

Infinis Holdings half year review to 30 September 2011

Summary

In the six months under review, the Infinis group of companies (Infinis) made a promising start towards meeting its operating and strategic objectives for the year. With the acquisition of three wind farms from Scottish and Southern Energy plc (SSE) in April 2011, we have further diversified our renewable power capabilities and now operate an aggregate 534MW of renewable generation capacity across landfill gas, onshore wind and hydro technologies. Our landfill gas activities have reached a mature stage and most of our capacity development is now focused on onshore wind and small scale hydro. From 1 April 2011, we commenced the operation of a group services company (Infinis Energy Services Limited) to supply group head office and operational services, allowing more flexible deployment of resources across the group.

Landfill gas

Infinis now has a combined installed capacity of 343MW and 123 sites across the UK. From 1 April 2011, operational site management has become fully integrated, including the sites added to Infinis as part of the acquisition of Novera Energy plc (Novera) in November 2009. Best practices covering gas field management techniques and scheduled maintenance practices have been adopted across all sites. The overall reliability of our engine fleet has continued to improve.

There were no major compliance issues recorded during this period. The historically low rainfall occurring since the start of this calendar year in certain parts of the UK has negatively impacted



the output of a number of sites located in the Central and Southern regions. The enduring dry conditions caused repeated cracking in the mineral caps of a number of landfill sites, preventing us from applying maximum suction levels to collect the landfill gas. Our Northern region had a good half year as normal seasonal rainfall levels prevailed.

Onshore wind

Infinis' operational presence in the onshore wind sector was bolstered by the acquisition of three wind farms from SSE in April 2011. This additional 97MW of capacity is located in Scotland (Minsca 37MW and Dalswinton 30MW) and Northern Ireland (Slieve Divena 30MW). Infinis now operates seven wind farms with a combined generation capacity of 174MW. The first half year has been characterised by good plant availability and much windier weather conditions than the same period in 2010.

Infinis' wind development team secured two consents at Westfield in Scotland (12.5MW) and Wingates in Northumberland (12MW) in the period. This brings our total number of wind farms moving towards construction to five, representing 48MW of additional capacity. Infinis is currently finalising the commissioning of Glenkerie, a 22MW wind farm located south of



Glenkerie wind farm, Scottish Borders

Edinburgh. We now have 118MW in planning, across six sites, and a further 107MW in earlier development stages. The development team is also reviewing a strong pipeline of greenfield sites and acquisition opportunities. Infinis is always keen to discuss partnership opportunities with wind development teams who struggle to secure the funding for the construction of consented schemes in the current economic environment.

Hydro

Infinis also operates 17MW of hydro across 10 different sites and is developing a pipeline of small scale (up to 2MW) run of river schemes in Wales and in Scotland.



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 our employees and anyone else who may be impacted by our work. The Accident Frequency Rate (AFR) has slightly decreased compared to 12 months ago to just below 0.4, 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.

Our Glenkerie wind farm was awarded the CEEQUAL Whole Project Award, a civil engineering environmental quality award, in July in recognition of the fact that sustainability has been integrated at every critical step of its development and construction. This is the first renewable construction scheme to receive the award on a Whole Project basis.

Power prices

Wholesale power prices in the UK have recovered since the start of the financial year. International spot prices for natural gas increased rapidly after Japan's natural gas imports surged following the post-earthquake nuclear facility damage. Unrest in the Middle East also kept upward pressure on oil prices throughout most of the period. Although the bulk of Infinis' landfill gas generated electricity was already contracted forward for this financial year, favourable prices were locked in for a significant share of our landfill gas output for next financial year. Several wind farms benefited from the higher prices for this financial year.

Management team

There were no changes in the Infinis senior management team during the period.

Outlook

Infinis' landfill gas output has picked up since the wetter weather in mid-November helped improve the condition of the capping on a number of sites located in Central and Southern England. This, in conjunction with good output from our wind farms and higher power prices, puts us in a solid position to achieve our financial objectives for the current financial year. The turbine nacelle fire incident which occurred at our Ardrossan wind farm at the start of December is currently being investigated but is not expected to have a significant impact on our results.

With a strongly cash generative landfill gas business, Infinis continues to invest in new renewable generation capacity across onshore wind and hydro, thereby diversifying its generation portfolio. The regulatory environment for the electricity market in the UK is still in full flux with bold initiatives from the coalition government to provide long-term pricing certainty and encourage sustained investment in new low carbon generation capacity. Infinis is actively participating in industry consultation rounds in anticipation of the new regulatory framework being finalised.

Damian Darragh
Director
Infinis Holdings
28 December 2011