

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

“THE PIDG TRUST”

**REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2010**

**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 2010

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
Norfolk House
31 St James's Square
London
SW1Y 4JR

Minimax Limited – Mauritian Resident Company
Rogers House
5 President John Kennedy Street
Port-Louis, Mauritius

Multiconsult Trustees Limited – Mauritian Resident Company (formerly MC Trust Limited)
Rogers House
5 President John Kennedy Street
Port-Louis, Mauritius

PARTICIPATING DONORS ("DONORS")

The Austrian Development Agency ("ADA")

The Government of the United Kingdom of Great Britain and Northern Ireland acting through the Secretary of State for International Development 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")

Federal Republic of Germany, represented by KFW ("KFW")

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

The World Bank Group, represented by International Finance Corporation ("IFC")

The Minister for Foreign Affairs of Ireland ("Irish Aid")

ENFORCER

DFID

PROTECTOR

No protector has been appointed and therefore CA Legal, at the Crown Agents for Overseas Government & Administrations Limited, is acting as current protector.

PROGRAMME MANAGEMENT UNIT ("PMU")

CA Legal

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

LEGAL AND ADMINISTRATIVE INFORMATION (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

AUDITORS

haysmacintyre
Fairfax House
15 Fulwood Place
London
WC1V 6AY

BANKERS

SG Hambros Bank Limited
Norfolk House
31 St James's Square
London
SW1Y 4JR

LEGAL ADVISORS

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 2010

The Trustees present the annual report and audited financial statements for the year ended 31 December 2010.

These financial statements have been prepared under the provisions of the Declaration of Trust defined 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 the 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 "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 investments in accordance with the investment plan adopted by the Trustees;
- iii. exercising any rights of control and influence arising from its investments;
- iv. 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;
- v. administering and paying PIDG general administration costs and project development costs.

OPERATIONAL PROCEDURES

The Trustees carry out the following tasks, amongst others, in relation to the PIDG activities:

- 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;
- 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; and
- v. receiving and administering funding from the Donors.

In addition and in conjunction with the PMU, the PIDG Trust is responsible for the updating and monitoring of the budgets for general administration costs, project development costs and the Technical Assistance Facility ("TAF").

The Trustees are obliged to operate by unanimity, whether signing a grant agreement with a Donor for the provision of funds, or acting as a shareholder of one of the investment vehicles.

Before acting, the Trustees require the approval of the PMU and the relevant Donor. In particular, for certain acts in relation to investment vehicles, the Trustees cannot act without the prior written permission of the Protector of the PIDG Trust.

In particular, the Trustees act at the instruction of the PMU and in accordance with the Declaration of Trust.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

REPORTING RESPONSIBILITIES

The 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 form 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 PMU co-ordinates the provision of ii) and iii) from PIDG investment vehicles. The PMU circulates all of the above reports to PIDG members. Additional reports may be required in relation to a particular investment vehicle. Any such requirements are set out in the relevant funding documentation.

INVESTMENT POLICY

The PIDG 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 Declaration of Trust.

The PMU is responsible for confirming that an investment is consistent with the Ethical Policies.

REVIEW OF ACTIVITIES

The PIDG Trust was involved in funding the following companies and programmes in the year ended 31 December 2010:

- The Emerging Africa Infrastructure Fund Limited ('EAIF')
- GuarantCo Limited ('GuarantCo Mauritius')
- InfraCo Asia Development Pte. Ltd. ('InfraCo Asia')
- InfraCo Limited ('InfraCo Africa')
- Technical Assistance Facility ('TAF')
- ICF Debt Pool LLP ('ICF-DP')

RESULTS

The results for the period and movement in accumulated funds are set out on page 9 within the Statement of Accumulated Funds.

AUDIT INFORMATION

So far as the Trustees are aware, there is no relevant audit information of which the Trust's auditors are unaware.

The Trustees have taken all the steps that they ought to have taken as Trustees in order to make themselves aware of any relevant audit information and to establish that the Trust's auditors are aware of that information.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

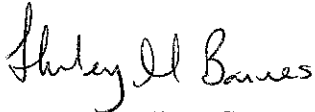
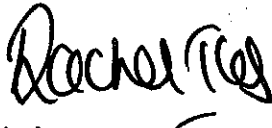
TRUSTEES' REPORT (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

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

20 December 2011

**Norfolk House
31 St James's Square
London SW1Y 4JR**

**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 ("PIDG") Trust for the year ended 31 December 2010 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 and for being satisfied that they give a true and fair view.

Our responsibility is to audit the non-consolidated financial statements in accordance with relevant legal and regulatory requirements and International Auditing Standards (UK and Ireland). Those standards require us to comply with the Auditing Practices Board'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 Trust's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Trustees; and the overall presentation of the financial statements.

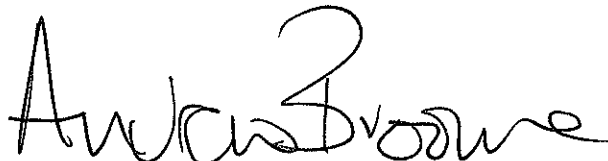
Opinion on financial statements

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 2010 and of its results of operations and cash flows for the year then ended, have been properly prepared in accordance with applicable International Financial Reporting Standards and the information given in the Trustees' Report for the year which the financial statements are prepared is consistent with the financial statements.

Matters on which we report by exception

We have nothing to report in respect of the following matters where we report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Andrew Broome (Senior statutory auditor)
for and on behalf of haysmacintyre, Statutory Auditor

Fairfax House
15 Fulwood Place
London
WC1V 6AY

20 December 2011

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

BALANCE SHEET

AS AT 31ST DECEMBER 2010

	Note	2010		2009	
		US\$	US\$	US\$	US\$
Non-current assets					
Investments	2(a)		207,212,790		187,422,102
Current assets					
Debtors	3	18,461,065		2,678,444	
Cash and cash equivalents	4	25,570,304		38,331,243	
			44,031,369		41,009,687
TOTAL ASSETS			<u>\$251,244,159</u>		<u>\$228,431,789</u>
CAPITAL, FUNDS AND LIABILITIES					
Capital account					
			123,712,709		114,763,546
Accumulated funds					
	6		28,697,995		19,844,030
Capital and funds			152,410,704		134,607,576
Non-current liabilities					
Loans	5	98,500,000		93,499,973	
Current liabilities					
Other payables		333,455		324,240	
			98,833,455		93,824,213
TOTAL CAPITAL, FUNDS AND LIABILITIES			<u>\$251,244,159</u>		<u>\$228,431,789</u>

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



SG Hambros Trust Company Limited

20 December 2011

The notes on pages 11 to 19 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CAPITAL ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Note	2010 US\$	2009 US\$
Balance brought forward		114,763,546	88,661,341
Capital contributions received		23,464,203	37,706,355
		<u>138,227,749</u>	<u>126,367,696</u>
Impairment of value of shareholdings	2(a)	(14,491,173)	(12,743,179)
Exchange gain on year end revaluation		(23,867)	1,139,029
		<u>\$123,712,709</u>	<u>\$114,763,546</u>

The notes on pages 11 to 19 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

STATEMENT OF ACCUMULATED FUNDS

FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December 2010 US\$		Year ended 31 December 2009 US\$	
Income				
Contributions receivable to cover costs and fees		10,816,455		7,505,004
Gross bank deposit interest	20,215		81,702	
Income tax repayment	426,074		-	
		446,289		81,702
Net income receivable		11,262,744		7,586,706
Expenditure				
SG Hambros Trust Company Limited				
Annual Management fee	159,925		150,479	
Multiconsult Trustees Management fee	11,350		10,635	
Minimax Management fee	11,350		10,635	
PIDG Programme Management Unit (PMU)	1,061,475		1,077,205	
TAF Grants	396,242		1,196,964	
Consultancy fees	478,012		1,025,376	
Audit fee	14,880		23,390	
Other expenses	79,038		37,482	
Gain on foreign currency exchange	(6,925)		126,121	
Grant underspend refunded, including interest of £9,083	203,432		-	
Total expenditure		(2,408,779)		(3,658,287)
Retained surplus for the year transferred to accumulated funds		8,853,965		3,928,419
Accumulated funds brought forward		19,844,030		15,915,611
Accumulated funds carried forward		\$28,697,995		\$19,844,030

The notes on pages 11 to 19 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2010

	Year ended 31 December 2010 US\$	Year ended 31 December 2009 US\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Retained surplus for the year	8,853,965	3,928,419
Adjustments for:		
(Increase)/decrease in contributions receivable	(15,758,165)	11,701,451
Increase in other debtors	(24,456)	(5,551)
Decrease in income tax provision	-	(104,160)
Increase in other payables	9,215	17,490
Interest income	(20,215)	(81,702)
Exchange (loss)/gain on funds advanced	(23,867)	1,139,029
	<u>(6,963,523)</u>	<u>16,594,976</u>
<i>Net cash (outflow)/inflow from operating activities</i>		
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of shares in EAIF	(5,070,500)	(33,482,100)
Acquisition of shares in GuarantCo (Mauritius)	(18,020,385)	-
Acquisition of shares in InfraCo Africa	(4,411,432)	(18,772,939)
Acquisition of shares in InfraCo Asia	(6,779,540)	-
Investment in ICF Debt Pool	(4)	-
	<u>20,215</u>	<u>81,702</u>
Interest received		
	<u>(34,261,646)</u>	<u>(52,173,337)</u>
<i>Net cash outflow from investing activities</i>		
FINANCING ACTIVITIES		
Proceeds from long term borrowings	5,000,027	17,999,973
Proceeds from contributions to capital account	23,464,203	37,706,355
	<u>28,464,230</u>	<u>55,706,328</u>
<i>Net cash inflow from financing activities</i>		
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(12,760,939)	20,127,967
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>38,331,243</u>	<u>18,203,276</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$25,570,304</u>	<u>\$38,331,243</u>

The notes on pages 11 to 19 form part of these financial statements.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2010

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, except where exchange rate gains or losses derive from amounts advanced in respect of an issue of share capital, in which case they are taken to the capital account.

(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 Constitution of the PIDG, 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 2010

2.	INVESTMENTS	EAIF US\$	GuarantCo Mauritius US\$	InfraCo Africa US\$	InfraCo Asia US\$	ICF Debt Pool US\$	Total US\$
(a)	Shares in PIDG special Purpose companies at cost						
	As at 1 January 2010	133,482,100	47,910,242	41,613,184	-	-	223,005,526
	Additions at cost	5,070,500	18,020,385	4,411,432	6,779,540	4	34,281,861
	As at 31 December 2010	138,522,600	65,930,627	46,024,616	6,779,540	4	257,287,387
	Impairment in value						
	As at 1 January 2010	-	-	35,583,424	-	-	35,583,424
	Decrease in value in respect of decrease of % share of net assets	-	-	9,845,552	4,645,621	-	14,491,173
	As at 31 December 2010	-	-	45,428,976	4,645,621	-	50,074,597
	Net book value						
	As at 31 December 2010	\$138,552,600	\$65,930,627	\$595,640	\$2,133,919	\$4	\$207,212,790
	As at 31 December 2009	\$133,482,100	\$47,910,242	\$6,029,760	\$-	\$-	\$187,422,102

The above investments represent

EAIF - the entire share capital of 13,855,260 Ordinary US\$10 shares

GuarantCo Mauritius - 66,013,447 Ordinary US\$1 shares, being 66% of the share capital

InfraCo Africa - the entire share capital of 27,196,285 Ordinary £1 shares

InfraCo Asia - the entire share capital of 4,382,181 Ordinary £1 shares

ICF Debt Pool - A Limited Liability Partnership was incorporated with an investment from the members of €3

(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 2010, EAIF reported net assets of US\$155,429,977 (2009: US\$ 147,087,476) and a profit for the year to 31 December 2010 of US\$2,609,466 (2009: US\$2,496,620). Therefore the investment in EAIF as at 31 December 2010 is included in the accounts at US\$138,552,600, representing the lower of cost and share of net asset value.

(c) **GuarantCo Limited (UK)**

Constitution

The company was incorporated in London on 18th September 2003 but transferred its business to GuarantCo Mauritius on 15th September 2005. GuarantCo Limited (UK) was dissolved on 28 May 2007.

The principal activity of the company was support of the establishment and operation of a local currency guarantee facility for infrastructure investments in developing countries.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

2. INVESTMENTS (continued)

(d) GuarantCo Mauritius

Constitution

The company was incorporated in the Republic of Mauritius on 25 August 2005. GuarantCo Limited (UK) transferred its business to GuarantCo Mauritius on 15th September 2005.

The principal activity of the company is 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 2010, GuarantCo Mauritius reported net assets of US\$101,508,393 (2009: US\$74,347,334) and a profit for the year to 31 December 2010 of US\$140,684 (2009: loss US\$1,815,164). Therefore the investment in GuarantCo Mauritius as at 31 December 2010 is included in the accounts at US\$65,930,627, representing the lower of cost and share of net asset value.

(e) InfraCo Ltd (Infraco Africa)

Constitution

The company was incorporated in England 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.

As at 31 December 2010, InfraCo reported net assets of £385,029 or US\$595,640 (2009: US\$6,029,760 net liabilities) and a loss for the period to 31 December 2010 of £6,332,619 or US\$9,795,230 (2009: US\$10,636,500 loss). Therefore the investment in InfraCo as at 31 December 2010 is included in the accounts at US \$595,640, representing the net asset value.

(f) ICF Debt Pool LLP (ICF DP)

Constitution

ICF DP was incorporated as a Limited Liability Partnership was incorporated in England on 10 September 2009 with an investment from the members (at that time the Trustees of the PIDG Trust) of €3. The ICF DP, a PIDG facility created with the support of IFC and KfW, supports infrastructure investments that have lost reasonably expected access to private financial markets due to the global economic crisis.

KfW and a special member, 9215-6975 Quebec Inc. became members upon the execution of an Amended and Restated Limited Liability Partnership Deed dated 8 December 2009.

KfW, acting in its own name but for the account of the Federal Republic of Germany entered into a Conditional Loan Agreement with the PIDG Trust dated 5th October 2009, for a maximum total amount of US\$10,000,000 to be used as a contribution to the cost of the establishment, operation and financing of the ICF DP.

(g) InfraCo Asia Development Pte. Ltd (InfraCo Asia)

Constitution

The company was incorporated in Singapore on 3 February 2009. The principal activity of the company is to stimulate greater private investment in Asian infrastructure development by acting as a principal project developer.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

2. INVESTMENTS (continued)

InfraCo Asia Development Pte. Ltd (InfraCo Asia)

As at 31 December 2010, InfraCo Asia reported net assets of £1,379,392 or US\$2,133,919 and a loss for the period to 31 December 2010 of £1,678,349 or US\$2,596,050. Therefore the investment in InfraCo Asia as at 31 December 2010 is included in the accounts at US\$2,133,919, representing the net asset value.

3. DEBTORS	2010	2009
	US\$	US\$
Advances in lieu of share subscriptions	5,514,220	2,360,818
UK Income Tax recoverable	676,457	-
Loan to InfraCo Africa KIS	2,225,806	-
KfW grant	-	297,500
Loan to ICF Debt Pool LLP	10,000,000	-
Expenses recoverable	44,582	20,126
	<u>\$18,461,065</u>	<u>\$2,678,444</u>

4. 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:

	2010	2009
	US\$	US\$
Balances at bank	<u>\$25,570,304</u>	<u>\$38,331,243</u>

5. CONDITIONAL LOAN AGREEMENTS

(a) Sida, (as the Lender) 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 EAIF or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

Sida, (as the Lender) entered into a further agreement with the PIDG Trust (as Borrower) on 23rd November 2006 to lend a maximum total amount of US\$15,000,000 as a contribution to the financing of and the establishment and operation of GuarantCo Mauritius or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

(b) SECO, (as the Lender) 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 as a contribution to the financing of and the establishment and operation of EAIF or such other purpose of the PIDG as may be agreed by the lender with PIDG.

SECO, (as the Lender) entered into a further agreement with the PIDG Trust (as Borrower) on 23rd November 2006 to lend a maximum total amount of US\$8,000,000 as a contribution to the financing of and the establishment and operation of GuarantCo Marritius or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

SECO, (as the Lender) entered into a further agreement with the PIDG Trust (as Borrower) on 9th December 2009 to lend a maximum total amount of US\$8,500,000 as a contribution to the financing of the operation of InfraCo Africa or such other purpose of the PIDG as may be agreed by the Lender with the PIDG.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

5. CONDITIONAL LOAN AGREEMENTS (continued)

- (c) DGIS (as the Lender) 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 as a contribution to the financing of and the establishment and operation of EAIF or such other purpose of the PIDG as may be agreed by the Lender with PIDG.

DGIS (as the Lender) entered into an agreement with the PIDG Trust (as Borrower) on 28th July 2009 to lend a maximum total amount of US\$12,500,000 as a contribution to the financing of and the establishment and operation of InfraCo or such other purpose of the PIDG as may be agreed by the Lender with PIDG.

- (d) KfW, (as the Lender) entered into an agreement with the PIDG Trust (as Borrower) on 5th October 2009 to lend a maximum total amount of US\$10,000,000 as a contribution to the financing of and the establishment and operation of ICF DP or such other purpose of the PIDG as may be agreed by the lender with PIDG.

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

The below is a summary of the total loans outstanding as at 31 December 2010:

Donor	Amount US\$	Purpose
SECO	10,000,000	EAIF
SIDA	20,000,000	EAIF
DGIS	10,000,000	EAIF
DGIS	18,500,000	InfraCo
SECO	8,000,000	GuarantCo Mauritius
SIDA	15,000,000	GuarantCo Mauritius
SECO	7,000,000	InfraCo Africa
KfW	10,000,000	ICF Debt Pool
Total	<u>US\$ 98,500,000</u>	

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

6. ACCUMULATED FUNDS

	2010	2010	2010	2010	2010
	Project Dev't Fund US\$	Technical Assistance Facility US\$	As PIFF Dev't Fund US\$	General Admin Fund US\$	Total Accu'd Funds US\$
Income					
Contributions receivable to cover costs and fees					
DFID	37,465	2,970,703	-	134,889	3,143,057
DGIS	-	-	-	291,970	291,970
SECO	-	2,000,000	-	292,000	2,292,000
Sida	-	500,000	-	292,000	792,000
ADA	-	2,498,488	-	215,000	2,713,488
IFC	-	-	-	292,000	292,000
ICF Debt Pool	-	-	-	291,940	291,940
Asian Development	-	1,000,000	-	-	1,000,000
Income tax repayment	-	-	-	426,074	426,074
Interest receivable	-	18,263	-	1,952	20,215
Net income receivable	37,465	8,987,454	-	2,237,825	11,262,744
Expenditure					
Annual Management fee: -					
SG Hambros Trust Co	-	-	-	159,925	159,925
Multiconsult Trustees	-	-	-	11,350	11,350
Minimax	-	-	-	11,350	11,350
PMU	-	-	-	1,061,475	1,061,475
TAF Grants	-	396,242	-	-	396,242
Consultancy fees	38,895	243,952	136,520	58,645	478,012
Audit fees	-	-	-	14,880	14,880
Other expenses	-	-	-	79,038	79,038
Currency movement	-	-	-	(6,925)	(6,925)
Grant underspend refunded, including interest of £9,083	-	-	203,432	-	203,432
Total expenditure	38,895	640,194	339,952	1,389,738	2,408,779
(Deficit)/surplus for the year	(1,430)	8,347,260	(339,952)	848,087	8,853,965
Transfer between funds	(6,391)	-	6,704	(313)	-
Accumulated funds brought forward	7,821	19,317,673	333,248	185,288	19,844,030
Accumulated funds carried forward	\$ -	\$27,664,933	\$ -	\$1,033,062	\$28,697,995

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

6. ACCUMULATED FUNDS (Continued)

(a) Project Development Fund (formerly Concept Development Fund)

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

DFID provided funding for the development of a potential new PIDG company – Green Africa Power, which, if established, will help the development of specific renewables projects in Sub-Saharan Africa. In 2011, NORAD and DFID provided additional funding of NOK3,000,000 and \$500,000 for the further development of this initiative.

(b) General Administration Fund

General Administration Costs will include the following:-

- (a) PMU's 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) Technical 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 other administration costs approved by PIDG from time to time.

(c) Technical Assistance Facility (TAF)

PIDG has established the TAF 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 facility has been split into three funding windows:

- Window 1 General Technical assistance
- Window 2 Capital Markets Development
- Window 3 Output Based Aid

On 13 October 2009 The PIDG Trust entered into a bridging loan agreement with InfraCo Africa for a loan facility of up to US\$4,700,000. The facility is for InfraCo Africa to support its Subsidiary, Kalangala Infrastructure Services Limited in Uganda to enable them to purchase a replacement ferry as there are concerns over the safety of the current vessel. The ferry is a component of the Kalangala Infrastructure Services project that InfraCo Africa is developing. A disbursement of US\$2,225,806 was made on 10 February 2010.

The PIDG Trust executed 7 TAF grants for PIDG initiatives during 2010 totalling US\$396,242

7. TAXATION

For taxation purposes, the PIDG Trust is treated as resident in the UK.

HM Revenue & Customs agreed that the PIDG Trust has Crown and Sovereign immunity in 2010 and is therefore exempt from UK tax on any income and gains arising. A refund of an income tax payment and an income tax certificate totalling US\$676,457 was received in 2011.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

8. RELATED PARTY TRANSACTIONS

During the period under review, the following related party transactions occurred and balances were outstanding as at 31 December 2010.

Transactions with the Trustees of the Trust:

Fees Charged		2010 US\$	2009 US\$
SG Hambros Trust Company Ltd	Annual Management fee	159,925	150,479
Multiconsult Trustees Ltd	Annual Management fee	11,350	10,635
Minimax Ltd	Annual Management fee	11,350	10,635

Amounts payable at the year end

Multiconsult Trustees Ltd	881	6,168
Minimax Ltd	881	6,168

Transactions with the Protector and PMU/Adhoc Legal:

CA Legal

Fees Charged	1,061,475	1,077,205
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Amounts receivable at the year end

PMU	44,582	20,126
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Control

The PIDG Trust is controlled jointly by the three Trustees, who act in consultation with the PMU and the relevant Donors. DFID is the Enforcer of the PIDG Trust and CA Legal is currently acting as Protector of the PIDG Trust.

9. SUBSEQUENT EVENTS

Except as noted elsewhere, subsequent to 31 December 2010, the PIDG Trust has not undertaken any material transactions.

THE PRIVATE INFRASTRUCTURE DEVELOPMENT GROUP TRUST

NOTES TO THE FINANCIAL STATEMENTS (continued)

FOR THE YEAR ENDED 31 DECEMBER 2010

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.