

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

"THE PIDG TRUST"

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2004**

**haysmacintyre
Chartered Accountants
Registered Auditors
London**

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

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THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

LEGAL AND ADMINISTRATIVE INFORMATION

FOR THE YEAR ENDED 31 DECEMBER 2004

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

The Private Infrastructure Development Group (PIDG) is a multi-donor arrangement established and directed by the participating donors (details below). PIDG aims to facilitate the provision of infrastructure needed to eliminate poverty in developing countries by encouraging private investment. PIDG has established the Private Infrastructure Development Group Trust (PIDG Trust) as a vehicle for its activities.

TRUSTEES

SG Hambros Trust Company Limited – UK Resident Company
SG House
41 Tower Hill
London EC3N 4SG

MC Trust Limited – Mauritian Resident Company
10 Frère Felix de Valois Street
Port Louis
Mauritius

Minimax Limited – Mauritian Resident Company
10 Frère Felix de Valois Street
Port Louis
Mauritius

PARTICIPATING DONORS

The Government of the United Kingdom of Great Britain and Northern Ireland acting through Secretary of State at the Department for International Development (“DFID”)

Swiss State Secretariat for Economic Affairs of the Government of the Confederation of Switzerland (“SECO”)

The Netherlands Ministry for Foreign Affairs (“DGIS”)

The Government of Sweden represented by the Swedish International Development Co-operation Agency (“Sida”)

The International Bank for Reconstruction and Development (“The World Bank”)

ENFORCER

The Government of the United Kingdom of Great Britain and Northern Ireland acting through Secretary of State at the Department for International Development (“DFID”)

PROTECTOR

No protector has been appointed and therefore the PIDG Secretariat are acting as current protector. The PIDG Secretariat holding office is CA Legal as described under Legal Advisors and PIDG Secretariat.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

AUDITORS

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

BANKERS

SG Hambros Bank and Trust Limited
SG House
41 Tower Hill
London EC3N 4SG

LEGAL ADVISORS AND PIDG SECRETARIAT

CA Legal
St Nicholas House
St Nicholas Road
Sutton
Surrey
SM1 1EL

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2004

The Trustees present the annual report and audited financial statements for the year ended 31 December 2004.

These financial statements have been prepared under the provisions of the Amended and Restated Declaration Trust described below and in accordance with applicable International Financial Reporting Standards.

BACKGROUND SUMMARY

PIDG is a multi-donor arrangement established and directed by the Donors. PIDG aims to facilitate the provision of infrastructure needed to eliminate poverty in developing countries by encouraging private investment. PIDG has established the PIDG Trust as a vehicle for its activities. In general, this provides a vehicle for Donors to pool, co-ordinate and administer funds in relation to all PIDG activities.

OBJECTS AND STRUCTURE

The PIDG Trust was established by a Declaration of Trust dated 1 December 2001 as amended by an Amended and Restated Declaration of Trust dated 14 March 2003 (the "Amended and Restated Declaration of Trust"). The PIDG Trust has three Trustees – two based in Mauritius and one in the United Kingdom. The Trustees act jointly for and on behalf of the PIDG Trust. The PIDG Trust was established for the purposes of:

- i. facilitating the provision of the infrastructure needed to eliminate poverty in developing countries by encouraging private investment;
- ii. making investment in accordance with the investment plan adopted by the Trustees;
- iii. exercising any rights of control and influence arising from its investments;
- iii. investing, applying or otherwise using its funds for the relief of poverty in developing countries in such manner as the Trustees with the consent of the Protector but otherwise in their discretion think fit;
- iv. administering and paying PIDG general administration costs and project development costs.

OPERATIONAL PROCEDURES

The Trustees carry out the following tasks in relation to the PIDG programmes:

- i. reviewing and executing grant & loan agreements;
- ii. reviewing and executing contracts for services with consultants;
- iii. co-ordinating and authorising payments under the grant loan and consultancy agreements executed and in the case of the Principal Trustee recording income and expenditure in the records of the PIDG Trust and creating and monitoring rolling expenditure forecasts for all programmes; and
- iv. acting as shareholder (as PIDG itself cannot); attending shareholder meetings and executing any documents relating to the PIDG Trust's capitalisation of investment vehicles.

In addition and in conjunction with the PIDG Secretariat, the PIDG Trust is responsible for the updating and monitoring of the budgets for general administration costs, concept development costs and project development costs.

The Trustees are obliged to operate by unanimity, whether signing a grant agreement with a PIDG member for the provision of funds, or signing a payment instruction for the payment of a consultant's invoice out of Trust funds.

Before acting, whether signing a grant agreement with a PIDG member or making a payment to a consultant, the Trustees require the approval of the PIDG Secretariat and the relevant PIDG member / PIDG Programme Manager.

The Trustees act at the instruction of the PIDG Secretariat and in accordance with the Declaration of Trust.

For certain acts in relation to investment vehicles, the Trustees cannot act without the prior written permission of the Protector of the PIDG Trust.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

REPORTING RESPONSIBILITIES

The Amended and Restated Declaration of Trust requires that the Trustees provide the Protector of the PIDG Trust with the following information:

- i. within 45 days after the end of each quarter unaudited financial statements for each quarter in respect of the funds it has held or holds;
- ii. within 45 days of the end of each quarter, progress reports on the status of the activities of all entities which the Trustees support and in the case of EAIF, any special reports relating to the investments of EAIF in such form and detail as PIDG may require but in any event confirming that all EAIF investments during that quarter were made in compliance with the EAIF investment policy;
- iii. reports on the activities of the PIDG Trust;
- iv. an annual management assertion, together with an attestation from the Trustees' external auditors of the satisfactory performance of the procedures and controls used by the Trustees in administering the funds it holds;
- v. annual audited accounts of the PIDG Trust and of each investment vehicle prepared in accordance with international accounting standards; and
- vi. any legal opinions & advice received by the Trustees.

The PIDG Secretariat co-ordinates the provision of ii) and iii) from PIDG task managers and the management of investment vehicles. The PIDG Secretariat circulates all the above reports to PIDG members.

INVESTMENT POLICY

The Trust can only apply funds to an investment which is consistent with the "Ethical Policies" of the PIDG Trust as set out in Schedule 2 of the Amended and Restated Declaration of Trust.

The PIDG Secretariat and/or the task managers of the PIDG programmes are responsible for confirming that an investment is consistent with the Ethical Policies.

REVIEW OF ACTIVITIES

The PIDG Trust was involved in funding the following PIDG programmes in the year ended 31 December 2004

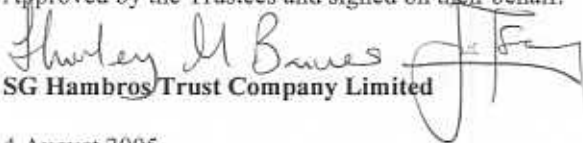
- The Emerging Africa Infrastructure Fund Limited ('EAIF')
- GuarantCo Limited ('GuarantCo')
- DevCo Principal Design Consultancy and Programme Manager ('DevCo')
- AsPIFF Task Manager ('AsPIFF')
- InfraCo Limited ('InfraCo')
- Technical Assistance Facility ('TAF')

RESULTS

The results for the period and movement in accumulated funds are set out on page 8 within the Statement of Accumulated Funds.

AUDITORS

Messrs haysmacintyre have expressed their willingness to continue in office as auditors.
Approved by the Trustees and signed on their behalf:


SG Hambros Trust Company Limited

4 August 2005

SG House
41 Tower Hill
London EC3N 4SG

**INDEPENDENT AUDITORS' REPORT TO THE TRUSTEES OF
THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST**

We have audited the non-consolidated financial statements of the Private Infrastructure Development Group Trust ('PIDG Trust') for the year ended 31 December 2004 which comprise the Balance Sheet, the Capital Account, the Statement of Accumulated Funds, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Trustees as a body. Our audit work has been undertaken so that we might state to the Trustees those matters we are required to state to them in an auditors' 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 PIDG Trust and the Trustees as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Trustees and auditors

As described in the Trustees' Report the Trustees are responsible for the preparation of the non-consolidated financial statements in accordance with applicable law and applicable International Financial Reporting Standards.

Our responsibility is to audit the non-consolidated financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with applicable International Financial Reporting Standards. We also report to you if, in our opinion, the Trustees' Report is not consistent with the financial statements, if the PIDG Trust has not kept proper accounting records, or if we have not received all the information and explanations we require for our audit.

We read the Trustees' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

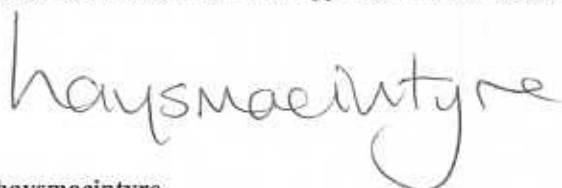
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Trustees in the preparation of the financial statements, and of whether the accounting policies are appropriate to the PIDG Trust's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the non-consolidated financial statements.

Opinion

In our opinion the non-consolidated financial statements give a true and fair view of the state of the PIDG Trust's affairs as at 31 December 2004 and of its results of operations and cash flows for the year then ended and have been properly prepared in accordance with applicable International Financial Reporting Standards.



haysmacintyre
Chartered Accountants
Registered Auditors

4 August 2005

Fairfax House
15 Fulwood Place
London
WC1V 6AY

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

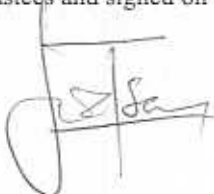
BALANCE SHEET

AS AT 31ST DECEMBER 2004

	Note	2004 US\$	2003 US\$
Non-current assets			
Investments	2	88,589,085	86,756,204
Current assets			
Accrued contributions receivable		37,226	288,000
Cash and cash equivalents	3	6,211,108	711,200
		<u>6,248,334</u>	<u>999,200</u>
TOTAL ASSETS		<u><u>\$94,837,419</u></u>	<u><u>\$87,755,404</u></u>
CAPITAL, FUNDS AND LIABILITIES			
Capital account			
		58,589,085	56,756,204
Accumulated funds			
	5	6,048,484	640,210
Capital and funds		<u>64,637,569</u>	<u>57,396,414</u>
Non-current liabilities			
Loans	4	30,000,000	30,000,000
Current liabilities			
Income tax provision		16,200	24,684
Other payables		183,650	334,306
		<u>199,850</u>	<u>358,990</u>
TOTAL CAPITAL, FUNDS AND LIABILITIES		<u><u>\$94,837,419</u></u>	<u><u>\$87,755,404</u></u>

The balance sheet was approved by the Trustees and signed on their behalf:


Shirley M Barnes
 SG Hambros Trust Company Limited



4 August 2005

The notes on pages 10 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CAPITAL ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2004

The following contributions were received from the Government of the United Kingdom of Great Britain and Northern Ireland acting through the Department for International Development (DFID):

	Note	2004 US\$	2003 US\$
Balance brought forward		56,756,204	50,194,945
Capital contributions received from DFID		296,191	9,743,250
		<u>57,052,395</u>	<u>59,938,195</u>
Improvement/(Impairment) of value of shareholding: of EAIF	2a	1,536,690	(3,181,991)
Balance carried forward		<u><u>\$58,589,085</u></u>	<u><u>\$56,756,204</u></u>

The notes on pages 10 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

STATEMENT OF ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2004

	Note	Year ended 31 December		Period ended 31 December	
		2004	2004	2003	2003
		US\$	US\$	US\$	US\$
Income					
Contributions receivable to cover costs and fees			6,989,163		1,208,694
Gain/(Loss) on foreign currency exchange			10,899		59,164
Gross bank deposit interest		41,319		3,031	
Income tax provision		(16,200)		(107)	
			25,119		2,924
Net income receivable	5		7,025,181		1,270,782
Expenditure					
SG Hambros Trust Company Limited Annual Management fee		111,105		52,085	
MC Trust Management fee		10,150		3,400	
Minimax Management fee		10,150		3,400	
Consultancy fees		1,059,343		497,708	
Directors fees		13,750		17,480	
Legal fees		376,700		22,894	
Audit fee		21,505		31,346	
Accountancy fees		-		2,161	
Other expenses		14,204		98	
Total expenditure	5		(1,616,907)		(630,572)
Retained surplus for the year transferred to accumulated funds	5		5,408,274		640,210
Accumulated funds brought forward	5		640,210		-
Accumulated funds carried forward	5		\$6,048,484		\$640,210

The notes on pages 10 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2004

	NOTES	Year ended 31 December 2004 US\$	Period ended 31 December 2003 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Retained surplus for the year		5,408,274	640,210
Adjustments for:			
Interest income		(41,319)	(3,031)
Decrease/(increase) in contributions receivable		250,774	(240,105)
(Decrease)/increase in income tax provision		(8,484)	107
(Decrease)/increase in other payables		(150,656)	239,082
<i>Cash generated from operations</i>		<u>5,458,589</u>	<u>636,263</u>
<i>Net cash from operating activities</i>		5,458,589	636,263
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of shares in EAIF		-	(30,000,000)
Acquisition of shares in GuarantCo		-	(9,743,250)
Acquisition of shares in InfraCo	6	(296,191)	-
Interest received		41,319	3,031
<i>Net cash from investing activities</i>		<u>(254,872)</u>	<u>(39,740,219)</u>
FINANCING ACTIVITIES			
Proceeds from long term borrowings	4	-	30,000,000
Proceeds from contributions to capital account		296,191	9,743,250
<i>Net cash from financing activities</i>		<u>296,191</u>	<u>39,743,250</u>
INCREASE IN CASH AND CASH EQUIVALENTS		5,499,908	639,294
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR		<u>711,200</u>	<u>71,906</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	3	<u>\$6,211,108</u>	<u>\$711,200</u>

The notes on pages 10 to 18 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2004

1 ACCOUNTING POLICIES

(a) Basis of preparation

The non-consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards.

IAS 27 states that consolidated financial statements should include all subsidiaries of the parent undertaking.

However, consolidated accounts are not prepared. The PIDG Trust invests in special purpose companies in order to further its international development objectives. These subsidiary companies carry on activities distinct from the PIDG Trust and the Trustees consider that the consolidation of these special purpose companies would be misleading.

(b) Reporting currency

The financial statements are presented in United States Dollars. The majority of the funds received and transactions carried out by the Trustees are in US Dollars and therefore reporting in US Dollars better reflects the economic substance of the underlying events and circumstances of the PIDG Trust.

(c) Foreign currency exchange differences

Translations in currencies other than the reporting currency are translated at the exchange rates ruling at the date of such transactions. Monetary assets and liabilities denominated in currencies other than the reporting currency are retranslated at exchange rates ruling at the balance sheet date. All differences are dealt with in the fund from which they arose and therefore are included in the Statement of Accumulated Funds.

(d) Investments in Undertakings

Investments in undertakings are stated at cost less provision for impairment in value of investments. It is the Trustees' policy to write the cost of investments down to the value of the net assets of the special purpose companies held at each balance sheet date. Impairment provisions are charged to the capital account on the basis that capital has been invested for the purpose of acquiring share capital of special purpose companies.

(e) Cash and cash equivalents

Cash and cash equivalents comprise cash on deposit with the PIDG Trust's bankers.

(f) Capital account

The capital account represents funds received from donors on a non-refundable basis together with the impairment in value of special purpose companies established by the PIDG Trust in the furtherance of its objects.

(g) Accumulated funds

The accumulated fund comprises general unrestricted and restricted funds. Restricted funds are those which have been set aside by the Trustees for a particular purpose in accordance with donors' conditions.

(h) Income and expenditure included in the Core Trust Administration Fund

Income and expenditure is accounted for on an accruals basis. The Core Trust Administration Fund for General Administration Costs exists in order to fund the administration and operating expenses of the PIDG. Under an agreement dated 1 December 2001, DFID had undertaken to make available contributions to cover any shortfall which would otherwise arise from the excess of expenses over interest receivable up to June 2004. Under the PIDG Trust Constitution, after June 2004, General Administration Costs will be born by all the donors in equal amounts. Where amounts are receivable with certainty at the year end, these are credited to "Contributions receivable to cover costs and fees".

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 DECEMBER 2004

2	INVESTMENTS	EAIF US\$	GuarantCo US\$	InfraCo US\$	2004 US\$
(a)	Shares in PIDG special purpose companies at cost				
	As at 1 January 2004	86,000,000	9,743,250	-	95,743,250
	Additions at cost	-	-	296,191	296,191
	As at 31 December 2004	86,000,000	9,743,250	296,191	96,039,441
	Improvement/(Impairment) in value				
	As at 1 January 2004	(8,987,046)	-	-	(8,987,046)
	Diminution in value in respect of reduction of net assets	(499,699)	(376,643)	-	(876,342)
	Prior year adjustment for changes in accounting policies	2,036,389	-	-	2,036,389
	Reversal of impairment in respect of exchange rate movement	-	376,643	-	376,643
	As at 31 December 2004	(7,450,356)	-	-	(7,450,356)
	Net book value				
	As at 31 December 2004	\$78,549,644	\$9,743,250	\$296,191	\$88,589,085
	As at 31 December 2003	\$77,012,954	\$9,743,250	-	\$86,756,204

The above investments represent 8,600,000 Ordinary \$10 shares, being the entire share capital of EAIF, 5,500,000 Ordinary £1 shares, being the entire share capital of GuarantCo and 167,000 Ordinary £1 shares, being the entire share capital of InfraCo.

(b) The Emerging Africa Infrastructure Fund Limited

Constitution

The company was incorporated with limited liability in the Republic of Mauritius on 18 December 2001. The principal activity of the company is that of providing long-term financing to private sector infrastructure projects in sub-Saharan Africa.

As at 31 December 2004, EAIF reported net assets of US\$ 78,549,644 (2003: US\$ 77,012,954) and a loss for the year to 31 December 2004 of US\$ 549,206 which, after allowing for the revaluation of one of the company's assets, resulted in a reduction in its net assets and therefore carrying value of US\$499,699 (2003: US\$3,181,991).

Additional Funding

No additional funding was made within this year.

The share subscription of US\$14,000,000 originally due on 31 March 2004 was waived by EAIF but remains due as and when required by EAIF.

In the event that this further subscription is made, DFID, Sida and DGIS will make available such funds to the PIDG Trust for this purpose.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

2 INVESTMENTS (continued)

(c) GuarantCo Limited

Constitution

The company was incorporated in London on 18th September 2003. The principal activity of the company is in support of the establishment and operation of a local currency guarantee facility for infrastructure investments in developing countries.

The GuarantCo concept involves the establishment of a company that will offer partial guarantees on issues of paper (note and bonds) by private sector infrastructure companies and municipal entities, in lower income developing countries. GuarantCo's primary aim is to keep institutional funds within these markets, which cannot at the moment be accessed by infrastructure projects.

As at 31 December 2004, GuarantCo reported net assets of £5,294,646 or US\$10,200,665 (2003: US\$9,743,250) and a loss for the year to 31 December 2004 of £205,354 or US\$367,643.

The carrying value of the investment is fixed in US\$ terms at the date the investment was made. Though the company's net assets reduced by £205,354 in the year to 31 December 2004, due to exchange rate movements the net assets have increased in US\$ terms. The provision for diminution in value has been reversed and the carrying value of the investment has been restated to its US\$ historical valuation.

Additional Funding

DFID made an arrangement to make available to the PIDG Trust a contribution not exceeding US\$25,000,000 at ruling rates of foreign exchange.

On 31 December 2003 a contribution of £5,500,000 (in aggregate US\$9,743,250) was received from DFID and invested by the PIDG Trust in the equity share capital of GuarantCo Limited.

At inception, future monies were to be invested in PIDG Trust and were intended to be used to purchase equity share capital in GuarantCo as follows:-

	US\$
2004/5	8,000,000
2005/6	8,000,000
	<u>16,000,000</u>

(d) InfraCo Limited

Constitution

The company was incorporated in London on 4 August 2004. The principal activity of the company is to develop projects in the infrastructure sector of the poorer developing countries and endeavour to sell on the implementation of these projects to private investors.

On 9 September 2004 a contribution of £167,000 (in aggregate US\$296,191) was received from DFID and was invested in the equity share capital to InfraCo Limited.

Additional Funding

DFID made an arrangement to make available to the PIDG Trust a contribution not exceeding £5,900,000 at ruling rates of foreign exchange for the purpose of funding InfraCo Limited.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

3 CASH AND CASH EQUIVALENTS

Cash and cash equivalents consist of cash on hand and balances with banks. Cash and cash equivalents included in the cash flow statement comprise the following balance sheet amounts:

	2004 US\$	2003 US\$
Balances at bank	688,723	711,200
Short term cash deposits	5,522,385	-
Cash and cash equivalents	<u>\$6,211,108</u>	<u>\$711,200</u>

4 CONDITIONAL LOAN AGREEMENTS

- (a) Sida, (as the lender) has entered into an agreement with the PIDG Trust (as Borrower) on 14th March 2003 to lend a maximum total amount of US\$20,000,000 as a contribution to the financing of and the establishment and operation of the EAIF or such other purpose of the PIDG as may be agreed by the Lenders with the PIDG. Within 2003 US\$15,000,000 was received and invested in the equity share capital of EAIF.
- (b) SECO, (as the lender) has entered into an agreement with the PIDG Trust (as Borrower) on 14th March 2003 to lend a maximum total amount of US\$10,000,000 on similar terms as above. Within 2003 US\$10,000,000 was received and invested in the equity share capital of EAIF.
- (c) DGIS (as the lender) has entered into an agreement with the PIDG Trust (as Borrower) on 13th May 2003 to lend a maximum total amount of US\$20,000,000 on similar terms as above. Within 2003 US\$5,000,000 was received and invested in the equity share capital of EAIF.

During the year ended 31 December 2004, the Trust received no further loan advance contributions to the financing, establishment of and the operations of EAIF.

The above loans have no fixed repayment terms and shall bear no interest.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

5 ACCUMULATED FUNDS

	2004 GuarantCo Start-up Fund US\$	2004 Project Development Fund US\$	2004 DevCo Project Development Fund US\$	2004 Technical Assistance Facility US\$	2004 AsPIFF Development Fund US\$	2004 General Administration Fund US\$	2004 Total Accu'd Funds US\$
Income							
Contributions receivable to cover costs and fees							
DFID	-	-	92,639	-	45,524	75,000	213,163
DGIS	-	-	-	-	-	50,000	50,000
SECO	-	-	-	-	-	50,000	50,000
Sida	-	-	-	-	-	50,000	50,000
The World Bank	-	-	-	6,576,000	-	50,000	6,626,000
Currency movement	18,450	-	43	-	1,032	(8,626)	10,899
Interest receivable	-	-	-	-	-	41,319	41,319
Income Tax provision	-	-	-	-	-	(16,200)	(16,200)
Net income receivable	18,450	0	92,682	6,576,000	46,556	291,493	7,025,181
Expenditure							
Annual Management fees- SG Hambros Trust Co	-	-	-	-	-	111,105	111,105
MC Trust	-	-	-	-	-	10,150	10,150
Minimax	-	-	-	-	-	10,150	10,150
Consultancy fees	151,028	207,453	119,465	553,615	27,782	-	1,059,343
Directors fees	13,750	-	-	-	-	-	13,750
Legal fees	134,457	33,923	16,936	14,497	-	176,887	376,700
Audit fees	-	-	-	-	-	21,505	21,505
Other expenses	17	-	-	-	-	14,187	14,204
Total expenditure	299,252	241,376	136,401	568,112	27,782	343,984	1,616,907
Retained surplus/ (deficit) for the year	(280,802)	(241,376)	(43,719)	6,007,888	18,774	(52,491)	5,408,274
Accumulated funds brought forward	327,351	306,655	55,927	0	0	(49,723)	640,210
Accumulated funds carried forward	\$46,549	\$65,279	\$12,208	\$6,007,888	\$18,774	(102,214)	\$6,048,484

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

5 ACCUMULATED FUNDS (Continued)

(a) GuarantCo Start Up Fund

The GuarantCo Start-Up Fund was used to fund immediate tasks and certain business planning and operations tasks in relation to the start-up of GuarantCo Ltd. The Start-Up Phase is now complete.

(b) Project Development Fund (formerly Concept Development Fund)

PIDG have agreed to make contributions to Project Development Fund to cover the costs incurred in developing proposals for activities and projects to a stage at which PIDG may reasonably consider investing in them, including consultants' fees and reimbursable expenses incurred with the prior unanimous agreement of the PIDG donors.

(c) DevCo Project Development Fund

Programme Manager

DFID made an arrangement on 29th April 2003 to make available to the PIDG Trust a grant not exceeding (£73,203) US\$128,413 for the purpose of financing the engagement of the Development Company Programme Manager, who would co-ordinate investigations into the potential for establishing a Project Development Company (DevCo) to address the need for local currency guarantees and the high upfront cost of project preparation, together with assessing potential for an additional private sector option.

As at 31 December 2004 this project is ongoing.

Principal Design Consultant

DFID made an arrangement on August 2003 to make available a grant not exceeding \$193,856 (£109,000) to undertake the design study for the development of DevCo Principal.

The Purpose of this study is to prepare a detailed design and implementation plan for the pilot phase of DevCo Principal for consideration by the PIDG and the other potential sponsors.

This study was completed in June 2004 and as a result InfraCo Limited has recently been incorporated.

(d) General Administration Fund

General Administration Costs will include the following:-

- (a) Secretariat fees and reimbursable expenses;
- (b) Trustee's fees and reimbursable expenses and any fees and expenses properly due to the Protector and Enforcer under the Declaration of Trust;
- (c) Ad-hoc legal advice to PIDG;
- (d) All reasonable costs relating to hosting PIDG meetings, but excluding travel and accommodation costs of donors' representatives ("Meeting Costs");
- (e) Any shortfall in EAIF funds available for the payment of the fees of PIDG Trust-nominated directors of EAIF; and
- (f) Any other administration costs approved by PIDG from time to time.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

5 ACCUMULATED FUNDS (Continued)

To 30 June 2004, DFID had agreed to bear the shortfall in funds available for Trustees' fees and expenses in relation to EAIF (up to US\$25,000 in 2004). Post 30 June 2004, all other General Administration Costs, have been agreed to be borne by all of the donors in equal amounts.

(f) Technical Assistance Facility

PIDG have established a facility to support capacity building, technical assistance, studies and training to facilitate in-country development. Assistance will be provided to both the public and private sectors in support of the planning and implementation of projects and programmes of any of the facilities and funds undertaken under the PIDG umbrella on a "challenge fund" basis.

The World Bank made two arrangements on 22 October 2003 and 22 September 2004 to make available US\$3,700,000 and US\$3,000,000 respectively. These funds were received in 2004.

Any grant funds which are unexpended by 30 September 2005 will be returned to The World Bank, unless the PIDG obtain an extension of the arrangements from the World Bank.

The above contributions include US\$74,000 related to the General Administration and Concept Development Funds for 2003.

(g) AsPIFF

DFID made an arrangement on 4 February 2004 to make available a grant not exceeding £27,589 for investigating the need for donor assistance to promote increased private investment in infrastructure in the poorer countries of Asia. PIDG has enlisted the assistance of PPIAF to fund a pre-feasibility study into financing gaps and the need to establish a dedicated Asia Private Infrastructure Financing Facility (AsPIFF). An Interim Task Manager was appointed to co-ordinate this.

DFID have made two grants during 2004 in the sums of £10,000 (US\$18,051) and £15,000 (US\$27,472).

6 ACQUISITION OF INFRACO

During the year, the PIDG Trust acquired Ordinary share capital in InfraCo. The share capital was newly allotted capital and as such the cash flow on acquisition was purely consideration paid of US\$296,191.

7 TAXATION

For taxation purposes, the PIDG Trust is treated as resident in the UK. Accordingly, provision for income tax payable in respect of non-exempt income is made at current rates of taxation in force. As at 6 April 2004 the current rates of taxation in force increased from 34% to 40% and provision has been made accordingly.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

8 RELATED PARTY TRANSACTIONS

During the period under review, the following related party transactions occurred and balances were outstanding as at 31 December 2004:

Transactions with the Trustees of the Trust:

Fees Charged		2004 US\$	2003 US\$
SG Hambros Trust Company Limited	Annual Management fee	111,105	52,085
MC Trust Ltd	Annual Management fee	10,150	3,400
Minimax Ltd	Annual Management fee	10,150	3,400

Amounts owed at the year end

SG Hambros Trust Company Limited	56,517	54,246
MC Trust Ltd	-	4,500
Minimax Ltd	-	4,500

**Transactions with the Protector and PIDG secretariat/Adhoc Legal
CA Legal**

Fees Charged	122,567	114,687
Amounts owed at the year end	54,320	48,196

Control

The PIDG Trust is controlled jointly by the three Trustees, who act in consultation with the PIDG Secretariat and the relevant PIDG members.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2004

9 SUBSEQUENT EVENTS

Subsequent to 31 December 2004, the PIDG Trust has undertaken the following material transactions: -

Movements on Capital Account

On 7 February 2005 the PIDG Trust signed a letter of arrangement requesting a second contribution of £2,000,000 (US\$3,819,400) from DFID to purchase further equity share capital in InfraCo. The contribution was subsequently received and invested in the equity share capital of InfraCo.

Projects

No material transactions have taken place during this period.

10 FINANCIAL INSTRUMENTS AND ASSOCIATED RISKS

Fair Values

The PIDG Trust's financial assets include non-current investments which are reviewed for impairment each year end.

The PIDG Trust's current financial assets and liabilities include accrued contributions receivable, cash and cash equivalents and other payables. All of these financial assets and liabilities are realised or settled within a short time period and therefore the carrying amount of these assets and liabilities approximate to fair values.

The PIDG Trust's financial liabilities include non-current loan balances from donors. These loan balances do not attract interest and have no fixed repayment terms, therefore the principal amounts owing at the balance sheet date approximate to fair values.

Associated Risks

The PIDG Trust's activities expose it to various types of risk in the normal course of its operations. The Trustees consider the risks to be minimal since no payments are made, or expenses incurred in advance of contributions, or commitments to cover such payments or expenditure having been received.