



23 December 2008

Half year review to 30 September 2008

Summary

In the six months under review, Infinis made significant progress towards its strategic objectives. Operating improvements enabled us to increase output by 1.4% over the same period in 2007; 1.3MW was added to the capacity of our 80 landfill gas sites; we secured our first wind planning consent; we took advantage of high power prices to lock in most of our output up to September 2011; and we strengthened the management team with the appointments of a Wind Director and a Commercial Director.

Landfill gas

Investment in systems, process and people enabled Infinis to increase output by 1.4% over 2007. The Logistics Centre in Northampton, from where we control activity on all sites in the portfolio, was upgraded and we are in the process of installing a new asset management system and a high performance business analysis software tool.

During 2008 and 2009 we shall add about 21 MW to the capacity on our existing sites and on two new ones. 1.3MW of this came on stream in the period under review and good progress was made on the remaining projects.





Wind

Apart from our continuing development of landfill gas sites, the major area of focus is onshore wind. Our first project, 16-27 MW on the landfill site of Greengairs in Scotland, received a recommendation for approval from North Lanarkshire Council in May and consent from the Scottish Government in November. We are progressing four further projects, totalling up to 130 MW, on sites secured from Scottish Resources Group in September 2007 and plan to submit at least three for planning by the end of 2009.

Corporate responsibility

Corporate responsibility is at the heart of how we run the business and the highest priority is the safety of our colleagues and anyone else who may be impacted by our work. We are steadily driving down the Accident Frequency Rate and have moved from the average for waste companies to the lower level typical of utilities. Our determination to do still better has led to a focus on near-miss reporting, in order to learn lessons and prevent accidents from happening. Linking this reporting to a commitment to support charitable ventures in which staff are involved has led to a powerful combination of improved safety standards, employee participation and support for local communities.





Power prices

The period witnessed unprecedented volatility in power prices, corresponding largely to what was happening to oil prices. The peak of \$147/barrel reached in July was reflected in high power prices which meant that including the value of Renewable Obligation Certificates and other similar instruments we could achieve prices of up to £140 per Megawatt hour for our uncontracted output. We took the opportunity to lock in prices during the early summer and now have fixed prices for about 90% of our output up to September 2010 and for about 75% of our output for the year beyond that.

Strategy update

We shall continue to strengthen our management team where appropriate. During the period we made two significant appointments: Alan Baker, previously Chief Executive of Airtricity in Scotland, joined as Director of Wind and Major Projects; and Steven Hardman joined us from our partner WRG as Commercial Director. Both will help us to achieve our challenging ambitions.

Management team

We are seeking a partner for the 40 MW biomass combustion plant at Westfield in Fife which was acquired as part of the Scottish Resources deal in September 2007. This site received final planning consent in September 2008.





Novera Energy

At the start of the period we held 28.2% of Novera Energy, a landfill gas, wind and hydro business listed on AIM. In May, Novera issues new equity to raise £15m; we took up our rights and increased our stake to 29.9%.

Outlook

Infinis has largely secured its revenue line for the next three years. It has relatively little debt and its landfill gas business is strongly cash generative. This gives it, despite the turbulent times, the opportunity to develop a significant wind business and to continue to play a leading role in the renewable energy sector in the UK.

Alan Lovell
Chief Executive

