37.5%	37.5%	-
Staffordshire LIFT	30.0%	45.0%	-	-	-	-
Sussex Custodial Centre[1]	-	-	-	89.9%	100.0%	-
Swindon Police	80.0%	80.0%	-	80.0%	80.0%	-
West Lothian Schools	75.0%	75.0%	-	-	-	-
Willesden Hospital	50.0%	50.0%	-	50.0%	50.0%	-
Wooldale Centre	50.0%	50.0%	-	50.0%	50.0%	-

1 – Incremental acquisitions of additional stakes during the year have resulted in these investments being deemed subsidiaries of the Company (see Note 16 and 28).

2 – The company is incorporated in Ireland.

3 - The company is incorporated in the Netherlands.

4 - The Consolidated Group's share of the project's capital commitments is £13.5 million.

5 - The Consolidated Group's economic interest in the Helicopter Training project includes the above investment in CAE Aircrew Training Services Plc (Op Co) and the controlling interest in CVS Leasing Limited (Asset Co) (see Note 28).

6 - The company is incorporated in Canada.

7 - The investment was sold in November 2012

There are no other future loanstock or capital commitments on other investments at fair value through the profit or loss.

16a. Acquisition of subsidiaries

Year ended 31 March 2013

Investments which become subsidiaries through the acquisition of an additional equity interest are held as investments at fair value and therefore there is no gain or loss as a result of re-measuring to fair value the interests held prior to the acquisitions. Fair values were determined using the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values.

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts, and intangible assets recognised under IFRIC 12. Intangibles are amortised on a straight line basis over the remaining life of the concessions concerned.

Dorset Fire and Rescue ("DFR")

On 27 September 2012 the Group obtained control of DFR by acquiring 33.0% of the equity in the project. As a result the Group's equity interest increased from 67.0% to 100.0%. The transaction cost was de minimus.

The project involved the design, construction, financing and maintenance of the fire and police facilities at three sites in Dorset, UK, for the Dorset Fire Authority & Dorset Police Authority. The facilities have been operational since 2008.

a) Consideration

	£million
Cash	3.8

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	3.5
Finance receivables at fair value through profit or loss	61.0
Deferred tax assets	1.7
Cash and cash equivalents	1.3

Other current assets	0.7
Current liabilities	(0.5)
Deferred tax liabilities	(3.1)
Other non-current liabilities	(52.3)
	12.3

c) Goodwill

	£million
Total consideration transferred	3.8
Fair value of previous interest in acquiree	8.5
Less fair value of net identifiable assets	(12.3)
	-

In the six months to 31 March 2013 the acquisition contributed no material income and losses of £0.9 million. If the acquisition had occurred on 1 April 2012, management estimates that consolidated revenue would have been £409.1 million, and consolidated profit for the year would have been £65.9 million.

Sussex Custodial ("Sussex")

On 12 December 2012 the Group obtained control of Sussex by acquiring 10.1% of the equity in the project. As a result the Group's equity interest increased from 89.9% to 100.0%. The transaction cost was de minimus.

The project involved the build and service of three custody centres in Sussex, UK whilst a fourth centres was subsequently contracted for as a variation. The first of the centres became operational in November 2002.

a) Consideration

	£million
Cash	0.5

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	11.4
Finance receivables at fair value through profit or loss	18.8
Deferred tax assets	1.4
Cash and cash equivalents	1.5
Other current assets	1.1
Current liabilities	(1.2)
Deferred tax liabilities	(3.3)
Other non-current liabilities	(20.0)
	9.7

c) Goodwill

	£million
Total consideration transferred	0.5
Fair value of previous interest in acquiree	9.2
Less fair value of net identifiable assets	(9.7)
	-

In the three months to 31 March 2013 the acquisition contributed income of £3.1 million and profits of £0.2 million. If the acquisition had occurred on 1 April 2012, management estimates that consolidated revenue would have been £418.1 million, and consolidated profit for the year would have been £67.3 million.

Edinburgh Schools ("Edinburgh")

On 13 December 2012 the Group obtained control of Edinburgh by acquiring 100.0% of the equity in the project. The transaction cost was £0.1 million and has been expensed in the consolidated income statement.

The project involved the design, construction, financing and maintenance of six secondary schools and two primary schools in and around Edinburgh, Scotland. The schools became operational between 2008 and 2010.

a) Consideration

	£million
Cash	37.0

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	19.9
Finance receivables at fair value through profit or loss	235.5
Deferred tax assets	12.9
Cash and cash equivalents	6.4
Other current assets	0.5
Current liabilities	(5.7)
Deferred tax liabilities	(20.3)
Other non-current liabilities	(212.2)
	37.0

c) Goodwill

	£million
Total consideration transferred	37.0
Less fair value of net identifiable assets	(37.0)
	-

In the three months to 31 March 2013 the acquisition contributed income of £5.1 million and losses of £2.5 million. If the acquisition had occurred on 1 April 2012, management estimates that consolidated revenue would have been £424.8 million, and consolidated profit for the year would have been £71.4 million.

Perth & Kinross Schools ("P&K")

On 13 December 2012 the Group obtained control of P&K by acquiring 100.0% of the equity in the project. The transaction cost was £0.1 million and has been expensed in the consolidated income statement..

The project involved the design, construction, financing and operation of four secondary schools and five primary schools in central Scotland. The facilities became operational between 2009 and 2010.

a) Consideration

	£million
Cash	19.6

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	28.2
Finance receivables at fair value through profit or loss	194.2
Deferred tax assets	14.6
Cash and cash equivalents	8.1
Other current assets	0.3
Current liabilities	(3.6)
Deferred tax liabilities	(20.0)
Other non-current liabilities	(202.2)
	19.6

c) Goodwill

	£million
Total consideration transferred	19.6
Less fair value of net identifiable assets	(19.6)
	-

In the three months to 31 March 2013 the acquisition contributed income of £4.6 million and losses of £9.3 million. If the acquisition had occurred on 1 April 2012, management estimates that consolidated revenue would have been £424.4 million, and consolidated profit for the year would have been £80.3 million.

Highland Schools ("Highland")

On 22 March 2013 the Group obtained control of Highland by acquiring 50.0% of the equity in the project. As a result the Group's equity interest increased from 50.0% to 100.0%. The transaction cost was de minimus.

The project involved the design, build and operation of eleven rural and urban schools in Scotland comprising of five primary schools, three secondary schools, a combined primary and secondary schools and a special needs school. The building phase commenced in 2006.

a) Consideration

	£million
Cash	21.2

b) Identifiable assets acquired and liabilities assumed

	£million
Finance receivables at fair value through profit or loss	170.1
Deferred tax assets	3.0
Cash and cash equivalents	10.2
Other current assets	2.1
Current liabilities	(2.9)
Deferred tax liabilities	(6.5)
Other non-current liabilities	(133.6)
	42.4

c) Goodwill

	£million
Total consideration transferred	21.2
Fair value of previous interest in acquiree	21.2
Less fair value of net identifiable assets	(42.4)
	-

The acquisition occurred on 22 March 2013 and therefore contributed no material income or profits. If the acquisition had occurred on 1 April 2012, management estimates that consolidated revenue would have been £425.3 million, and consolidated profit for the year would have been £67.2 million.

In September 2012 the Group acquired an additional 10% of the equity and loanstock in two subsidiaries, Exeter Crown Court and Stoke Mandeville Hospital. As a result, the Group's equity and loanstock interest in both increased to 100%. The total consideration paid for these interests was £1.7 million and an immaterial movement in non-controlling interests resulted from this transaction.

Year ended 31 March 2012

Investments which become subsidiaries through the acquisition of an additional equity interest are held as investments at fair value and therefore there is no gain or loss as a result of re-measuring to fair value the interests held prior to the acquisitions. Fair values were determined using the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values.

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts, and intangible assets recognised under IFRIC 12. Intangibles are amortised on a straight line basis over the remaining life of the concessions concerned.

South Ayrshire Schools Project ("SAS")

On 10 June 2011 the Group obtained control of SAS, by acquiring 100.0% of the equity and loanstock in the project. The transaction costs were £0.1 million and have been expensed to administrative expenses in the consolidated income statement.

The project involved the financing, design and construction and subsequent operation of three new primary schools, two new secondary schools and a new performing arts annex at an existing secondary school. All the schools became operational between January 2008 and January 2010.

a) Consideration

	£million
Cash	15.8

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	23.4
Finance receivables at fair value through profit or loss	83.2
Deferred tax assets	3.9
Cash and cash equivalents	2.2
Other current assets	1.4
Current liabilities	(2.2)
Deferred tax liabilities	(5.9)
Other non-current liabilities	(90.2)
	15.8

c) Goodwill

	£million
Total consideration transferred	15.8
Less fair value of net identifiable assets	(15.8)
	-

In the nine months to 31 March 2012 the acquisition contributed income of £8.9 million and losses of £9.4 million. If the acquisition had occurred on 1 April 2011, management estimates that consolidated revenue for the Group would have been £380.8 million, and consolidated profit for the year for the Group would have been £83.3 million.

The Hospital Company (QAH) Limited (“QAH”)

On 23 June 2011 the Group obtained control of QAH, by acquiring 10.1% of the equity in the project. As a result, the Group’s equity interest increased from 89.9% to 100.0%. The transaction cost was de minimus.

This project is a concession to design and construct a new hospital and retained estates work in Portsmouth, which became operational in 2010.

a) Consideration

	£million
Cash	2.8

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	35.8
Finance receivables at fair value through profit or loss	345.4
Deferred tax assets	14.2
Cash and cash equivalents	17.9
Other current assets	9.6
Current liabilities	(7.0)
Deferred tax liabilities	(25.1)
Other non-current liabilities	(324.3)
	66.5

c) Goodwill

	£million
Total consideration transferred	2.8
Fair value of previous interest in acquiree	63.7
Less fair value of net identifiable assets	(66.5)
	-

In the nine months to 31 March 2012 the acquisition contributed income of £62.6 million and profits of £16.6 million. If the acquisition had occurred on 1 April 2011, management estimates that consolidated revenue for the Group would have been £398.7 million, and consolidated profit for the year for the Group would have been £86.8 million.

The Hospital Company (OJR) Limited (“OJR”)

On 23 June 2011 the Group obtained control of OJR, by acquiring 10.1% of the equity in the project. As a result, the Group's equity interest increased from 89.9% to 100.0%. The transaction cost was de minimus.

This project is a concession to design, construct, manage, finance, operate and maintain a new wing adjacent to the former Radcliffe Infirmary. Construction was completed ahead of schedule in March 2001.

a) Consideration

	£million
Cash	1.2

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	70.5
Finance receivables at fair value through profit or loss	150.3
Deferred tax assets	19.4
Cash and cash equivalents	10.4
Other current assets	3.1
Current liabilities	(4.6)
Deferred tax liabilities	(24.4)
Other non-current liabilities	(191.6)
	33.1

c) Goodwill

	£million
Total consideration transferred	1.2
Fair value of previous interest in acquiree	31.9
Less fair value of net identifiable assets	(33.1)
	-

In the nine months to 31 March 2012 the acquisition contributed income of £31.4 million and losses of £2.4 million. If the acquisition had occurred on 1 April 2011, management estimates that consolidated revenue for the Group would have been £388.3 million, and consolidated profit for the year for the Group would have been £85.0 million.

Blackburn Hospital

On 10 November 2011 the Group obtained control of Blackburn Hospital, by acquiring 50.0% of the equity in the project. As a result, the Group's equity interest increased from 50.0% to 100.0%. The Group also acquired the remaining 50.0% of the loanstock. The transaction cost was de minimus.

The project involved the design, construction, financing and maintenance of new facilities at the Queens Park Hospital in Blackburn for the East Lancashire Hospitals NHS Trust. The new facilities have been operational since 2003.

a) Consideration

	£million
Cash	13.8

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	38.2
Finance receivables at fair value through profit or loss	170.9
Deferred tax assets	12.7
Cash and cash equivalents	9.3
Other current assets	2.5
Current liabilities	(3.4)
Deferred tax liabilities	(48.7)
Other non-current liabilities	(155.5)
	26.0

c) Goodwill

	£million
Total consideration transferred	13.8
Fair value of previous interest in acquiree	12.2
Less fair value of net identifiable assets	(26.0)
	-

In the six months to 31 March 2012 the acquisition contributed income of £11.4 million and profits of £2.8 million. If the acquisition had occurred on 1 April 2011, management estimates that consolidated revenue would have been £389.2 million, and consolidated profit for the year would have been £83.4 million.

Portfolio acquisition

On 19 December the Group acquired a portfolio of 26 PFI/PPP projects from two infrastructure funds managed by Barclays Infrastructure Funds Management Limited. Of the 26, 5 have been treated as subsidiaries and 21 have been treated as investments in associates or joint ventures. Transaction costs of £0.2 million relating to the subsidiaries have been expensed to administrative expenses in the consolidated income statement and £0.7 million relating to the other projects have been capitalised.

All of the 26 projects are operational and, apart from two investments in The Republic of Ireland (the Cork School of Music and Irish Grouped schools project) all are based in the UK.

a) Consideration

	£million
Cash	143.4

b) Identifiable assets acquired and liabilities assumed

	£million
Intangibles	58.9
Finance receivables at fair value through profit or loss	159.1
Investments at fair value through profit or loss	108.1
Deferred tax assets	12.6
Cash and cash equivalents	13.8
Other current assets	1.4
Current liabilities	(5.9)
Deferred tax liabilities	(18.9)
Other non-current liabilities	(185.7)
	143.4

c) Goodwill

	£million
Total consideration transferred	140.4
Deferred consideration	3.0
Less fair value of net identifiable assets	(143.4)
	-

The deferred consideration of £3.0 million relates to five outstanding construction and operation matters on one project. As and when these are resolved satisfactorily, portions of the consideration are released. At 31 March 2013, £0.8 million of the deferred consideration remains outstanding. Any deferred consideration not paid by June 2013 will remain with the Group.

In the three months to 31 March 2012 the acquisition contributed negative income of £0.5 million and losses of £0.4 million. If the acquisition occurred on 1 April 2011, management estimates that consolidated revenue would have been £376.2 million, and consolidated profit for the year would have been £72.3 million.

16b. Acquisition of other investments

Year ended 31 March 2013

The Consolidated Group has acquired a greater than 50% shareholding in certain entities (see Note 15), where in the opinion of the Directors it is unable to govern the financial and operating policies of the entities by virtue of agreements with the other shareholder(s). These entities are consequently not treated as subsidiaries, and instead they are accounted for as financial assets at fair value through profit or loss, as set out in Note 2(b).

In May 2012 the Company completed an incremental acquisition in RMPA Holdings Limited ("Colchester Garrison") for a consideration of £15.0 million taking its shareholding to 56%.

In May 2012 the Company completed an acquisition of 30% in Consort Healthcare (Birmingham) Holdings Limited ("Birmingham Hospital") for a consideration of £34.6 million.

In May 2012 the Company completed an acquisition of 19.5% in Citylink Telecommunications Holdings Limited ("Connect PFI") for a consideration of £39.0 million.

In July 2012 the Company completed an acquisition of 75% in Central Blackpool PCC Holding Company Limited ("Blackpool Primary Care") through Redwood Partnership Ventures 2 Limited ("RPV2L") for a consideration of £2.9 million. The Group has a 75% shareholding in RPV2L.

In August 2012 the Company completed an incremental acquisition in Catalyst Healthcare (Romford) Holdings Limited ("Romford Hospital") taking its shareholding to 66.7% - the total consideration of £10.4 million also included an incremental acquisition in Pinnacle Schools (Holdings) Fife Limited ("Fife Schools") which completed in January 2013 taking its shareholding to 50% as well as two incremental acquisitions of 10% of the equity and loanstock in two subsidiaries, Exeter Crown Court and Stoke Mandeville Hospital, taking their shareholding to 100%.

In September 2012 the Company completed an incremental acquisition in Ealing Care Alliance (Holdings) Limited ("Ealing Care Homes") for a consideration of £1.2 million taking its shareholding to 84%.

In October 2012 the Group completed an acquisition of 30% equity and 45% loanstock of two PFI projects held through Prime LIFT Investments Limited ("Bas LIFTCo" and "Prima LIFTCo") and an incremental acquisition of 9% equity and loanstock in Citylink Telecommunications Holdings Limited ("Connect PFI") for an aggregate consideration of £33.8 million.

In October 2012 the Group completed an acquisition of 30% equity and loanstock in Emblem Schools (Holdings) Limited ("Fife Schools 2 PPP") for a consideration of £3.9 million.

In November 2012 the Group sold its 50% equity and loan note interest in Doncaster Schools PFI for a consideration of £5.3 million.

In December 2012 the Company completed an acquisition of 37.5% in HDM Schools Solutions (Holdings) Limited ("West Lothian Schools") through RPV2L and in March 2013 the Group completed an incremental acquisition of 37.5%. The aggregate consideration was £11.9 million.

In January 2013 the Group completed an acquisition of 50% equity and loanstock in Eastbury Park (Holdings) Limited ("Northwood MOD") for a consideration of £30.6 million.

The Directors have analysed the shareholder rights of these projects and are of the opinion that they should be treated as investments in joint ventures in accordance with IAS 31 Interests in Joint Ventures.

Year ended 31 March 2012

In May 2011 the Group through RPV2L completed the acquisition of equity investments in three UK PFI schools for £17.2 million. The three projects acquired by RPV2L were:

- a 100% interest in the Norwich Area Schools PFI Project;
- a 100% interest in the Oldham Secondary Schools PFI Project; and
- a 50% interest in the Sheffield Schools PFI Project.

In May 2011 the Group completed the acquisition of a 75.0% equity investment in Brentwood Community Hospital for £4.6 million through RPV2L.

In June 2011 the Group completed the acquisition of an indirect 50.0% equity investment in Pontefract and Pinderfields Hospitals and a further small equity interest in the Medium Support Helicopter Aircrew Training Facility for £28.8 million in aggregate.

In November 2011 the Group completed the acquisition of 75.0% of the equity and loan note interests in Sheffield Hospital for £5.2 million through RPV2L.

In February 2012 the Group acquired a further 33.5% of the equity and loan note interests in Dorset Fire and Rescue for £3.8 million.

17. Finance receivables at fair value through profit or loss

	31 March 2013 £million	**31 March 2012** £million
Opening balance	1,770.6	779.1
Acquisition of subsidiaries	680.9	908.8
Gain on valuation	54.5	107.2
Repayments in the year	(31.6)	(25.3)
Other movements	0.8	0.8
Carrying amount at year end	2,475.2	1,770.6
This is represented by:		
Less than one year	40.2	31.2
Greater than one year	2,435.0	1,739.4
Carrying amount at year end	2,475.2	1,770.6

The Operating Subsidiaries' concession contracts with public sector bodies are considered as financial assets. Gain in fair values of financial assets of £54.5 million for the year ended 31 March 2013 (2012: £107.2 million gain), are separately disclosed in the consolidated income statement as a capital amount. See Note 3 (ii) for the methods and assumptions used in determining the fair values. The maximum exposure to credit risk at the reporting date is the fair value of the financial assets in the balance sheet.

Interest income in relation to finance receivables of £94.5 million has been recognised in the consolidated income statement for the year ended 31 March 2013 as a revenue amount (2012: £70.6 million).

18. Trade and other receivables

	31 March 2013 £million	31 March 2012 £million
Trade receivables	13.7	14.8
Other debtors	1.8	2.1
Prepayments and accrued income	11.1	12.3
	26.6	29.2

19. Cash and cash equivalents

	31 March 2013 £million	31 March 2012 £million
Bank balances	115.7	56.3
Call deposits	210.9	317.4
Cash and cash equivalents	326.6	373.7

The effective interest rate on call deposits was between 0.1% and 1.4% (2012: between 0.1% and 2.4%). The deposits have an intended maturity of between 1 and 361 days (2011: between 1 and 367 days) but are liquid if necessary.

20. Trade and other payables

	31 March 2013 £million	31 March 2012 £million
Trade payables	24.9	11.8
Accruals	29.7	28.6
Other payables	6.7	7.7
	61.3	48.1

21. Loans and borrowings

	31 March 2013 £million	31 March 2012 £million
Non-current liabilities		
Libor borrowings	991.1	755.2
Subordinated debt	25.7	24.3
RPI-linked borrowings	605.6	529.0
Fixed rate borrowings	249.0	101.4
	1,871.4	1,409.9
Current liabilities		
Libor borrowings	56.9	168.6
Subordinated debt	-	0.4
RPI-linked borrowings	22.0	21.4
Fixed rate borrowings	0.6	1.0
	79.5	191.4
Total loans and borrowings	1,950.9	1,601.3

Terms and debt repayment schedule

The terms and conditions of outstanding loans are as follows:

	Weighted average effective interest rate	Average year of maturity	Carrying amount 2013 £million	Carrying amount 2012 £million
Secured libor borrowings – Operating Subsidiaries	5.6%	2031	1,021.1	785.3
Secured libor borrowings – Investment Group	2.7%	2015	26.9	138.5
Subordinated debt	12.9%	2025	25.7	24.7
RPI-linked borrowings	3.0%	2036	627.6	550.4
Fixed rate borrowings	5.2%	2033	249.6	102.4
			1,950.9	1,601.3

The interest rate for secured libor borrowings varies with changes in libor. This debt is hedged using fixed to floating interest rate swaps. The interest rate on RPI-linked borrowings varies with inflation whereas fixed rate borrowings have fixed interest coupons.

RPI-linked and fixed rate borrowings include bonds which are guaranteed by FSA (UK) Limited and Ambac Assurance UK Limited and are secured by a fixed and floating charge over the assets of the respective subsidiary companies. The index-linked borrowings are indexed annually and semi-annually using published RPI figures. The index ratio uses a base index figure ranging from 173.3 to 178.2 and a numerator index figure that is published by the Office for National Statistics.

The fair value of all borrowings is deemed to reflect their carrying value, except fixed rate and RPI-linked borrowings. An analysis of fair values and carrying values of these borrowings is detailed below:

	31 March 2013		31 March 2012	
	Carrying amount £million	Fair value £million	Carrying amount £million	Fair value £million
RPI-linked borrowings	627.6	1,056.7	550.4	646.1
Fixed rate borrowings	249.6	274.4	102.4	112.9
	877.2	1,331.1	652.8	759.0

The fair values of fixed rate and RPI-linked borrowings are based on inputs that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

The currency profile of the Consolidated Group's loans and borrowings is as follows:

	2013 £million	2012 £million
Pound Sterling	1,944.2	1,494.6
Euro	6.7	79.1
Canadian Dollar	-	27.6
	1,950.9	1,601.3

The exchange rate used as at 31 March 2013 to convert the Euro loan was 0.84 and 0.65 for the Canadian Dollar loan.

The Consolidated Group has the following undrawn borrowing facilities at 31 March:

	2013	2012
Floating rate:	£million	£million
Secured		
- expiring within one year	59.3	58.7
- expiring between 1 and 2 years	-	50.0
- expiring between 2 and 5 years	-	100.0
- expiring after 5 years	43.2	16.7
	102.5	225.4

The Operating Subsidiaries are required to meet certain bank covenants on its debt, the most significant of which are maintaining debt service cover ratios (annual cash flows available for debt service as a ratio of debt servicing amounts) above 1.05 and Loan Life Cover Ratio above 1.05. There were no material events of non-compliance in the Operating Subsidiaries in the year.

The Group was also required to meet certain bank covenants on its £100 million three year revolving bank facility, the most significant of which were maintaining a Forward and Historic Interest Cover Ratio above 3:1 and Gearing Ratio not greater than 0.275:1.

22. Other financial liabilities (fair value of derivatives)

	31 March 2013 £million	31 March 2012 £million
Non-current liabilities		
Interest rate swaps	339.9	206.9
Inflation swap	112.3	53.0
	452.2	259.9

Financial liabilities have been fair valued in accordance with Note 2(d). The loss in fair value of interest and inflation rate swaps of £68.1 million for the year ended 31 March 2013 (2012: £64.8 million loss) is disclosed within finance costs in the consolidated income statement as a capital amount (see Note 9).

In order to manage exposure to movements in interest rates, project companies financed by floating rate debt swap their floating rate exposure for fixed rates using interest rate swaps. The notional amount of the outstanding interest rate swap contracts at 31 March 2013 was £1,120.8 million (2012: £794.4 million). As at 31 March 2013, the fixed interest rates on the swaps range from 4.47% to 6.48% (2012: 1.73% to 6.48%) and maturities range from 2016 to 2041 (2012: 2016 to 2038). The notional amount of the outstanding inflation rate swap contracts at 31 March 2013 was £16.5 million (2012: £11.8 million). As at 31 March 2013, the fixed inflation rates on the swaps range from 2.53% to 3.00% (2012: 2.53% to 2.96%) and maturities range from 2029 to 2041 (2012: 2029 to 2039).

23. Share capital and reserves

	Ordinary Shares		C Shares	
	31 March 2013 million	31 March 2012 million	31 March 2013 million	31 March 2012 million
Issued at 1 April	665.4	595.1	250.0	-
C Shares converted to Ordinary Shares	218.1	-	(250.0)	
Issued for cash	228.3	65.9	-	250.0
Issued as a scrip dividend alternative	4.5	4.4	-	-
Issued at 31 March – fully paid	1,116.3	665.4	-	250.0

The holders of the 1,116,360,139 Ordinary Shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company (2012: 665,422,215).

Ordinary Share capital and share premium

	31 March 2013 £million	**31 March 2012** £million
Opening balance	470.9	390.7
Premium arising on issue of equity shares	525.0	80.9
Expenses of issue of equity shares	(3.4)	(0.7)
Balance at 31 March	992.5	470.9

Share capital is £111.6 thousand (2012: £66.5 thousand).

C Share capital and share premium

	31 March 2013 £million	**31 March 2012** £million
Opening balance	246.8	-
Converted to Ordinary Shares	(246.8)	-
Premium arising on issue of C Shares	-	250.0
Expenses of issue of C Shares	-	(3.2)
Balance at 31 March	-	246.8

C Share capital is £nil (31 March 2012: £25.0 thousand).

For the year ended 31 March 2013

250,000,000 C Shares were converted to 218,050,000 Ordinary Shares on 27 April 2012 at a conversion rate of 0.8722 Ordinary Shares for each C Share.

On 30 June 2012 1.5 million new Ordinary Shares of 0.01 p each fully paid in the Company were issued as a scrip dividend alternative in lieu of cash for the second interim dividend in respect of the year ending 31 March 2012.

On 31 December 2012 3.0 million new Ordinary Shares of 0.01p each fully paid in the Company were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the year ending 31 March 2013.

In the year ending 31 March 2013 88.3 million new Ordinary Shares were issued to various institutional investors at an issue price per share (before expenses) ranging between 119.0p and 119.5p.

On 22 March 2013, the Company announced the results of its Placing, Open Offer and Offer for Subscription of Ordinary Shares. The Company raised £167.3 million (before expenses) through the issue of 140,000,000 Ordinary Shares at a price of 119.5p per Ordinary Share, of which 61,968,542 Ordinary Shares were issued pursuant to the Open Offer, 9,558,673 Ordinary Shares were issued pursuant to the Offer for Subscription and 68,472,785 Ordinary Shares were issued by way of the Placing. The Ordinary Shares were admitted to trading on the London Stock Exchange on 27 March 2013.

For the year ended 31 March 2012
On 30 June 2011 1.9 million new Ordinary Shares of 0.01 p each fully paid in the Company were issued as a scrip dividend alternative in lieu of cash for the second interim dividend in respect of the year ending 31 March 2011.

On 31 December 2011 2.5 million new Ordinary Shares of 0.01p each fully paid in the Company were issued as a scrip dividend alternative in lieu of cash for the interim dividend in respect of the year ending 31 March 2012.

In the year ending 31 March 2012 65.9 million new Ordinary Shares were issued to various institutional investors at an issue price per share (before expenses) ranging between 115.0 p and 117.0 p.

On 28 March 2012, the Company announced the results of its Placing, Open Offer and Offer for Subscription of C Shares. The Company raised £250.0 million (before expenses) through the issue of 250,000,000 C Shares at a price of £1.00 per C Share, of which 82,685,943 C Shares were issued pursuant to the Open Offer, 10,029,500 C Shares were issued pursuant to the Offer for Subscription and 157,284,557 C Shares were issued by way of the Placing. The C Shares were admitted to trading on the London Stock Exchange on 30 March 2012.

Retained reserves

Retained reserves comprise retained earnings and the balance of the share premium account, as detailed in the consolidated statements of changes in shareholders' equity.

24. Related party transactions

The Investment Adviser to the Company and the Operator of a limited partnership through which the group holds its investments is InfraRed Capital Partners Limited ("IRCP").

IRCP's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated by either party giving one year's written notice. The appointment may also be terminated if IRCP's appointment as Operator is terminated. The Investment Adviser is entitled to a fee of £0.1 million per annum (disclosed within investment fees in Note 8) (2012: £0.1 million), payable half-yearly in arrears and which is subject to review, from time to time, by the Company.

IRCP has been appointed as the Operator of Infrastructure Investments Limited Partnership by the General Partner of the Partnership, Infrastructure Investments General Partner Limited, a sister subsidiary of IRCP. The Operator and the General Partner may each terminate the appointment of the Operator by either party giving one year's written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Advisory Agreement is terminated in accordance with its terms. The General Partner's appointment does not have a fixed term, however if IRCP ceases to be the Operator, the Company has the option to buy the entire share capital of the General Partner and IRCP Group has the option to sell the entire share capital of the General Partner to the Company, in both cases for nominal consideration. The Directors consider the value of the option to be insignificant.

In aggregate IRCP and the General Partner are entitled to fees and/or profit share equal to: i) 1.1 per cent per annum of the adjusted gross asset value of all investments of the group that are not in either their construction or ramp-up phases up to £750 million, 1.0 per cent per annum for the incremental value in excess of £750 million up to £1,500 million and 0.9 per cent for the incremental value in excess of £1,500 million; ii) 1.5 per cent per annum of investments of the group that are in either their construction or ramp-up phases, excluding investments acquired with the acquisition of the initial portfolio (the ramp-up phase of an investment means the period following completion of a project's construction phase during which it is building up to be fully operational with full service provision); and iii) 1.0 per cent of the value of new portfolio investments, that are not sourced from entities, funds or holdings managed by the IRCP Group.

The total Operator fees charged to the Consolidated Income Statement was £11.2 million (2012: £8.6 million) of which £5.9 million remained payable at year end (2012: £4.6 million). The total charge for new portfolio investments (disclosed within investment fees in Note 8) was £1.7 million (2012: £2.4 million) of which £1.0 million remained payable at year end (2012: £1.7 million).

Transactions during the year

The following summarises the transactions between the Consolidated Group and its associates in the year:

	Transactions		Balance	
	Year ended 31 March 2013	Year ended 31 March 2012	31 March 2013	31 March 2012
	£million	£million	£million	£million
Loanstock investments	61.3	120.5	243.2	285.4
Loanstock repayments	(7.9)	(5.5)	-	-
Equity investments	117.4	100.5	190.2	189.8
Equity repayments	(4.1)	(2.3)	-	-
Loanstock interest	31.7	21.2		19.6
Dividends received	9.9	6.7	-	-
Fees and other income	6.6	1.4		0.6

The Directors of the Company received fees for their services. Further details are provided in the Report of the Directors.

Total fees for Directors for the year were £190,000 (2012: £161,500). Directors expenses of £7,632 (2012: £7,646) were also paid in the year. One Director also receives fees of £5,000 (2012: £5,000) for serving as director of the two Luxembourg subsidiaries.

All of the above transactions were undertaken on an arm's length basis.

25. Guarantees and other commitments

As at 31 March 2013 the Consolidated Group had £12.7 million commitments for future project investments (2012: £Nil) and £26.2 million in capital commitments (2012: £11.8 million).

26. Events after the balance sheet date

On 26 April 2013 the Group completed an acquisition of 50% equity and loanstock in Consort Healthcare (Tameside) Holdings Limited ("Tameside Hospital") for a consideration of £16.0 million.

On 29 April 2013 the Group completed an acquisition of 60% equity and 60% loanstock of two PFI projects ("Medway LIFTCo" and "Waltham Forest LIFTCo") for a consideration of £9.8 million.

On 3 May 2013 the Group completed an acquisition of 33.3% equity and loanstock in Addiewell Prison (Holdings) Limited ("Addiewell Prison") for a consideration of £10.3 million.

The Directors have analysed the shareholder rights of these projects and are of the opinion that they should be treated as investments in joint ventures in accordance with IAS 31 Interests in Joint Ventures.

On 22 April 2013 3.9 million new Ordinary Shares of 0.01p each fully paid in the Company were issued as a scrip dividend alternative in lieu of cash for the second interim dividend in respect of the year ending 31 March 2013.

On 1 May 2013, the Board appointed two new additional directors to the Board, Mr Ian Russell, CBE, and Mrs Susie Farnon.

There are no other events after the balance sheet date which are required to be disclosed.

27. Disclosure – Service Concession Arrangements

The group holds investments in 79 service concession arrangements in the Accommodation, Education, Health, Transport and Law and Order sectors. The concessions vary on the required obligations but typically require the financing and operation of an asset during the concession period. As at 31 March 2013, all of the service concessions were fully operational.

The rights of both the concession provider and concession operator are stated within the specific project agreement. The standard rights of the provider to terminate the project include poor performance and in the event of force majeure. The operator's rights to terminate include the failure of the provider to make payment under the agreement, a material breach of contract and relevant changes of law which would render it impossible for the service company to fulfil its requirements.

Project	Short description of concession arrangements	Start date	End date	Number of years	Project Capex	Key subcontractors
A249	Design, construct, finance, operate and maintain the section from Lwade Bypass to Queensborough of the A249 road for the Secretary of State for Transport.	2006	2036	30	£79m	Carillion
A92	Design, construct, finance and operate the upgraded A92 shadow toll road between Dundee and Arbroath for Transport for Scotland.	2005	2035	30	£54m	Bear
Barking & Dagenham Schools	Design, construct, finance, operate and maintain the Eastbury Comprehensive and Jo Richardson Community Schools for London Borough of Barking & Dagenham.	2004	2030	26	£47m	Bouygues Energies & Services
Barnet Hospital	Design, construct, operate and maintain the re-building of Barnet General Hospital in North London for the Wellhouse National Health Service Trust.	1999	2032	33	£65m	Bouygues Siemens Medirest
Bishop Auckland Hospital	Design, construct, finance, service and maintain a redevelopment of Bishop Auckland General Hospital, County Durham for South Durham Health Care NHS Trust.	1999	2059	60 (with break clause option by Grantor at Year 30, 40 & 50)	£66m	ISS
Birmingham and Solihull LIFT	Design, construct and invest in facilities of new health and social care facilities	2004	2031	27	£65m	Carillion Integral
Birmingham Hospital	Design, construct, finance and maintain a new acute hospital and six mental health facilities for University Hospitals Birmingham NHS Foundation Trust and Solihull Mental Health NHS Foundation Trust	2006	2046	40	£553m	Balfour Beatty Engineering Services
Blackburn Hospital	Design, construct, finance and maintain new facilities at the Queens Park Hospital in	2003	2041	38	£100m	Balfour Beatty Engineering Services

	Blackburn for the East Lancashire Hospitals NHS Trust.					Siemens
Blackpool Primary Care	Design, construct, finance and operate a primary care centre in Blackpool for Blackpool Primary care Trust	2008	2040	31.5	£19m	Eric Wright
Boldon School	Design, construct, finance, operate and maintain Boldon School for the Borough of South Tyneside.	2005	2031	26	£18m	Mitie
Bradford Schools	Design, construct, finance and maintain four secondary schools for Bradford Metropolitan District Council.	2009	2036	27	£230m	Amey
Brentwood Community Hospital	Design, construct, finance and maintain a new community hospital for South West Essex Primary Care Trust.	2006	2036	30	£23m	Integral Initial
Central Middlesex Hospital	Design, construct, finance and maintain new hospital facilities, and to refurbish some existing facilities, for the Brent Emergency Care and Diagnostic Centre on the Central Middlesex Hospital site in North West London.	2003	2036	33	£75m	Bouygues Energies & Services
Colchester Garrison	Design, construct, finance and maintain a new garrison facility at Colchester, Essex for The Secretary of State for Defence.	2004	2039	35	£550m	Sodexo
Connect PFI	To upgrade London Underground Limited’s existing radio and telecommunications systems and implement and operate a new system.	1999	2019	20	£300	Thales
Conwy Schools	Design, build, operate and maintain three schools for Conwy County Borough Council in North Wales.	2003	2030	27	£40m	Sodexo
Cork School of Music	Design, construct, finance and operate a new school of music in Cork to accommodate 130 academic staff, 400 full time and 2,000 part-time students for the Minister of Education and Science (Republic of Ireland).	2005	2030	25	€50m	Bilfinger Berger
Croydon Schools	Design, construct, finance, operate and maintain a secondary school and community library in Croydon for the London Borough of Croydon.	2004	2034	30	£20M	Vinci
Darlington Schools	Darlington Schools is a four-school education PFI project consisting of an Education Village (which brought together three existing	2004	2029	25	£31m	Mitie

	schools) and one primary school.					
Defence 6th Form College	Design, build, operate, finance and maintain a new residential sixth form college for the Secretary of State for Defence.	2003	2033	30	£40m	Pearson Interserve
Derby Schools	Design, construct, finance, operate and maintain three primary schools and two secondary schools in Derby for Derby City Council.	2004	2031	27	£37m	Vinci
Doncaster Mental Health Hospital	Design, construct, finance, operate and maintain a service accommodation for an elderly mental health unit in Doncaster for the Rotherham Doncaster and South Humber Mental NHS Foundation Trust.	2003	2031	28	£15m	Royal BAM
Dorset Fire & Rescue	Design, construct, finance, operate and maintain the fire and police facilities at three sites in Dorset for the Dorset Fire Authority & Dorset Police Authority.	2007	2034	27	£45m	Cofely
Dorset Police	Design, construct, finance, operate and maintain a new divisional headquarters and section stations at Bridport and East Weymouth for the Dorset Police Authority.	2002	2033	31	£15m	Sodexo
Durham and Cleveland Police Tactical Training Centre	Construction of a state of the art firearms and tactical training centre at Urlay Nook in the North of England.	2000	2025	25	£6m	John Laing
Dutch High Speed Rail	Design, construct, finance, operate and maintain power, track and signalling for the high speed railway between Schiphol Airport and Belgian border in the Netherlands.	2001	2026	25	£625m	Siemens Royal BAM Fluor
Ealing Care Homes	Design, construct, finance, operate and maintain four care homes for the elderly in the London Borough of Ealing for the London Borough of Ealing.	2005	2035	30	£22m	Viridian
Ealing Schools	Ealing Schools is a four-school education PFI project consisting of one secondary school and three primary schools in the London Borough of Ealing.	2002	2029	27	£31m	Mitie
Edinburgh Schools	Design, construct, finance and operate six secondary schools and two primary schools for the City of Edinburgh Council.	2007	2039	32	£165m	Mitie
Exeter Crown Court	Build and service a new crown and county court building in Exeter.	2002	2034	32	£20m	Sodexo

Fife Schools	The facility involved the construction of 3 new schools and a sports hall.	2001	2028	27	£40m	Sodexo
Fife 2 Schools	Design, construct, finance and maintain nine primary schools and one special education facility in the Fife are of Scotland.	2005	2032	27	£63.5m	FES FM Ltd
Glasgow Hospital	Design, construct, finance, operate and maintain two new ambulatory care and diagnostic hospitals in Glasgow for the Greater Glasgow and Clyde Health Board.	2006	2036	30	£178m	Balfour Beatty Engineering Services
Greater Manchester Police Stations	Construction of 17 police stations on 16 sites around Greater Manchester.	2002	2031	29	£82m	John Laing
Haverstock School	Haverstock is a single school education PFI project consisting of a new secondary school on an existing school site on Haverstock Hill, Camden.	2004	2030	26	£21m	Mitie
Health & Safety Merseyside HQ	HSE Merseyside HQ is an accommodation PFI project. It is a four-storey office building that serves as the HSE s operational headquarters and houses 1,500 employees.	2005	2035	30	£62m	Honeywell Reliance
Health & Safety Laboratory	Building of new workshops and offices in Buxton and the disposal of old facilities at Sheffield.	2002	2034	32	£60m	Interserve
Helicopter Training Facility	Design, construction, management, operation and financing of STET simulators based training facility for RAF helicopter pilots.	1997	2037	40 (with break clause by Grantor at Year 20)	£100m	Serco Selex
Highland Schools	Design, construction and operate eleven urban and rural schools.	2007	2037	30	£143m	Mears
Home Office HQ	Build, finance, operate and maintain a new headquarters building to replace the Home Office’s existing London office accommodation with purpose-built serviced offices.	2002	2031	29	£200m	Bouygues Energies & Services
Irish Grouped Schools	Design, construct, finance, operate and maintain five secondary schools in the Republic of Ireland for the Department of Education and Skills.	2001	2026	25	€34m	Bilfinger Berger
Kicking Horse Canyon	Upgrade, operate and maintain a section of highway in British Columbia.	2005	2027	22	CAD$ 127m	HMC Services
Kent Schools	Design, build, funding and partial operation of six schools in Kent	2005	2035	30	£95m	Mitie

	under the UK Government's PFI programme.					
Lewisham Hospital	Design, construct, finance, operate and maintain a new wing in Lewisham Hospital for the Department of Health.	2004	2036	32	£58m	Carillion
M80 Motorway	Design, build, finance and operate a section of the M80 motorway in Scotland.	2009	2039	30	£275m	Bear
Manchester School	Design, construct, finance, operate and maintain the Wright Robinson College in Manchester for Manchester City Council.	2005	2031	26	£29m	Hochtief
Medway Police	Design, construct, finance, operate and maintain a divisional police headquarters for Kent Police Authority.	2004	2034	30	£21m	Vinci
Metropolitan Specialist Training Centre	Construction of a firearms and public order training facility in Gravesend, Kent for the Metropolitan Police Authority.	2001	2026	25	£40m	John Laing
South East London Police Stations	Construction of 4 police stations in South East London for the Metropolitan Police Authority.	2001	2026	25	£80m	John Laing
Newcastle Libraries	Finance, develop, construct and operate a new city centre library in Newcastle and an additional satellite library in High Heaton, both in the North East of the UK.	2007	2032	25	£30m	Integral
Newport Schools	Design, construct, finance, operate and maintain a nursery, infant and junior school for Newport City Council.	2008	2033	25	£15m	Vinci
Newton Abbot Hospital	Design, construct, finance, operate and maintain a community hospital for Devon Primary Care Trust.	2007	2039	32	£20m	Rydon
North Tyneside Schools	North Tyneside Schools is a four-school education PFI project consisting of one secondary school (Burnside) and three primary schools (Western, Marine, Coquet) in North Tyneside.	2002	2033	31	£30m	Mitie
North West Anthony Henday	Financing, building, maintaining and rehabilitating the northwest leg of the Anthony Henday Drive ring road in the City of Edmonton, Alberta.	2008	2041	33	CAD$ 995m	Hochtief Vinci
Northwood MoD HQ Project	Design, construct and commission new-built facilities on behalf of the Ministry of Defence in Northwood,	2006	2031	25	£198m	Carillion

	Greater London					
Norwich Schools	Design, construct, finance and operate five primary schools and one secondary school; all new build with the exception of a small element of retained estate at the secondary school for the Norwich City Council.	2006	2032	26	£44m	Kier
Oldham Library	Design, construct, finance, operate and maintain the Oldham Library and Lifelong Learning Centre for Oldham Metropolitan Borough Council.	2004	2029	25	£15m	Kier
Oldham Schools	Design, construct, finance and operate two secondary schools for Oldham Metropolitan Borough Council.	2006	2033	27	£54m	Kier
Oxford Churchill Oncology	Design, construct, finance, operate and maintain a 100 bed oncology unit, including provision of medical equipment for Oxford Radcliffe Hospitals NHS Trust.	2005	2038	33	£124m	G4S Impregilo
Oxford John Radcliffe Hospital	Design, construction, management, financing, operation and maintenance of a new wing adjacent to the former Radcliffe Infirmary.	2003	2036	33	£161m	Carillion
Oxford Nuffield Hospital	Design, construct, finance, operate and maintain a new orthopaedic hospital for the Secretary of State for Health.	2002	2036	34	£37m	G4S
Perth and Kinross Schools	Design, construct, financing and operation of four secondary schools and five primary schools for the Perth and Kinross Council	2007	2041	34	£136m	Mitie
Pontefract & Pinderfields Hospitals	Design, construction, management, financing and operate a new 708 bed acute hospital in Pinderfield, West Yorks and a new diagnostic and treatment hospital in Pontefract, West Yorks for the Mid Yorkshire NHS Trust.	2007	2042	35	£311m	Balfour Beatty Engineering Services
Portsmouth Hospital	Design and construction of a new hospital and retained estates work in Portsmouth.	2005	2040	35	£255m	Carillion
Renfrewshire Schools	Design, construction, management, financing, operation and maintenance of six primary and four secondary schools in Renfrewshire, Scotland.	2008	2038	30	£100m	Amey
Rhondda Schools	Design, construction, management, financing and operate a primary school, secondary school, a day nursery	2004	2028	24	£22m	Vinci

	and an adult learning centre in South Wales for Rhondda Cynon Taf Authority.					
Romford Hospital	Design, construction, management, financing, operation and maintenance of a new hospital in Romford.	2004	2040	36	£211m	Sodexo Bovis Lend Lease Siemens
Sheffield Hospital	Design, construction, financing and management of a new 168 bed wing at the Sheffield Northern General Hospital for the Sheffield Teaching Hospitals NHS Foundation Trust.	2004	2036	32	£26m	Dalkia
Sheffield Schools	Design, construct, finance and operate two primary schools and two secondary schools for Sheffield City Council.	2004	2030	26	£52m	Kier
South Ayrshire Schools	Design, construct, finance and operate of three primary schools, two secondary academy schools and a new performing arts annex at an existing academy for South Ayrshire Schools.	2006	2039	33	£76m	Mitie
Staffordshire LIFT	Design, construct, and invest in facilities	2005	2030-2037	25-32	£40m	Integral
Stoke Mandeville Hospital	Design, finance, construct, refurbish, operate and maintain a new hospital facility for the Buckingham Hospitals NHS Trust.	2004	2034	30	£40m	Sodexo
Sussex Custodial Centre	Build and service three custody centres in Sussex for Sussex Police Authority. The centres are at Worthing, Chichester and Brighton. A fourth centre at Eastbourne was subsequently contracted for as a variation.	2001	2031	30	£20m	Capita
Swindon Police	Design, construction, management, financing and operate a new divisional headquarters for the Wiltshire Police Authority.	2005	2037	32	£18m	Vinci
Tyne & Wear Fire Stations	Design, construct, manage, finance and operate seven fire station facilities and a headquarters building in Tyne and Wear for the Tyne and Wear Fire and Civil Defence Authority.	2006	2031	25	£23m	John Laing
West Lothian Schools	Design, construct, finance and operate two new schools, Armadale Academy and the Deans Community High School for West Lothian Council.	2008	2040	32	£60m	Dawn Construction

West Middlesex Hospital	Design, construct, finance, operate and maintain a new 228 bed hospital for West Middlesex University Hospital NHS Trust.	2001	2036	35	£60m	Bouygues Energies & Services
Willesden Hospital	Design, construct, manage and finance a community hospital in north London for NHS Brent.	2002	2034	32	£19m	Accuro
Wooldale Centre for Learning	Wooldale Centre for Learning is an education PFI project consisting of a Centre for Learning (CfL) comprising a secondary school with sixth form, public library, primary school and nursery on a large site in Northamptonshire.	2004	2029	25	£24m	Mitie

28. Principal subsidiaries

Name	Country	Ownership interest
HICL Infrastructure 1 SARL	Luxembourg	100.0%
HICL Infrastructure 2 SARL	Luxembourg	100.0%
Infrastructure Investments Limited Partnership	United Kingdom	100.0%
Infrastructure Investments Holdings Limited	United Kingdom	100.0%
AGP (2) Limited*	United Kingdom	100.0%
Alpha Schools Highland Plc ***	United Kingdom	100.0%
Consort Healthcare (Blackburn) Funding Plc*	United Kingdom	100.0%
Operating Subsidiaries		
2003 Schools Services Limited	United Kingdom	100.0%
Ashburton Services Limited	United Kingdom	100.0%
Annes Gate Property Plc*	United Kingdom	100.0%
Alpha Schools Highland Limited ***	United Kingdom	100.0%
Axiom Education (Edinburgh) Limited*	United Kingdom	100.0%
Axiom Education (Perth & Kinross) Limited*	United Kingdom	100.0%
Boldon School Limited	United Kingdom	100.0%
ByCentral Limited*	United Kingdom	100.0%
ByWest Limited*	United Kingdom	100.0%
Consort Healthcare (Blackburn) Limited*	United Kingdom	100.0%
CVS Leasing Limited	United Kingdom	87.6%
PFF (Dorset) Limited*	United Kingdom	100.0%
Education 4 Ayrshire Limited*	United Kingdom	100.0%
Enterprise Civic Buildings Limited*	United Kingdom	100.0%
Enterprise Education Conwy Limited*	United Kingdom	90.0%
Enterprise Healthcare Limited*	United Kingdom	100.0%
Metier Healthcare Limited	United Kingdom	100.0%
Ravensbourne Health Services Limited*	United Kingdom	100.0%
Services Support (Cleveland) Limited*	United Kingdom	72.9%
Services Support (Gravesend) Limited*	United Kingdom	72.9%
Services Support (Manchester) Limited*	United Kingdom	72.9%
Sussex Custodial Services Limited*	United Kingdom	100.0%
THC (OJR) Limited*	United Kingdom	100.0%
THC (QAH) Limited*	United Kingdom	100.0%
TW Accommodation Services Limited	United Kingdom	100.0%

* = Reporting date 31 December
*** = Reporting date 31 January

All the consolidated revenues and the material net assets of the subsidiaries above are derived from the United Kingdom.