Key figures and ratios | at 31 December

	Reviewed 6 months December 2007 R'000	Unaudited 6 months December 2006 R'000	Audited 12 months June 2007 R'000
PERFORMANCE			
Net (loss)/profit for the year (R'000)	**(6 429)**	59 345	35 499
Earnings per share (cents)	**(797)**	7 358	4 401
Net (loss)/profit after tax per employee (R'000)	**(161)**	1 236	910
Recurring earning power			
SELECTED RETURNS			
Return on weighted average shareholders' funds (per cent)	**(1,32)**	12,41	7,52
Operating costs to total income (per cent)	**(32,98)**	30,64	24,95
CAPITAL ADEQUACY			
Funds distributed after capital redemptions (statutory body assets) (R'000)	**4 715 338**	5 720 056	5 037 663
Total shareholders' interest (R'000)	**469 690**	526 104	502 258
Capital adequacy ratio (capital/advances) (per cent)	**12,04**	10,98	11,93
OFFICIAL RATINGS			
Official credit rating – senior debt (Moody's)	**A1**	A1	A1
– short-term (Moody's)	**P-1**	P-1	P-1
VALUE			
Net asset value per share (Rands)	**582**	652	623

Administration

REGISTERED NAME
Infrastructure Finance
Corporation Limited
(Trading as INCA)
Reg no: 1996/001482/06

REGISTERED OFFICE
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TELEFAX
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E-MAIL
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WEBSITE
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BANKERS
FNB Corporate

TRUSTEE
Harrow Court Trustees (Pty)
Limited

SECRETARY
JM Poulter

AUDITORS
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The Woodlands
20 Woodlands Drive
Woodmead, Sandton

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100 Grayston Drive
Sandton 2196

Rand Merchant Bank
Werner van Deventer
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9th Floor
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Cnr Fredman Drive and
Rivonia Road
Sandton 2196

Standard Bank
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Johannesburg 2001

Inca Treasury
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Johan van Zyl
+(27) (11) 202 2214

This set of interim results reflects the financial performance of INCA Group for the six months ended 31 December 2007

The most notable feature of the results was the negative fair value adjustment of R46,1 million, which contributed directly to the reporting of an accounting loss of R6,4 million for the period under review.

Also notable was that this was the first time since INCA was established that non-municipal business represented a higher percentage of new advances than the Group's traditional municipal loan business.

REVIEW

The six months under review was again marked by subdued borrowings by the municipal sector. Most new loans to the sector were extended by the Development Bank of Southern Africa (DBSA). Municipal borrowings are expected to increase in the second half of the financial year.

New loans provided by INCA during the period amounted to R390,9 million (2006: R413,2 million). Part funding of two public private partnership transactions in the period contributed R256,6 million to new advances, or 72,7%. INCA's current pipeline of potential transactions funding proposals is in the order of R1,516 billion of which the municipal sector represents 25%. The quality of INCA's advances book has remained high, resulting in no impairment charge for the six months.

During the period a high level of pre-funding was maintained, alleviating any need to raise long-term funding in the capital market. As at 31 December 2007, total liquidity (cash and near cash) stood at R 858,7 million.

Net interest income for the six months was R42,8 million and a further fee income of R2,0 million was earned. Operational expenditure of R13,4 million resulted in a cost to income ratio of 32,9%. The Group's target is to keep its cost to income ratio at 30%.

Given INCA's relatively small net income, compared to its substantial balance sheet, the volatility of fair value adjustments off set all positive interest turn. This resulted in the accounting loss of R6,4 million reported for the six months. This also impacted negatively on net asset value, which declined from R623 per share to R582 per share. The decline in net asset value was also due to the dividend payout referred to below.

Pleasingly, cash generated by operations in the six months came to R28,6 million.

The dividends declared based on the 2007 financial results were distributed during the reporting period. Funds distributed to shareholders amounted to R26,1 million.

The Group's capital adequacy ratio improved marginally to 12,04% notwithstanding the dividend payout.

On 3 January 2008, Moody's confirmed INCA's issuer rating of A1.za/Prime–1.za on a national scale rating.

PROSPECTS

Growth in assets for the full financial year is expected to come mainly from INCA's non-municipal lending business. Our strategic focus on the Health and Education Sectors is showing promising results, while INCA's rental and lease discount business continues to show good growth. We expect that the value of new transactions concluded for the full year will be on par with the prior year. If fair value adjustments are neutralised, the financial performance of the Group for the year to 30 June 2008 is expected to match that of the previous financial year.

ACCOUNTING POLICIES

The Group's principal accounting policies have been applied consistently with those disclosed in the consolidated financial statements of INCA for the year ended 30 June 2007. INCA's interim consolidated financial statements have been prepared in accordance with IAS 34: Interim Financial Reporting, and consists of the consolidated income statement, consolidated balance sheet, consolidated statement of changes in equity, and consolidated cash flow statement.

REVIEWED RESULTS – AUDITOR OPINION

Deloitte & Touche, the company's independent auditors, have reviewed the interim financial statements contained in this interim report and have expressed a reviewed opinion on the interim financial statements. The review report is available for inspection at the company's registered office.

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“...focus on the Health and Education Sectors is showing promising results. ”

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INCA

INFRASTRUCTURE FINANCE
CORPORATION LIMITED

CONSOLIDATED INTERIM REPORT 2007

Contents

Directorate and shareholders

DIRECTORS

AH Arnott Director – FirstRand •#†

IM Ayob Director – Chanson Investments

RN Boqo Executive – Director INCA †

AC Canter Director (American) – Futuregrowth *c

RW de Korte Director (Dutch) – Independent

D du-Pont-Bouma Executive Director (Dutch) – INCA *

JF Howard Director – Futuregrowth •

MA Lallemand-Flucher Director (French) – Dexia Crédit Local

J Matlala Director – Kagiso †

K Moloko Director – Futuregrowth #

MJN Njeke Chairman – Kagiso

L Scholtz Director – Rand Merchant Bank

J Stals Director – Kagiso †•

PGM Truyens Director (Dutch) – Independent †*c

H van Wyk – Kagiso #*c

AJ van Zyl Chief Executive Officer – INCA •#†*c

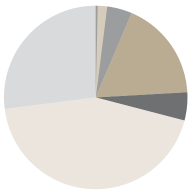
ALTERNATIVES

LP Collet – Rand Merchant Bank•

P Rackstraw – Futuregrowth

• Member of human resources committee
Member of credit committee
† Member of audit committee
* Member of asset liability committee
c Member of market value verification committee

Shareholders



2,0%	Chanson Investment Holdings (Proprietary) Limited
4,42%	Dexia Crédit Local
17,68%	FirstRand Bank Limited
4,95%	INCA Share Incentive Trust
43,96%	Kagiso Financial Services Limited
26,98%	Momentum Group Limited (held by Futuregrowth [Proprietary] Limited)
0,01%	INCA Bond Rehabilitation Company

Consolidated balance sheet | as at 31 December 2007

	Reviewed Group December 2007 R'000	Unaudited Group December 2006 R'000	Audited Group 30 June 2007 R'000
ASSETS			
Cash and short-term funds	**265 415**	348 876	445 089
Other assets	**99 294**	194 445	507 309
South African Revenue Services	**–**	6 475	3 803
Investments	**1 472 836**	952 817	1 012 322
Derivative financial instruments	**65 207**	47 465	74 552
Advances	**4 715 338**	5 720 056	5 037 663
Property, plant and equipment	**3 256**	892	3 260
Total assets	**6 621 346**	7 271 026	7 083 998
EQUITY AND LIABILITIES			
Share capital	**807**	807	807
Share premium	**99 057**	99 057	99 057
Retained earnings	**369 826**	426 240	402 394
Total equity	**469 690**	526 104	502 258
Liabilities			
Subordinated liabilities	**98 164**	102 158	98 897
Long-term liabilities	**5 803 967**	5 805 019	6 066 640
Accounts payable	**140 962**	663 028	307 340
South African Revenue Services	**4 780**	–	2 202
Derivative financial instruments	**63 453**	87 823	54 714
Deferred taxation	**40 330**	86 895	51 947
Total liabilities	**6 151 655**	6 744 922	6 581 740
Total equity and liabilities	**6 621 346**	7 271 026	7 083 998

Approximate rates of exchange ruling at the end of the period:
USD1=ZAR 6.8400 (31 December 2006 USD1=ZAR6.9900) (2007 – USD1=ZAR 7.0143)
EUR 1=ZAR 9.9810 (31 December 2006 EUR1=ZAR9.2227) (2007 – EUR1=ZAR 9.4987)
GBP1=ZAR 13.5768 (31 December 2006 GPB1=ZAR13.6925) (2007 – GBP1=ZAR 14.0793)

Consolidated income statement | for the six months ended 31 December 2007

	Reviewed Group 6 months December 2007 R'000	Unaudited Group 6 months December 2006 R'000	Audited Group 12 months June 2007 R'000
Interest income and similar income	**530 996**	483 754	982 279
Interest expense and similar charges	**488 156**	435 574	894 519
Net interest income	**42 840**	48 180	87 760
Impairment on lease receivables and advances	**–**	(627)	(13 360)
	42 840	47 553	74 400
Fair value adjustment – realised	**(4 082)**	161	62 827
– unrealised	**(42 053)**	50 921	(55 946)
Fee and other income	**2 014**	390	475
Net income before operating expenditure	**(1 281)**	99 025	81 756
Operating expenditure	**13 448**	14 933	37 694
(Loss)/profit before taxation	**(14 729)**	84 092	44 062
Taxation	**8 300**	(24 747)	(8 563)
(Loss)/profit for the period	**(6 429)**	59 345	35 499
Earnings per share (cents)	**(797)**	7 358	4 401

Consolidated cash flow statement | for the six months ended 31 December 2007

	Reviewed 31 December 2007 R'000	Unaudited 31 December 2006 R'000	Audited 30 June 2007 R'000
CASH FLOWS FROM OPERATING ACTIVITIES	**(179 438)**	194 043	290 371
Cash receipts from borrowers and customers	**315 517**	321 196	694 591
Cash paid to lenders, employees and suppliers	**(488 759)**	(405 085)	(911 786)
Cash receipts from investments and cash balances	**201 874**	159 356	340 238
Cash generated by operations	**28 632**	75 467	123 043
Normal taxation paid	**4 292**	604	(13 286)
Secondary taxation on companies paid	**(1 511)**	–	–
Dividends paid	**(26 139)**	(23 763)	(23 763)
Changes in operating funds			
(Increase)/decrease in income earning assets	**(242 350)**	(270 144)	24 096
Decrease/(increase) in non-income earning assets	**408 239**	(50 049)	(360 869)
(Decrease)/increase in liabilities and other accounts payable	**(350 601)**	461 928	541 150
Net change in operating funds	**(184 712)**	141 735	204 377
CASH FLOWS FROM INVESTING ACTIVITIES	**(236)**	**(132)**	**(247)**
Purchase of property, plant and equipment	**(236)**	(132)	(248)
Property, plant and equipment	**(236)**	(132)	(126)
Leasehold improvements	**–**	–	(122)
Proceeds from disposal of computer equipment	**–**	–	1
CASH FLOWS FROM FINANCING ACTIVITIES	**–**	–	–
Net cash flows from financing activities	**–**	–	–
(Decrease)/increase in cash and cash equivalents	**(179 674)**	193 911	290 124
Cash and cash equivalents at the beginning of the period	**445 089**	154 965	154 965
Cash and cash equivalents at the end for the period	**265 415**	348 876	445 089

Consolidated statement of changes in equity

	Share capital R'000	**Share premium R'000**	**Accumulated funds R'000**	**Total equity R'000**
Balance at 1 July 2006	807	99 057	390 658	490 522
Dividend paid for 2006 net of dividend to Share Trust	–	–	(23 763)	(23 763)
Profit for the period	–	–	35 499	35 499
Balance at 30 June 2007	807	99 057	402 394	502 258
Dividend paid for 2007 net of dividend to Share Trust	–	–	(26 139)	(26 139)
Loss for the period	–	–	(6 429)	(6 429)
Balance at 31 December 2007	**807**	**99 057**	**369 826**	**469 690**

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