

Infinis Holdings half year review to 30 September 2010

Summary

In the six months under review, Infinis Holdings made a robust start toward meeting its operating and strategic objectives for the year. Following the acquisition of Novera Energy plc (Novera) in November 2009, the Infinis group of companies (Infinis) now operates a diversified 438MW renewable generation portfolio encompassing onshore wind and hydro plants on top of its core landfill gas business. The combination of Infinis' and Novera's wind development teams and project portfolios has strengthened Infinis' position in onshore wind. Infinis is also reviewing further growth opportunities across the hydro, anaerobic digestion and solar photovoltaic generation sectors.

Landfill gas

The addition of Novera's landfill gas engine fleet resulted in a combined installed capacity of 346MW, compared to last year's 265MW. Organically (i.e. excluding any Novera contribution), Infinis plc increased output by 3.2% over the same period in 2009. Infinis has continued its programme of redeploying underutilised engines from sites with declining gas to sites where further gas increases are anticipated. It aims to finalise the redeployment of capacity on a further 11 sites ahead of the full Renewables Obligation Certificate (ROC) grandfathering deadline at the end of March 2011. The reliability of Infinis' output has continued to increase as a result of investments in systems, processes and people at its Logistics Centre in Northampton, from where it monitors activity on all sites in its portfolio on a 24/7 basis.

While ongoing investment in hardware, systems and processes are a pre-requisite to delivering Infinis' objectives, it cannot be emphasised enough how Infinis thrives on the extraordinary dedication of its employees and their willingness to go the extra mile in often challenging operating environments.



Brogborough landfill gas power generation facility

Onshore wind

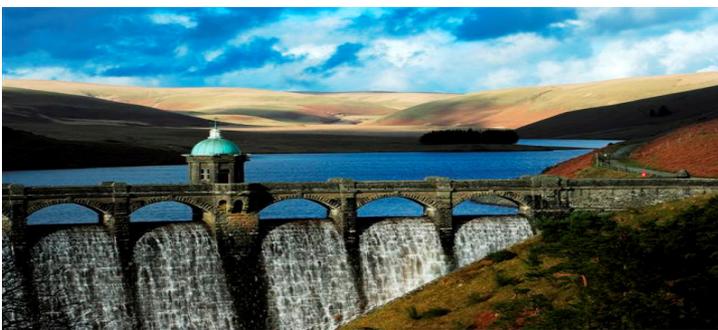
Infinis' market presence in the wind sector was bolstered by the addition of Novera's mature project pipeline, an experienced wind development team and 45MW of operating wind capacity. In addition to this, Infinis acquired the 30MW Ardrossan site from Scottish and Southern Energy plc in May. Apart from operating three wind farms with a total of 75MW, it has the 22MW Glenkerie wind farm under construction and 82MW consented. It also has 111MW of planning applications awaiting determination. The development team is also reviewing a healthy pipeline of green field sites and acquisition opportunities. Infinis is constantly discussing partnership opportunities with successful third party wind development teams who struggle to secure funding in the current economic environment.



Infinis' Lissett Airfield Wind Farm, East Riding of Yorkshire

Other renewables

Infinis now also operates 17MW of hydro across 10 different sites and is seeking to further grow its hydro installed capacity. Infinis is also actively reviewing other renewable generation growth opportunities such as anaerobic digestion and solar photovoltaic.



Infinis' Craig Goch reservoir, Elan Valley, Wales

Corporate responsibility

Corporate responsibility is at the heart of how Infinis runs its business and the highest priority is the safety of its employees and anyone else who may be impacted by its work. The Accident Frequency Rate (AFR) has remained steady compared to 12 months ago (AFR=0.5), well below the average for waste companies and utilities. None of the reportable incidents resulted in serious injury. There has been a continued focus on near-miss reporting, in order to learn lessons and prevent accidents from happening.

Power prices

From late Spring, wholesale power prices staged a modest recovery. The bulk of Infinis' generated electricity was already contracted forward for the coming two years (ROC output) and beyond (Non-Fossil Fuel Obligation (NFFO) output) and was largely unaffected by the current pricing environment. A fraction of its output, largely related to new landfill gas developments and contract migrations from NFFO to ROC becoming effective during the period under review, were traded at current prevailing prices.

Management team

Eric Machiels, Acting Chief Executive since August 2009, was appointed Chief Executive of Infinis Energy Holdings Limited and its operating subsidiaries (Infinis Operating Group) on 5 October. Phil Nolan, Chairman of Infinis, left the business in June 2010 and was replaced by Mike Kinski as Chairman of Infinis Capital Limited and by Eric Machiels as Chairman of Infinis Energy Holdings Limited.

Paul Gregson, Head of Human Resources, was appointed to the boards of the Infinis Operating Group in October 2010.

Outlook

Infinis has largely secured its revenue line for the next 12 months. Its landfill gas business is strongly cash generative, enabling it to further invest in new renewable generation capacity across a variety of applications, thereby diversifying its generation portfolio. The regulatory environment is in full flux with bold initiatives from the coalition government to provide more long term pricing certainty to encourage substantial investment in new low carbon generation capacity. Infinis is carefully following these developments to ascertain its own future development plans.

Robbie Barr
Director
Infinis Holdings
23 December 2010