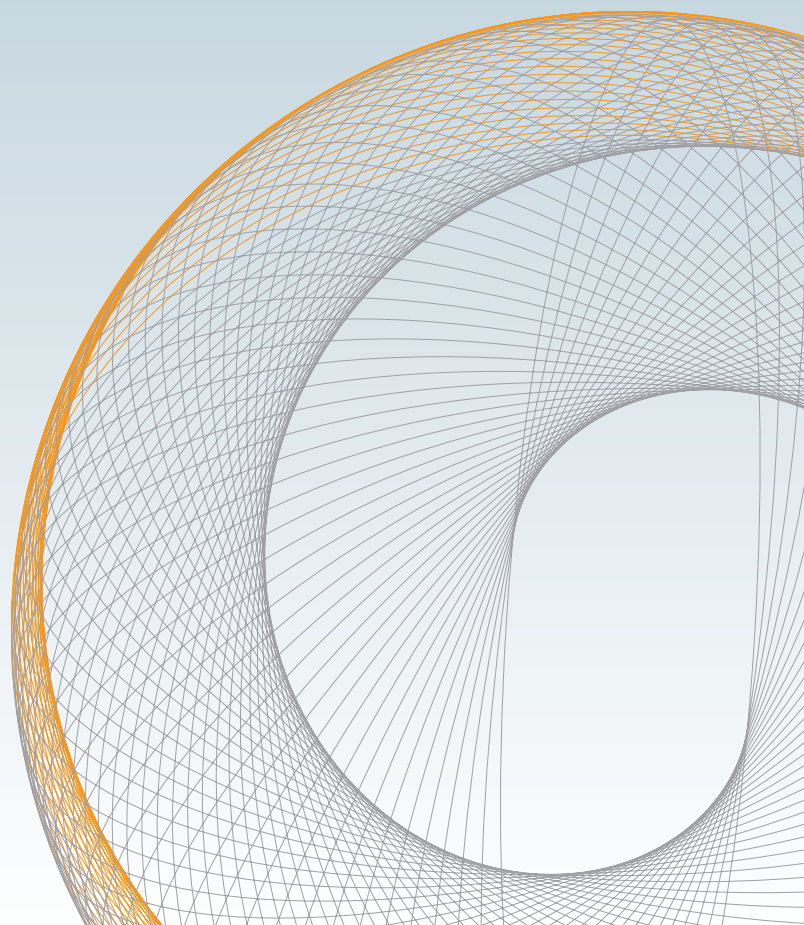




interim report **2012**

John Laing Infrastructure Fund Limited

Actively generating long-term sustainable income



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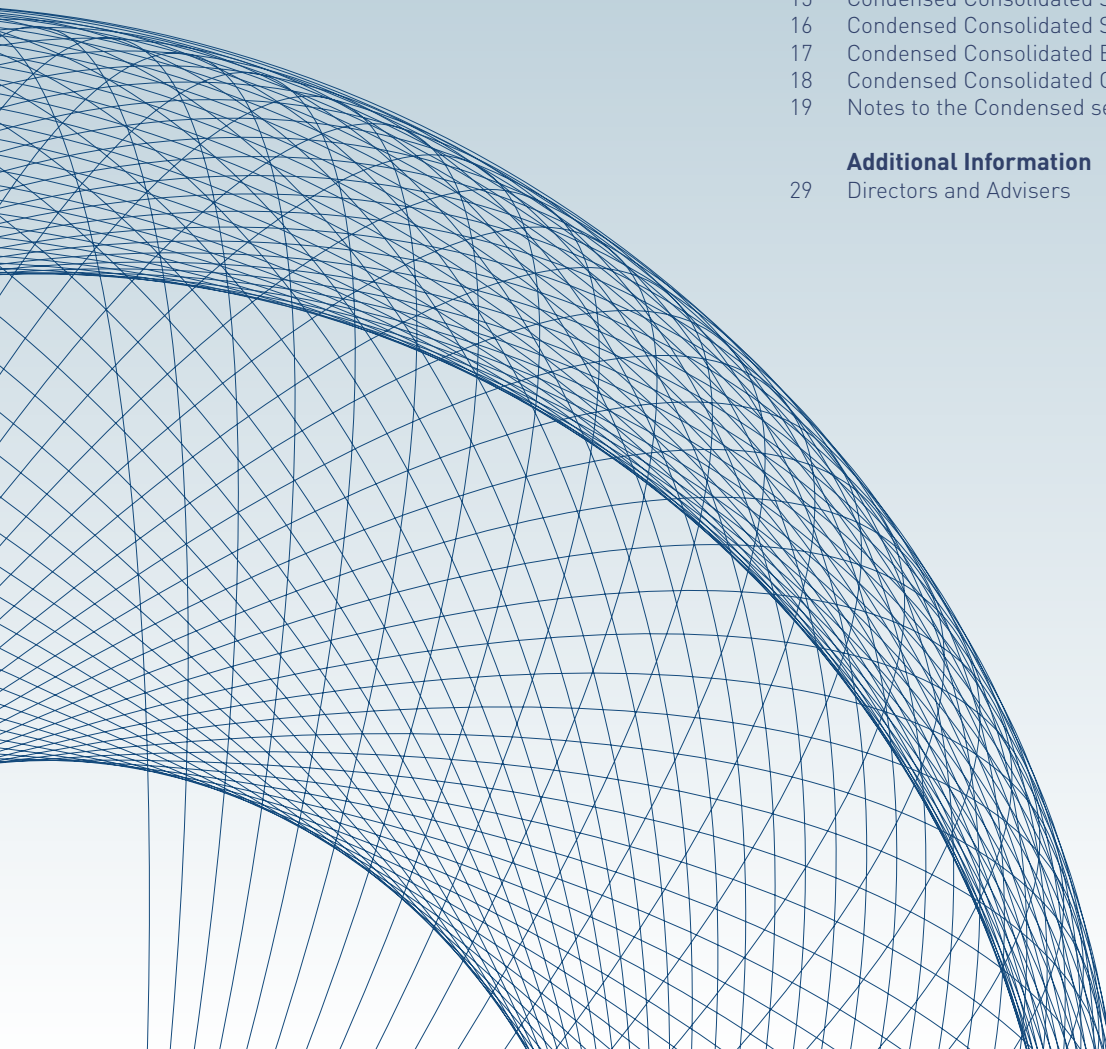
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Fund at a Glance

Financial and Operational Highlights

- **Portfolio Value growth of 18.1% to £449.4 million** (£380.4 million at 31 December 2011) **including acquisitions and investments**
- **Underlying growth in Portfolio Value¹ of 4.5% since 31 December 2011 exceeds expectations**
- **Increase in investment basis NAV¹ of 7.7% to £475.7 million** (£441.6 million at 31 December 2011)
- **IFRS Net Assets £456.4 million** (£446.5 million at 31 December 2011)
- **Growth of NAV¹ per share of 0.2% after payment of the dividend of 3.0 pence to 104.8 pence including exchange rate movements (0.6% excluding exchange rate movements)** (104.6 pence at 31 December 2011)
- **Acquisition of five new assets and an incremental stake in an existing asset, totalling £53.5 million**
- **Placing of 29.4 million new shares, raising an additional £31.0 million in April 2012**
- **Interim dividend of 3.0 pence per share declared, payable in October, with scrip dividend alternative**
- **Profit before tax of £14.2 million on an investment basis¹ / loss of £16.8 million on an IFRS basis** (profit before tax of £16.7 million on an investment basis and profit before tax of £16.4 million on an IFRS basis for the six months ended 30 June 2011)

The Company

John Laing Infrastructure Fund Limited (LSE: JLIF) ("JLIF" or "the Company") is an LSE-listed company with a Portfolio of 35 assets across seven sectors: Street Lighting, Schools, Defence, Health, Justice and Emergency Services, Regeneration & Social Housing, and Roads & Transport; and across three countries: UK, Canada and Finland. JLIF invests in assets that are predominantly:

- in their operational phase, having completed construction
- backed by public sector or Government revenue streams
- "availability based" (where revenue is not generally dependent on the level of use of the project asset)
- within the UK and in other countries regarded as fiscally strong

¹ For definitions please refer to pages 10 and 11.

2. Chairman's Statement



Paul Lester Chairman

Introduction

JLIF has had another period of strong performance evidenced by completing six acquisitions, a further placing of shares in the market by way of a tap issue and paying a dividend in line with expectations. The global financial markets continue to experience turbulence and volatility can be seen in the stock markets, however, JLIF has continued to offer a stable and steady yielding investment.

Portfolio Performance

The Portfolio has outperformed our expectations in terms of the distributions received from the assets. This is largely due to implementing cost efficiencies within some of our assets. Furthermore, there are no material issues that are impacting performance of the assets. JLIF's objective is to achieve long term value evidenced by a steady yield and therefore seeks enhancements over the Portfolio life as well as one off opportunities. The Investment Adviser continues to operate and drive value from the underlying Portfolio to deliver value to shareholders.

Valuation

The growth of the Portfolio outperformed our expectations. As is usual with a diverse Portfolio, some assets performed relatively better than others. However, during the period, there were no material issues experienced, or foreseen, on any of the underlying assets within the Portfolio that have caused an adjustment to be made to the overall valuation.

The Portfolio has been valued using discounted cash flow methodology, which has been approved by the Directors. The weighted average discount rate is marginally different from that used at 31 December 2011, reflecting the reweighting in the Portfolio following recent acquisitions. This change has had a relatively minor impact on the valuation.



JLIF has continued to offer a stable and steady yielding investment.

Shareholder Returns and Investment Performance

JLIF's stock has performed steadily over the six month period ending 30 June 2012, with closing share price of 106.7 pence on 29 June 2012. JLIF's shares have consistently traded at a premium to the net asset value during the period. JLIF has delivered a total shareholder return of 13.0% since its IPO in November 2010 to 30 June 2012, and has continued to pay dividends to its shareholders in line with expectations.

Investment Adviser

John Laing Capital Management Limited ("JLCM") has continued to deliver an excellent service to JLIF. JLCM is highly skilled in the infrastructure space allowing it to identify the right opportunities for JLIF both within its Portfolio and new acquisitions, affording JLIF minimal abortive transaction costs. JLCM has contributed to JLIF's credibility in the infrastructure market for being a participant that offers a high degree of quality and transparency, as a partner to work with, and in its deliverability and execution of transactions.

Portfolio Acquisition and Pipeline

JLIF is actively pursuing other opportunities in the secondary infrastructure market and has already completed six transactions this year. The majority of these transactions were from vendors other than John Laing, demonstrating JLIF's presence and credibility in the wider market place.

In January, JLIF acquired three social housing assets, Camden Social Housing, Islington I Housing Project, Islington II Housing Project and an additional stake in the North East Fire & Rescue project such that JLIF is now sole owner of that asset. Subsequently in the period, JLIF completed transactions to acquire a wholly owned stake in Roseberry Park Hospital and a stake in Newcastle Hospital. These assets have performed well to date and the outlook for their future performance is in line with our expectations upon acquisition.

JLIF is reviewing its credit facilities with a view to increasing these over the coming months to provide JLIF with further flexibility to take advantage of investment opportunities as they arise.

Going Concern

As stated in note 2(b) of the notes to the condensed set of financial statements, the directors are satisfied that the Group has sufficient resources to continue in operation for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the half-yearly financial report.

Outlook

The existing Portfolio is performing well and we anticipate the outlook for the Portfolio to remain steady. We believe there continues to be a buoyant secondary market and are confident of further acquisition opportunities. To add to this, JLIF continues to benefit from a First Offer Agreement with John Laing for an anticipated pipeline in excess of £350 million of assets over the next three years.

P Lester CBE, Chairman

28 August 2012



4. → JLIF has made six acquisitions during the first half of 2012

Health		Kingston Hospital 60%	Newham Hospital 50%	Forth Valley Royal Hospital 50%	Roseberry Park Hospital 100%
		Queen Elizabeth Hospital 27.50%	Abbotsford Hospital (British Columbia) 100%	Vancouver General Hospital 100%	Newcastle Hospital 15%
Schools		Glasgow Schools 20%	South Lanarkshire Schools 15%	Edinburgh Schools 20%	North Swindon Schools 100%
		Highland School, Enfield 100%	Newham Schools 100%	Enfield Schools 100%	
Justice & Emergency Services		Greater Manchester Police 27.08%	Met Police – Firearms and Public Order Training 27.08%	North East Fire and Rescue 100%	
		Avon & Somerset Courts 40%	Cleveland Police HQ 42.50%		
Roads & Transport		E18 Finland 41%	Sirhowy Way 100%	LUL Connect 19.5%	
		M40 50%	M6 Scotland 11%		
Regeneration & Social Housing		Brockley Housing 100%	Bentilee Regeneration 100%	Islington I Housing 45%	
		Canning Town 100%	Camden Social Housing 50%		
Defence		MoD Main Building 26%			
Street Lighting		Manchester Street Lighting 50%	Wakefield Street Lighting 50%		
		Walsall Street Lighting 100%			

Key

Existing acquisitions

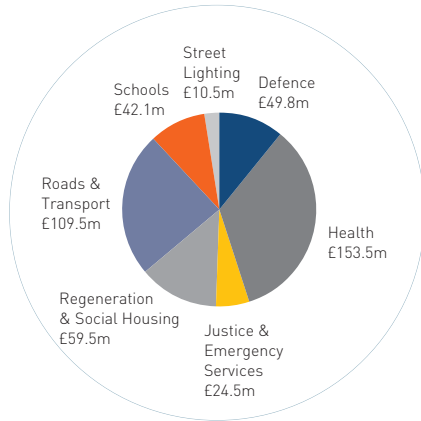
Key

- Existing acquisitions
- Newly acquired
- Increased stake

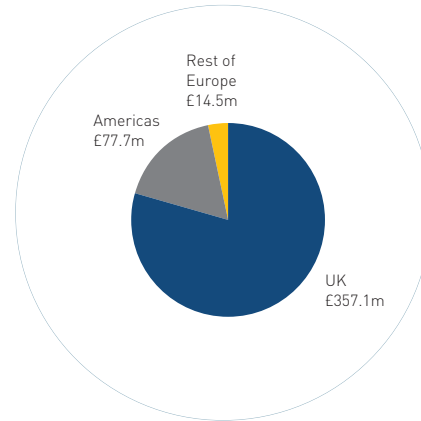
Summary Portfolio Information

30 June 2012

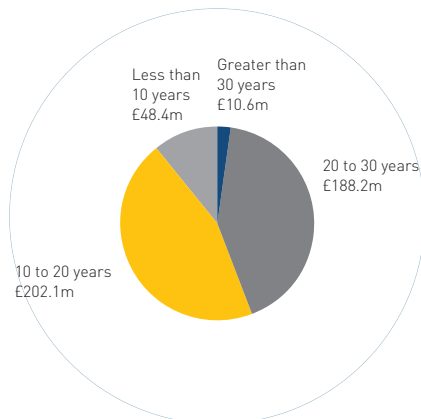
SECTOR BREAKDOWN



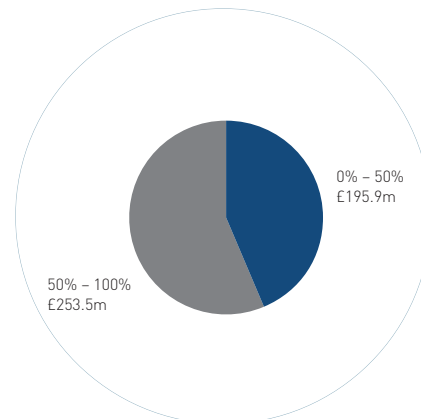
GEOGRAPHICAL ANALYSIS



REMAINING CONCESSION LENGTH



% SHAREHOLDING



Note: The above charts may not sum to total due to rounding.

→ JLIF has generated a total shareholder return of 13.0% since launch

Investment Adviser Report



Whilst global economic conditions remain uncertain and the financial markets are experiencing volatility JLIF's share price has remained relatively stable.



1. ABOUT THE INVESTMENT ADVISER

JLIF is advised by John Laing Capital Management Limited ("JLCM"). JLCM, a wholly owned subsidiary of John Laing, acts as the Investment Adviser to the Company and as the Operator of the Partnership. JLCM was incorporated in England and Wales on 19 May 2004 under the Companies Act 1985 (registered number 5132286) and has been authorised and regulated in the UK by the FSA since December 2004. JLCM has the ability to call on and utilise the substantial experience of the John Laing Group in the management of the Portfolio projects and future acquisitions.

2. INVESTMENT PERFORMANCE

JLIF's share price has continued to perform steadily over the six months to 30 June 2012 as demonstrated in the graph opposite. The share price increased from a price of 108.5 pence at the end of 2011 peaking at 110.6 pence in February. The share price, as expected, decreased by approximately three pence in March following the shares trading ex-dividend (for the dividend announced for the six month period ended 31 December 2012) and has traded between 105.5 pence and 108.5 pence since then. Whilst global economic conditions remain uncertain and the financial markets are experiencing volatility JLIF's share price has remained relatively stable, paying a dividend of 6.0 pence per share in its first full year and generating total shareholder return of 13.0% from launch in November 2010 to the end of June 2012. JLIF holds a Portfolio of 35 operational PPP assets which is diversified across seven sectors and three geographic areas.

As at 30 June 2012, JLIF's investment basis NAV¹ increased to £475.7 million. The NAV per share at 30 June 2012 was 104.8 pence, which is an increase of 1.65% from 103.1 pence at 31 March 2012, after paying out a final dividend to shareholders of 3.0 pence per share. This uplift is primarily due to the increase in the value of the Portfolio of projects (net of cash distributions from investments in projects, payment of company operating costs and dividends to shareholders).

¹ For definitions please see pages 10 and 11.

This has been partially offset by adverse exchange rate movements and uninvested cash, which includes cash of £14.8 million that JLIF was contractually obliged to hold as part of its acquisition of Forth Valley Royal Hospital last year. The cash has now been injected into the project company and is delivering yield to JLIF. The cash flows received from the Portfolio in the first half of 2012 remain strong and were marginally ahead of projections made by the Investment Adviser, based on the underlying project models. The graph below shows the cash flow JLIF anticipates receiving from its Portfolio over the whole lives of the assets. There is a steady stream of distributions with a peak in 2026/7, due in particular to two of the assets nearing maturity at this time. Larger cash flows are expected at the end of the concession of these assets because the project debt will have been repaid and remaining cash is available for distribution to shareholders. The average remaining life of the portfolio at the end of June 2012 is 19.4 years.

JLIF continues to have an efficient cost base and low Total Expense Ratio (TER) (1.24% as at 31 December 2011). This is calculated annually and JLIF performs this calculation in line with the most recent guidance.

JLIF has paid dividends to shareholders on a half yearly basis, as anticipated at its launch in 2010. In April 2012, JLIF paid 3.0 pence per share for the six months ended 31 December 2011 in line with expectations and as detailed in its last Prospectus (September 2011).

With respect to the first half of 2012, JLIF has declared an interim dividend of 3.0 pence for the six month period to 30 June 2012 to be paid in October 2012. This reflects both the solidity of the cash flows and the ongoing pipeline of investment opportunities for JLIF to invest in. A scrip dividend alternative will be offered once again.

JLIF Share Price movements during the six month period ending 30 June 2012



Source: Datastream (dividends not reinvested)

3. PORTFOLIO

a. Valuation

In the first half of 2012, the Portfolio Value showed an underlying increase of 4.5% on a rebased value basis, after allowing for distributions, acquisitions, capital injections and exchange rate movements, to £449.4 million as shown below:-

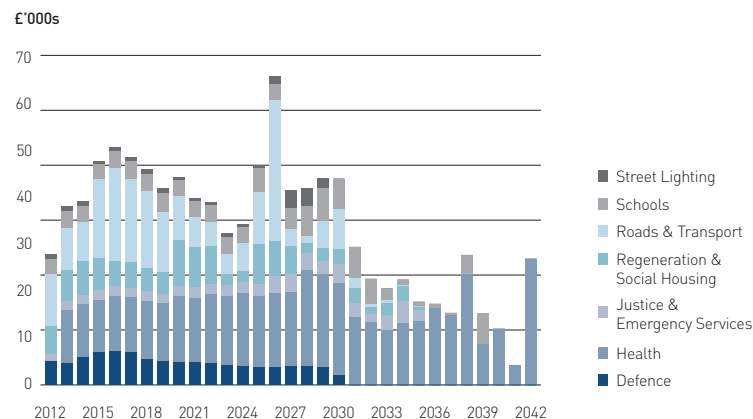
	£'000s	% change
Value at 31 December 2011	380,439	
Acquisitions	53,462	14.1%
Equity & Loan note subscriptions	14,757	3.9%
Distributions (net of withholding tax)	(17,160)	(4.5)%
Exchange rate movements	(1,661)	(0.4)%
Rebased value	429,836	
Underlying growth in value ¹	19,557	4.5%
Value at 30 June 2012	449,393	

Note: Items in the above table may not sum to total due to rounding.

¹ The gain on portfolio valuation reported in the financial statements is £3.2 million (see Section 8 of this Investment Adviser Report). £14.8 million of the underlying growth in value of £19.6 million above is reported as interest and dividend income from investments in the financial statements (see note 5 to the financial statements).

The growth of 4.5% (£19.6 million) can be attributed to the unwind of the discount rate, changes to macro-economic assumptions to reflect current market conditions and value enhancements achieved in the underlying assets. These are discussed in further detail below.

Anticipated cash flows from JLIF's Portfolio



Source: The Company

3. PORTFOLIO (continued)

a. Valuation (continued)

Discount rate

The weighted average discount rate used to value JLIF's Portfolio at 30 June 2012 was 8.37%, an increase of 0.01% from the rate of 8.36% used at 31 December 2011. This marginal change is due to the acquisitions slightly changing the asset weightings in the Portfolio. With regard to the general market appraisal of discount rates, some transactions in the last few months have traded above, and others below current market rates and these tend to reflect a buyer's strategic position rather than a shift in the secondary market for infrastructure assets. JLIF does not believe that there is therefore evidence of a consistent trend of movement on discount rates in the market at this time.

The assets in the JLIF Portfolio are valued using discounted cash flow methodology. They should therefore rise in value as the cash flows mature, due to the unwinding of the discount rate over time. This is the main driver of valuation growth for the Portfolio and contributed 3.9% (£16.8 million) growth in the Portfolio over the six month period ending 30 June 2012.

There has been no change to the underlying methodology used to value the Portfolio, which has been approved by the Directors.

Macro-economic assumptions

The level of inflation in the period ending 30 June 2012 has been marginally higher than the long run assumption of 2.75% used in the Portfolio Valuation. As the Portfolio is positively correlated to inflation, this has contributed 0.6% to the growth of the Portfolio over the period. This has been broadly offset by a reduction in deposit rate assumptions used within the asset models for their Sterling and Euro cash balances. These more accurately reflect the current rates obtainable in the market and the Bank of England official forecasts.

Value enhancements

JLIF continues to drive value from its Portfolio through cost savings and revenue enhancements compared to the Portfolio valuation assumptions. During the period ended 30 June 2012 value enhancement activity contributed 0.6% (£2.6 million) to the underlying growth in value, largely as a result of those items identified in the Portfolio Performance section below.

b. Portfolio Performance

Overall the Portfolio has performed ahead of expectations during the first half of 2012 both in terms of cash received from the projects, and the valuation of these assets.

The cash distributions received from the underlying projects in the period ended 30 June 2012 were £1.2 million greater than anticipated at the beginning of the period. This was mainly due

to a review of the major maintenance spend profile on the M40 project, cost efficiencies and improved timing accuracy for distributions across other assets.

Value enhancements for the first half of 2012 contributed an additional £2.6 million or 0.6% to the Portfolio Value. The material movements in value in the period ended 30 June 2012 were:

- An increase in the value of several projects to reflect more accurately the timing of distributions,
- An increase in the value of Forth Valley Royal Hospital from cost efficiencies,
- Good performance from Roseberry Park Hospital and Newcastle Hospital due to revised cash flows now that they are both fully operational; and
- An increase in the value of South Lanarkshire schools due to a contractual acceleration of distributions to shareholders.

These upsides were partially offset by a marginal reduction in value of two projects (the M40 and M6 roads), primarily as a result of changes to the timing of forecast major maintenance expenditure, which had allowed distributions to be released sooner than anticipated, reducing future cash flows.

Recently, there has been a focus in the media over the financial stability of some specified NHS trusts including the South London NHS Trust, which runs three hospitals including the Queen Elizabeth Hospital in Greenwich (QEH), in which JLIF has a 27.5% shareholding. The project company for QEH, typical of most UK Hospital PFI projects, has a letter from the Secretary of State for Health stating his intention that if any Trust were unable to meet its obligations, including its liabilities to its PFI contractors or their financiers, the Secretary of State would intervene in a timely manner to ensure that either the Trust itself, or any body to which its liabilities are transferred in accordance with the relevant legislation, is in a position to meet its liabilities on time and in full. JLIF continues to monitor this issue closely, and its due diligence on a potential issue arising on any of its assets has indicated there is no material risk at this time.

c. Foreign Exchange

The Portfolio contains three assets that bring exposure to foreign exchange rate movements. Vancouver and Abbotsford hospitals are denominated in Canadian dollars and the E18 road is denominated in Euros. As at 30 June 2012, these assets represented 20.5% of the Portfolio.

This mix of assets provides some diversification across currencies and JLIF's strategy continues to be to not hedge the balance sheet into sterling. However, JLCM reviews the expected distributions due from these and has since hedged approximately 80% of the Canadian cash inflows in 2012 in order to protect the sterling dividends paid to shareholders.

The majority of the Euro flows for 2012 have already been received, removing any need for a Euro hedge in this period. JLCM will continue to monitor the one to two year forecast cash flows from these projects and hedge these where appropriate.

Movements in exchange rates contributed a negative 0.4% impact in the Portfolio Value as at 30 June 2012. At the time of writing this report, the adverse movement to exchange rates was reversing.

4. ACQUISITIONS

JLIF has made six acquisitions during the first half of 2012; five new assets and an additional stake in an existing asset that it already owns, for a total sum of £53.5 million. The new assets acquired were 50% of Camden Social Housing; 45% of Islington I Housing Project; 45% of Islington II Housing Project; 100% of Roseberry Park and 15% of Newcastle Hospital. The increased stake was an additional 20% of the North East Fire & Rescue project.

JLIF continues to seek new opportunities to acquire infrastructure assets that are aligned to its investment policy.

5. INFLATION

JLIF's Portfolio is positively correlated with inflation. The approximate correlation to inflation is laid out in the 2011 Annual Report on page 23.

Each of JLIF's projects uses a forecast for inflation rate based on an historical average. In the period ending 30 June 2012 inflation was marginally higher than these forecasts. JLIF takes the conservative approach of adjusting the inflation figures in its asset models for only the six-month period being reported, leaving its future forecasts unchanged. This also reduces potential volatility in the valuation.

As at 30 June 2012, the rate of UK inflation had fallen such that RPI was approximately equal to the JLIF forecast. If this situation continues the Portfolio will no longer benefit from an uplift from inflation. At the time of this report going to print, inflation had begun to reverse from its downward trend.

6. RISK

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2011. These risks are considered to be currency and inflation risk, lack of future pipeline and/or required funding, changes to applicable legislation and operational risks in the underlying PPP assets. A detailed explanation of the risks summarised below can be found on pages 27 to 29 of the 2011 Annual Report which is available at www.jlif.com.

7. GEARING

As at 30 June 2012, JLIF had net cash and short-term deposits of £28.2 million. In addition, JLIF has a £60.0 million facility available to it from Royal Bank of Scotland plc which is currently undrawn. This facility will reduce to £40 million in September 2012, however, JLIF is reviewing its credit facilities with a view to increasing these over the coming months. This facility gives JLIF flexibility to be able to bid for the acquisition of suitable assets. JLIF used its facility during the first half of 2012, but repaid the borrowing within a month of drawing on both occasions. The facility was utilised to pay for third party acquisitions and repaid with the proceeds of the April 2012 tap issue.

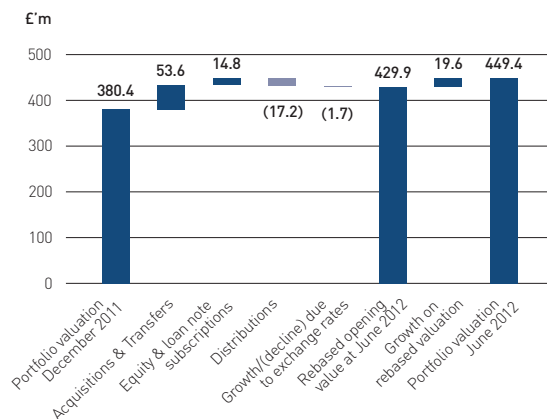
8. FINANCIAL RESULTS

The Company increased the number of PPP project entities in its portfolio from 30 to 35 in the six month period with the acquisition of two PPP project entities from John Laing and three PPP project entities from third parties. It also acquired the remaining shareholding of one PPP project entity already within the existing Portfolio.

Following these acquisitions, the number of project entities that the Group controlled, by virtue of having the power, directly or indirectly, to govern the financial and operating policies of the project entities, increased from 12 to 13 in the six month period to 30 June 2012. Under International Financial Reporting Standards ("IFRS"), the results of these entities are required to be consolidated as subsidiaries in the Group's financial statements on a line-by-line basis.

The Group does not control the other 22 project entities but has significant influence over the financial and operating policies of these and along with other shareholders has joint control. Accordingly, the Company would usually account for these investments in accordance with IAS 31 'Interests in Joint Ventures'.

Portfolio Value movements



8. FINANCIAL RESULTS (continued)

However, the Group has continued to take the exemption from IAS 31 available to venture capital organisations and similar entities and these 22 investments are designated upon initial recognition to be accounted for at fair value through profit or loss in accordance with IAS 39.

Whilst the two groups of investments described are treated differently under IFRS they together form part of a portfolio of similar investments which are held for investment purposes and managed as a whole and there is no distinction made between those investments classified as subsidiaries and those which are not.

As in previous financial reporting periods, in order to provide shareholders with relevant and useful information regarding the Investment group's performance, its ability to make distributions to its shareholders and its capacity for further investments, the financial results in the Interim Report have been presented to show the results for the recourse group on an investment basis (presented as "Investment group" in the Interim Report), before showing those adjustments (presented as "Non-investment adjustments" in the Interim Report) required to arrive at the financial results on a consolidated basis ("Total group"), which incorporate the results of the non-recourse group under IFRS.

Period under review

The key financial results for the six months ended 30 June 2012 are:

	Investment basis	Consolidated IFRS Basis
Profit/(loss) before tax (£'000s)	14,163	(16,831)
Gain on portfolio valuation (£'000s)	3,186	250
Net Asset Value ¹ (£'000s)	475,709	456,365
Net Asset Value per Share (pence)	104.80	100.54
Portfolio Value ³ (£'000s)	449,393	285,807

The key financial results for the six months ended 30 June 2011 are:

	Investment basis	Consolidated IFRS basis
Profit/(loss) before tax (£'000s)	16,666	16,422
Gain on portfolio valuation (£'000s)	10,311	6,471
Net Asset Value ¹ (£'000s)	314,229	311,686
Net Asset Value per Share (pence)	105.90	105.04
Portfolio Value ³ (£'000s)	286,541	223,799

- Under the investment basis², profit before tax ("PBT"), excluding the gain on the Portfolio Valuation of £3.2 million, was £11.0 million. This comprised returns from investments in projects of £14.8 million offset by net recourse costs of the Investment group of £3.8 million, including acquisition costs of £0.4 million.

- Under the IFRS consolidated basis, loss before tax ("LBT"), excluding the gain on the Portfolio Valuation of investments in joint ventures only of £0.3 million, was £17.1 million.

This differs from the results under the investment basis due to the results of the 13 project subsidiaries under the investment basis which are accounted for on a different basis to the results under IFRS. The difference between the two bases is driven by certain items being accounted for at amortised cost (debt and intangible assets) under the IFRS basis as opposed to all balances at fair value under the investment basis. If intangible assets and debt were carried at fair value then the movement on these fair values for the period would be recorded in the income statement and would reconcile the investment basis profit to the IFRS profit.

The components of the IFRS LBT adjustments for the period in relation to project subsidiaries of £30.9 million include

- £1.2 million loss from operations being amortisation of intangible assets of £2.9 million offset by gross profit from project subsidiaries of £1.7 million;
- other gains and losses of £4.6 million being the aggregate of fair value losses following revaluation of financial assets net of interest received of £3.6 million and losses on change in fair value of derivatives of £0.6 million as well as losses due to foreign exchange movements on monetary assets of £0.3 million (see note 6 to the financial statements). Under IFRS the change in fair value of financial assets, caused by increases in the expected return from such assets, is not offset by changes in fair value of the bank loans held as these are recorded at amortised cost (see further explanation in footnote 1 below);
- the elimination of investment income of £7.4 million (see note 5 to the financial statements); and
- £17.8 million of finance costs payable on non-recourse project company loans.
- The gain on Portfolio Value of all investments in the period is £3.2 million. The Portfolio Value increased from £380.4 million at 31 December 2011 to £449.4 million at 30 June 2012. The increase in Portfolio Value of £69.0 million comprises acquisitions of £68.3 million (including further equity and loan note subscriptions), the gain of £3.2 million above, together with the increase in interest receivable on subordinated loans from 31 December 2011 to 30 June 2012 of £6.9 million included in interest income in the financial statements less subordinated debt repayments of £9.4 million in the period. Further details on the portfolio valuation and the reasons for the gain are provided in Section 3 of this Investment Adviser's Report.

1. Net Asset Value ("NAV") is the net assets for the Investment group on the investment basis (see note 2 below) as set out in the first column of the condensed consolidated balance sheet in the Condensed Financial Statements.

This differs from the basis of recording net assets under International Financial Reporting Standards as set out in the third column ("Total group") of the condensed consolidated balance sheet. See note 2 (a) to the Condensed Financial Statements for details of the basis of preparation. The difference of £19.3 million between the investment basis NAV and IFRS Net Assets is primarily due to the bank loans and intangible assets being recorded at amortised cost under the IFRS basis, which is different from their current fair value. During the period commercial margins for debt have increased. This means that the group's UK PPP entities are benefitting from cheaper bank debt than current market values but this benefit is not reflected in the IFRS balance sheet as the bank loans are held at amortised cost. The fair value of the intangible assets are in excess of the amortised cost value recorded on the IFRS balance sheet due to improved forecast operational performance and inflation, offsetting any impact on the discount rate of the increase in commercial margins on bank debt.

2. Investment basis is the basis used for reporting the results of the Group as an Investment group, under which investments in all 35 projects are accounted for in the same way. This differs from the results of the Group under the Total group basis, in accordance with IFRS, where the accounting treatment for the 13 project subsidiaries is different than that for the 22 projects which are joint ventures of the Group. See note 2 (a) to the Condensed Financial Statements for details of the basis of preparation.
3. Portfolio Value for the Investment group basis is the fair value of the investments in all 35 projects calculated using the discounted cash flow method. Under the Consolidated IFRS Basis, only the fair value for the 22 joint venture projects is included. The Portfolio Value on acquisition is rebased for this purpose to reflect any amounts received from the projects in the period between 31 December 2011 and 30 June 2012.

As at 30 June 2012 the Group has a total cash balances on an investment basis of £6.0 million, short-term deposits of £22.2 million and no debt. The movements in cash are shown below:-

Cash flows of the Investment group for the period (£ million)

	30 June 2012	30 June 2011
Cash, cash equivalents and other financial assets at beginning of period	63.4	7.6
Capital raised (net of costs)	30.5	26.9
Acquisition of projects	(53.5)	(12.4)
Investment into Forth Valley Royal Hospital project	(14.8)	-
Distributions from projects (gross of withholding tax)	17.4	9.2
Operating and administrative expenses	(4.4)	(0.9)
Proceeds from borrowings	7.4	-
Repayment of borrowings	(7.4)	-
Financing costs	(0.3)	(0.5)
Dividends paid to shareholders	(10.2)	(1.4)
Cash and cash equivalents at 30 June 2012	28.2	28.5

Note: Items in the above table may not sum to total due to rounding.

The Company has declared a total dividend of £13.6 million (3.0 pence per share) which is payable in October 2012. The remaining cash balance is available for partial funding of further acquisitions of assets that the Company is currently pursuing.

9. INCREASE IN CAPITAL

JLIF undertook a successful tap issue in April 2012 and raised £31.0 million, before costs, from its existing shareholders. This capital raise was used to repay debt used during the first half of 2012 and the remainder to be put towards anticipated acquisitions. In addition, a Scrip Dividend Alternative was offered to existing shareholders in April 2012 and was taken up by 19.4% of shareholders. 2,305,120 new shares were issued as a result of this on 11 May 2012. The total voting rights currently in issue is 453,914,088 Ordinary shares of 0.01 pence each.

10. OUTLOOK

As JLIF is an investor in operational PPP projects, changes to existing PPP policy will not impact JLIF for a number of years. The secondary market for operational assets remains buoyant and in addition JLIF benefits from its right of First Offer agreement over the John Laing pipeline of assets, which JLCM estimate to be in excess of £350 million over the next three years.

Following a public consultation process at the end of 2011, the UK government is currently reassessing its use of the private sector in delivering services and infrastructure and the value for money that PPP offers. As part of this process, some UK projects in the procurement phase have been delayed. However, many of these projects, previously due to reach financial close in 2011, are now expected to close in 2012-13 supporting JLCM's positive outlook for a robust future pipeline of opportunities.

Looking further ahead JLCM expects the UK government to continue to use some form of private sector participation because of the need to deliver infrastructure in a number of areas, driven by failing assets (for example street lighting and highway maintenance) and tax provisions (waste). While the UK is now a mature market and many existing programmes are well advanced, the need to improve UK infrastructure remains and, despite differing views within the media about the cost and flexibility of PPP, it has generally been seen as a success in delivering new infrastructure on time and to budget.

Europe, Canada and Australia continue to use PPP as a procurement method for infrastructure assets with strong pipelines across each market. As these markets become increasingly mature over time, JLCM believes there will be increasing opportunities for JLIF to invest in overseas secondary infrastructure markets as primary equity investors look to recycle capital.

Responsibility Statement



We confirm that to the best of our knowledge:

- the condensed set of financial statements has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the European Union; and
- the Chairman's Statement and Investment Adviser's Report meets the requirements of an interim management report, and includes a fair review of the information required by:
 - a) DTR 4.2.7R, being an indication of important events during the first six months and description of principal risks and uncertainties for the remaining six months of the year; and
 - b) DTR 4.2.8R, being the disclosure of related parties' transactions and changes therein.

By order of the Board

P Lester, Chairman

28 August 2012

Independent Review Report to John Laing Infrastructure Fund Limited

We have been engaged by the Company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated balance sheet, the condensed consolidated cash flow statement and related notes 1 to 18. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review 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 Company, for our review work, for this report, or for the conclusions we have formed.

Directors' responsibilities

The half-yearly financial report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the Group are prepared in accordance with IFRS as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting," as adopted by the European Union.

Our responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the half-yearly financial report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

Deloitte LLP Chartered Accountant
Guernsey, Channel Islands

28 August 2012

Condensed Consolidated Income Statement

six months ended 30 June 2012

	Notes	Six months ended 30 June 2012			Six months ended 30 June 2011		
		Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s	Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s
Service revenue		–	19,911	19,911	–	7,694	7,694
Other turnover		242	–	242	–	–	–
Cost of sales		–	(21,155)	(21,155)	–	(8,053)	(8,053)
Gross loss		242	(1,244)	(1,002)	–	(359)	(359)
Administrative expenses		(3,673)	11	(3,662)	(2,271)	–	(2,271)
Loss from operations		(3,431)	(1,233)	(4,664)	(2,271)	(359)	(2,630)
Investment income	5	18,135	(7,417)	10,718	19,047	(5,441)	13,606
Other gains/(losses)	6	35	(4,577)	(4,542)	(1)	11,698	11,697
Finance costs		(576)	(17,767)	(18,343)	(109)	(6,142)	(6,251)
Profit/(loss) before tax		14,163	(30,994)	(16,831)	16,666	(244)	16,422
Tax	7	(354)	6,757	6,403	(272)	(730)	(1,002)
Profit/(loss) for the period		13,809	(24,237)	(10,428)	16,394	(974)	15,420
Attributable to:							
Owners of the Company				(10,446)			15,420
Non-controlling interests				18			–
				(10,428)			15,420
(Loss)/earnings per share							
From continuing operations							
Basic and diluted (pence)	9			(2.41)			5.45

All results are derived from continuing operations.

Supplementary information has been provided analysing the income statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). See note 2 (a) for further details.

Condensed Consolidated Statement of Comprehensive Income

15.

six months ended 30 June 2012

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s	Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s
Profit/(loss) for the period	13,809	(24,237)	(10,428)	16,394	(974)	15,420
Exchange difference on translation of overseas operations	–	427	427	–	(48)	(48)
Total recognised income and expenditure attributable to equity shareholders	13,809	(23,810)	(10,001)	16,394	(1,022)	15,372
Attributable to:						
Owners of the Company			(10,019)			15,372
Non-controlling interests			18			–
			(10,001)			15,372

Supplementary information has been provided analysing the income statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). See note 2 (a) for further details.

Condensed Consolidated Statement of Changes in Equity

six months ended 30 June 2012

	Six months ended 30 June 2012						
	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Translation reserve £'000s	Total £'000s	Non-controlling interest £'000s	Total equity £'000s
Balance at 1 January 2012	42	423,618	23,617	(1,279)	445,998	528	446,526
(Loss)/profit for the period	-	-	(10,446)	-	(10,446)	18	(10,428)
Other comprehensive income for the period	-	-	-	427	427	-	427
Total comprehensive (loss)/income for the period	-	-	(10,446)	427	(10,019)	18	(10,001)
Ordinary shares issued	3	33,443	-	-	33,446	-	33,446
Costs of shares issued	-	(450)	-	-	(450)	-	(450)
Dividend paid	-	-	(12,667)	-	(12,667)	-	(12,667)
Acquisition of non-controlling interest	-	-	57	-	57	(546)	(489)
Balance at 30 June 2012	45	456,611	561	(852)	456,365	-	456,365

	Six months ended 30 June 2011						
	Share capital £'000s	Share premium account £'000s	Retained reserves £'000s	Translation reserve £'000s	Total £'000s	Non-controlling interest £'000s	Total £'000s
Balance at 1 January 2011	27	266,884	3,830	(4)	270,737	-	270,737
Profit for the period	-	-	15,420	-	15,420	-	15,420
Other comprehensive loss for the period	-	-	-	(48)	(48)	-	(48)
Total comprehensive income/(loss) for the period	-	-	15,420	(48)	15,372	-	15,372
Ordinary shares issued	3	27,396	-	-	27,399	-	27,399
Costs of shares issued	-	(472)	-	-	(472)	-	(472)
Dividend paid	-	-	(1,350)	-	(1,350)	-	(1,350)
Balance at 30 June 2011	30	293,808	17,900	(52)	311,686	-	311,686

Supplementary information has been provided analysing the income statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). See note 2 (a) for further details.

Condensed Consolidated Balance Sheet

as at 30 June 2012

	Notes	30 June 2012			31 December 2011*		
		Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s	Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s
Non-current assets							
Intangible assets	10	–	126,243	126,243	–	115,110	115,110
Property, plant and equipment		–	1,095	1,095	–	1,191	1,191
Investments at fair value through profit or loss	11	449,393	(163,586)	285,807	380,439	(148,094)	232,345
Finance receivables at fair value through profit or loss		–	724,843	724,843	–	681,069	681,069
Derivative financial instruments	14	–	3,462	3,462	–	–	–
Total non-current assets		449,393	692,057	1,141,450	380,439	649,276	1,029,715
Current assets							
Trade and other receivables		861	12,822	13,683	767	8,468	9,235
Finance receivables at fair value through profit or loss		–	14,313	14,313	–	14,660	14,660
Derivative financial instruments	14	–	38	38	–	–	–
Other financial assets		–	14,011	14,011	14,775	15,401	30,176
Cash and cash equivalents		28,218	34,259	62,477	48,641	28,107	76,748
Total current assets		29,079	75,443	104,522	64,183	66,636	130,819
Total assets		478,472	767,500	1,245,972	444,622	715,912	1,160,534
Current liabilities							
Trade and other payables		(2,091)	(64,728)	(66,819)	(2,752)	(57,273)	(60,025)
Current tax liabilities		(672)	(962)	(1,634)	(299)	(691)	(990)
Loans and borrowings	13	–	(13,778)	(13,778)	–	(13,482)	(13,482)
Total current liabilities		(2,763)	(79,468)	(82,231)	(3,051)	(71,446)	(74,497)
Non-current liabilities							
Loans and borrowings	13	–	(590,929)	(590,929)	–	(546,209)	(546,209)
Derivative financial instruments	14	–	(88,942)	(88,942)	–	(60,171)	(60,171)
Deferred tax liabilities		–	(27,505)	(27,505)	–	(33,131)	(33,131)
Total non-current liabilities		–	(707,376)	(707,376)	–	(639,511)	(639,511)
Total liabilities		(2,763)	(786,844)	(789,607)	(3,051)	(710,957)	(714,008)
Net assets		475,709	(19,344)	456,365	441,571	4,955	446,526
Equity							
Share capital	15	45	–	45	42	–	42
Share premium account	16	456,611	–	456,611	423,618	–	423,618
Translation reserves		–	(852)	(852)	–	(1,279)	(1,279)
Retained earnings		19,053	(18,492)	561	17,911	5,706	23,617
Equity attributable to owners of the Company		475,709	(19,344)	456,365	441,571	4,427	445,998
Non-controlling interest		–	–	–	–	528	528
Total equity		475,709	(19,344)	456,365	441,571	4,955	446,526

Supplementary information has been provided analysing the Income Statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). See note 2 (a) for further details.

* Loans and borrowings have been restated for the reclassification of certain non-current liabilities from current liabilities.

The financial statements were approved by the Board of Directors and authorised for issue on 28 August 2012. They were signed on its behalf by:

P Lester
Chairman

C Spencer
Director

Condensed Consolidated Cash Flow Statement

six months ended 30 June 2012

	Notes	Six months ended 30 June 2012			Six months ended 30 June 2011*		
		Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s	Investment Group £'000s	Non-Investment adjustments £'000s	Total Group £'000s
Loss from operations		(3,431)	(1,233)	(4,664)	(2,271)	(359)	(2,630)
Adjustments for:							
Amortisation of intangible assets	10	–	2,876	2,876	–	1,318	1,318
Depreciation of PPE		–	82	82	–	–	–
Operating cash flows before movements in working capital		(3,431)	1,725	(1,706)	(2,271)	959	(1,312)
(Increase)/decrease in receivables		(289)	26,281	25,992	2,370	8,096	10,466
(Decrease)/increase in payables		(493)	4,525	4,032	(1,355)	1,174	(181)
Cash outflow from operations		(4,213)	32,531	28,318	(1,256)	10,229	8,973
Overseas tax paid		(167)	(323)	(490)	(151)	(2)	(153)
Net cash (outflow)/inflow from operating activities		(4,380)	32,208	27,828	(1,407)	10,227	8,820
Investing activities							
Interest received		7,181	(3,118)	4,063	3,918	(707)	3,211
Other interest received		–	–	–	3	–	3
Dividends received from Investments		7,950	(1,540)	6,410	4,119	(364)	3,755
Loan stock and equity repayments received		2,253	(1,464)	789	1,168	(409)	759
Acquisition of joint ventures, associates and investments		(54,138)	–	(54,138)	(9,062)	–	(9,062)
Acquisition of subsidiaries (net of cash acquired)	12	(14,080)	2,340	(11,740)	(2,898)	1,206	(1,692)
Movement in other financial assets		14,775	1,389	16,164	–	1,249	1,249
Net cash (used in)/received from investing activities		(36,059)	(2,393)	(38,452)	(2,752)	975	(1,777)
Financing activities							
Dividends paid – equity shareholders		(10,209)	–	(10,209)	(1,350)	–	(1,350)
Interest paid		(346)	(16,595)	(16,941)	–	(4,392)	(4,392)
Other interest paid		–	–	–	(500)	–	(500)
Proceeds from borrowings		7,377	80	7,457	–	12,026	12,026
Repayments of borrowings		(7,377)	(7,035)	(14,412)	–	(4,433)	(4,433)
Proceeds on issue of share capital (net of costs)		30,539	–	30,539	26,927	–	26,927
Net cash from/(used in) financing activities		19,984	(23,550)	(3,566)	25,077	3,201	28,278
Net (decrease)/increase in cash and cash equivalents		(20,455)	6,265	(14,190)	20,918	14,403	35,321
Cash and cash equivalents at beginning of the year		48,641	28,107	76,748	7,567	7,177	14,744
Effect of foreign exchange rate changes		32	(113)	(81)	15	(62)	(47)
Cash and cash equivalents at end of period		28,218	34,259	62,477	28,500	21,518	50,018

Cash and cash equivalents comprise cash and short-term bank deposits with an original maturity of three months or less. The carrying amount of these assets is approximately equal to fair value.

Supplementary information has been provided analysing the income statement between results on an investment basis (“Investment group”) and results on an IFRS consolidated basis (“Total group”). See note 2 (a) for further details.

* Restated for the reclassification of certain cash balances to other financial assets.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

1 GENERAL INFORMATION

John Laing Infrastructure Fund Limited (the "Company") is a company domiciled and incorporated in Guernsey, Channel Islands, whose shares are publicly traded on the London Stock Exchange under a Premium Listing. The interim condensed unaudited financial statements of the Company (the "interim statements") as at and for the six months ended 30 June 2012 comprise the Company and its subsidiaries (together referred to as the "Consolidated group"). The Consolidated group invests in PPP infrastructure projects in the UK, Europe and North America.

The financial information for the period ended 31 December 2011 is derived from the financial statements delivered to the U.K. Listing Authority. The financial information for the period ended 31 December 2011 included in this half-yearly report does not constitute statutory accounts as defined in The Companies (Guernsey) Law, 2008. The auditors reported on the statutory accounts for the year ended 31 December 2011: their report was unqualified, did not draw attention to any matters by way of emphasis, and did not contain a statement under section 263 (2) and (3) of The Companies (Guernsey) Law, 2008.

Of the Consolidated Group's Portfolio of 35 interests at 30 June 2012, 22 have been accounted for as investments (the "Entity Investments"). The 13 remaining investments are deemed to be subsidiaries of the Company (the "Operating Subsidiaries"). Certain aspects of the accounting policies apply only to the Operating Subsidiaries. Where applicable, this is noted in the relevant accounting policy. Investments in all 35 projects comprises interests in both equity and subordinated loans.

2 ACCOUNTING POLICIES

(a) Basis of preparation

The annual financial statements of John Laing Infrastructure Fund Limited are prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with International Accounting Standards 34 – 'Interim Financial Reporting', as adopted by the European Union.

The same accounting policies, presentation and methods of computation are followed in this condensed set of financial statements as applied in the Group's latest annual audited financial statements for the period ended 31 December 2011.

The financial statements have been prepared on the historical cost basis, except that the following assets and liabilities are stated at their fair values: derivative financial instruments and financial assets classified at fair value through profit or loss.

Supplementary information has been provided analysing the income statement, balance sheet and cash flow statement between results on an investment basis ("Investment group") and results on an IFRS consolidated basis ("Total group"). The results shown as Investment group are the results arising from the investments made by the Group in the 35 PPP projects that reflect the Group's activity as an investment company, incorporating the returns from and fair value movements of the entire portfolio regardless of the extent of control or influence the Group can exercise. Under the investment basis, the investments in the 13 Operating Subsidiaries are treated in the same way as the investments in the 22 Entity Investments whereas under the IFRS consolidated basis the results of subsidiaries are required to be consolidated in the Group's financial statements on a line-by-line basis in accordance with IAS 27 (revised 2008) Consolidated and Separate Financial Statements ("IAS 27"). There is no distinction made by the Directors as to whether the investment is accounted for as a subsidiary or an investment when assessing the performance of the Company's investment portfolio. The adjustments required to be made to the results under Investment group to reflect the results of the Total group in accordance with IFRS are shown as "Non-Investment Adjustments". The Non-Investment Adjustments include adjustments to account for the 13 Operating Subsidiaries in accordance with IAS 27 together with other IFRS adjustments for fair valuing financial assets and liabilities that the Directors do not consider to be relevant or critical in monitoring and determining the performance of the Investment group.

(b) Going concern

The Directors, in their consideration of going concern have reviewed comprehensive cash flow forecasts prepared by management, which are based on prudent market data and past experience and believe, based on those forecasts and an assessment of the Group's committed banking facilities, that it is appropriate to prepare the financial statements of the Group on the going concern basis. In arriving at their conclusion that the Group has adequate financial resources, the Directors were mindful that the Group had unrestricted cash of £28.2 million as at 30 June 2012 and a banking facility (available for investment in new or existing projects) of £60 million, £20 million of which, if drawn, will become repayable in September 2012 and the rest will be repaid when the facility expires in March 2014. As at 30 June 2012 there were no drawings against the facility. In addition, all key financial covenants are forecast to continue to be complied with.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

2 ACCOUNTING POLICIES (CONTINUED)

(b) Going concern (continued)

Certain risks and uncertainties, as detailed in the 2011 Annual Report on pages 27 to 29 have been considered by the Board. The Board has concluded that these do not represent a significant threat to the Group as its income is generated from a Portfolio of PPP concessions which are supported by government backed cash flows and are forecast to cover the Group's committed costs.

The Directors are satisfied that the Group has sufficient resources to continue to operate for the foreseeable future, a period of not less than 12 months from the date of this report. Accordingly, they continue to adopt the going concern basis in preparing the condensed financial statements.

3 OPERATING SEGMENTS

Information reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is focused on the geographical risk associated within the Group. This information is centred on the risk free rates and the maturity of the PPP industry together with foreign exchange and political risk within each country. Currently the projects that the Group has investments in are in the following geographical areas and therefore these form the Group's reportable segments under IFRS 8:

UK
Europe (non-UK)
North America

For the purposes of any amounts derived directly from the Company in Guernsey that are included in the amounts analysed below, Guernsey is included in the UK segment.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2012.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Revenue from external customers	12,888	–	7,265	20,153
Interest revenue	3,606	402	50	4,058
Interest expenses	(10,892)	–	(7,451)	(18,343)
Net interest (expense)/revenue	(7,286)	402	(7,401)	(14,285)
Profit/(loss) before tax	(23,560)	509	6,220	(16,831)
Tax	7,755	(8)	(1,344)	6,403
Reportable segment profit	(15,805)	501	4,876	(10,428)

No inter-segment sales were made for the six months ended 30 June 2012.

The following is an analysis of the Group's revenue and results by reportable segment for the six months ended 30 June 2011.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Revenue from external customers	6,120	–	1,574	7,694
Interest revenue	1,906	457	1,018	3,381
Interest expenses	(4,301)	–	(1,755)	(6,056)
Net interest (expense)/revenue	(2,395)	457	(737)	(2,675)
Profit/(loss) before tax	12,066	711	3,645	16,422
Tax	(376)	(272)	(354)	(1,002)
Reportable segment profit	11,690	439	3,291	15,420

No inter-segment sales were made for the six months ended 30 June 2011.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

3 OPERATING SEGMENTS (CONTINUED)

Information about major customers

The Group has four (six months ended 30 June 2011 – four) customers which each represent more than 10% of Group revenue. The customers' revenues were respectively £7.0 million (six months ended 30 June 2011 – £5.5 million) reported across the UK segment and £5.7 million (six months ended 30 June 2011 – £1.6 million) reported across the North America segment. The Group has treated each Government entity and/or department as a separate customer.

Segment assets

Information concerning the Group's net assets reported to the Group's Board of Directors for the purposes of resource allocation and assessment of segment performance is primarily focused on the fair value of the investments in the underlying PPP projects. This is reported for the Investment group on an investment basis whereby this information is provided on all 35 projects irrespective of whether the project is treated as an Operating Subsidiary or as an Entity Investment.

The following is an analysis of the Group's assets by reportable segment as at 30 June 2012.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Investments at fair value through profit or loss				
Investment group	357,132	14,535	77,726	449,393
Non-investment adjustments				(163,586)
Total Group segment assets				285,807
Unallocated assets				960,165
Consolidated total assets				1,245,972

The following is an analysis of the Group's assets by reportable segment as at 31 December 2011.

	UK £'000s	Europe £'000s	North America £'000s	Total group £'000s
Investments at fair value through profit or loss				
Investment group	286,542	16,035	77,862	380,439
Non-investment adjustments				(148,094)
Total Group segment assets				232,345
Unallocated assets				928,189
Consolidated total assets				1,160,534

The non-investment adjustment represents the fair value of the investments in the Operating Subsidiaries which for Total Group purposes are consolidated in accordance with IAS 27.

4 SEASONALITY

Neither service revenue nor profit are impacted by seasonality.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

5 INVESTMENT INCOME

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s
Interest revenue:						
Interest on bank deposits	102	174	276	8	46	54
Interest from investments	6,897	(3,115)	3,782	4,610	(1,283)	3,327
Total interest revenue	6,999	(2,941)	4,058	4,618	(1,237)	3,381
Dividend income from investments	7,950	(1,540)	6,410	4,118	(364)	3,754
Movement in the fair value of investments	3,186	(2,936)	250	10,311	(3,840)	6,471
Total investment income	18,135	(7,417)	10,718	19,047	(5,441)	13,606

6 OTHER GAINS/(LOSSES)

	Six months ended 30 June 2012			Six months ended 30 June 2011		
	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s
Movement in the fair value of finance receivables designated at fair value through profit or loss	–	(3,569)	(3,569)	–	11,342	11,342
Change in the fair value of derivative liabilities designated at fair value through profit or loss	–	(652)	(652)	–	356	356
Foreign exchange movements on monetary assets	35	(356)	(321)	(1)	–	(1)
Total other gains and losses	35	(4,577)	(4,542)	(1)	11,698	11,697

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

7 TAX

Income tax expense

The company has obtained exempt status from income tax in Guernsey under the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 1989.

The income from its investments is therefore not subject to any further tax in Guernsey, although the underlying investments provide for taxation at the appropriate rates in the countries in which they operate. A foreign current tax charge of £0.9 million arose in the period (six months ended 30 June 2011 – £0.5 million).

A deferred tax credit of £7.3 million (six months ended 30 June 2011 – charge of £0.5 million) is also recognised in the income statement. This relates to the movement in the fair value of the Group's financial assets, financial liabilities and intangible assets.

In addition, a deferred tax liability of £1.6 million (six months ended 30 June 2011 – £0.7 million) has arisen on the acquisition of the fair value of assets and liabilities of subsidiaries.

The UK Government announced in the Budget on 21 March 2012 that the main corporation tax rate will be reduced by 1% to 23% with effect from 1 April 2013. The UK Government has also indicated that it intends to introduce a further reduction in the main corporation tax rate to 22% by 1 April 2014. Neither of these reductions to the tax rate had been substantively enacted at the balance sheet date and are therefore not reflected in these financial statements.

8 DIVIDENDS

	Six months ended 30 June 2012 £'000s	Six months ended 30 June 2011 £'000s
Amounts recognised as distributions to equity holders during the period:		
Final dividend for the year ended 31 December 2011 of 3.0 pence (interim and final dividend for the period ended 31 December 2010 of 0.5 pence) per share	12,667	1,350

The final dividend for the year ended 31 December 2011 of 3.0 pence per share, amounting to £12.7 million, was approved by the Board in March 2012 and was paid in May 2012. This dividend has been recognised in the condensed consolidated statement of changes in equity for the six months ended 30 June 2012.

An interim dividend for the six months ended 30 June 2012 of 3.0 pence per share, amounting to £13.6 million, was approved by the Board on 24 August 2012 and is payable on 7 October 2012. The dividend has not been included as a liability at 30 June 2012.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

9 EARNINGS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

	Six months ended 30 June 2012 £'000s	Six months ended 30 June 2011 £'000s
Earnings		
Earnings for the purposes of basic and diluted earnings per share being net (loss)/profit attributable to owners of the Company	(10,428)	15,420
Number of shares		
Weighted average number of ordinary shares for the purposes of basic and diluted earnings per share	433,357,498	282,995,801

The denominator for the purposes of calculating both basic and diluted earnings per share are the same as the Company had not issued any share options or other instruments that would cause dilution.

	Pence	Pence
Basic and diluted (loss)/earnings per share	(2.41)	5.45

10 INTANGIBLE ASSETS

	£'000s
Cost	
Opening balance	118,282
Recognised on acquisition of subsidiaries	14,009
Balance at 30 June 2012	132,291
Amortisation	
Opening balance	(3,172)
Amortisation for the period	(2,876)
Balance at 30 June 2012	(6,048)
Carrying amount	
Balance at 30 June 2012	126,243
Balance at 31 December 2011	115,110

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the service portion of the project contracts. Refer to 2011 Annual Report note 3 (iv) for the methods and assumptions used in determining the fair values. Intangibles are being amortised on a straight line basis over the remaining life of the concessions concerned on acquisition of the subsidiaries (remaining lives range from between 13 years and 28 years (year ended 31 December 2011 – 14 years and 26 years)). Amortisation of £2,876,000 (six months ended 30 June 2011 – £1,318,000) is included within cost of sales in the consolidated income statement.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

11 INVESTMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	Six months ended 30 June 2012			Year ended 31 December 2011		
	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s	Investment group £'000s	Non-Investment adjustments £'000s	Total group £'000s
Opening balance	380,439	(148,094)	232,345	264,735	(55,828)	208,907
Acquisitions	68,328	(14,190)	54,138	109,484	(39,960)	69,524
Accrued interest	(307)	170	(137)	(1,031)	(73)	(1,104)
Loan stock and equity repayments	(2,253)	1,464	(789)	(4,346)	2,022	(2,324)
Reclassification of investment as a subsidiary undertaking	–	–	–	–	(47,035)	(47,035)
Fair value movement (including exchange movements)	3,186	(2,936)	250	11,597	(7,220)	4,377
Carrying amount at period end	449,393	(163,586)	285,807	380,439	(148,094)	232,345

The Investment Adviser has carried out fair market valuations of the investments as at 30 June 2012. The Directors have satisfied themselves as to the methodology used, the discount rates applied and the valuation. Investments are all investments in PPP projects and are valued using a discounted cash flow methodology. The valuation techniques and methodologies have been applied consistently with the valuation performed for the purposes of the prospectus for the initial capital raising and subsequent capital raisings. Discount rates applied range from 7.98% to 8.99% (weighted average 8.37%) (year ended 31 December 2011 – 8.00% to 8.95% (weighted average 8.36%)).

Investments in the 13 wholly owned subsidiaries are included in the amounts above under Investment group.

On 18 January 2012, the Group completed a third party acquisition of joint venture interests in three social housing PPP projects for a consideration of £30.0 million.

On 17 May 2012, the Group completed the acquisition of a 15% interest in Newcastle Hospital from John Laing plc for a consideration of £9.4 million.

On 30 June 2012, the Group paid £14.8 million for participation in the loan notes of Forth Health Holdings Limited in fulfillment of its commitment on signing the special purchase agreement to acquired an interest in Forth Valley Royal Hospital on 21 September 2011.

These acquisitions involve identical interests in both equity and subordinated debt instruments.

There are no future loan stock or capital commitments on investments held at fair value through profit or loss.

12 ACQUISITIONS OF SUBSIDIARIES

On 25 April 2012 the Group acquired 100% interest in the equity and subordinated loan stock of Three Valleys Healthcare Limited ("Roseberry Park Hospital"). The total consideration paid in cash for this interest was £13.0 million (£10.7 million net of cash acquired). The total transaction cost for the acquisition was £0.1 million, which has been recognised in administrative expenses in the income statement. The project is a concession to design, build, finance and operate a new mental health facility in Middlesbrough.

Fair values were determined using the income approach which discounts the expected cash flows attributable to each asset at an appropriate rate to arrive at fair values.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

12 ACQUISITIONS OF SUBSIDIARIES (CONTINUED)

Intangible assets represent the fair value of customer contracts for operating subsidiary projects recognised on acquisition, which are primarily attributable to the future profits of the service portion of the project contracts. Intangible assets are amortised on a straight line basis over the remaining life of the concessions concerned.

	Book value at acquisition £'000s	Fair value adjustments £'000s	Fair value acquired £'000s
Intangible assets	–	14,009	14,009
Finance receivables at fair value through profit or loss account*	83,636	(6,582)	77,054
Cash and cash equivalents	2,340	–	2,340
Other current assets	4,339	–	4,339
Current liabilities	(3,169)	–	(3,169)
Deferred tax liabilities	–	(1,632)	(1,632)
Other non-current liabilities	(86,866)	(626)	(87,492)
Net assets acquired	280	5,169	5,449
Fair value of consideration for equity			5,449
Fair value of consideration for accrued interest			491
Fair value of consideration for loan stock			7,099
Total consideration, satisfied in cash			13,039
Cash acquired			(2,340)
Net cash outflow			10,699

* The finance receivable included in the book value at acquisition is recorded at amortised cost rather than at fair value through profit or loss and therefore there is a fair value adjustment to reflect the fair value on acquisition.

The subsidiary contributed £352,000 to the Group's revenue and £264,000 to the Group's profit for the period from acquisition to 30 June 2012. Had the subsidiary been owned from 1 January 2012 the contribution to revenue and profit for the period would have been £878,000 and £759,000 respectively.

On 18 January 2012, the Group completed a third party acquisition of 100% interest in Palio 8 Limited for a total consideration of £29.9 million. The net assets acquired included joint venture interests in three social housing PPP projects at a fair value of £30.0 million (see note 11) and net other liabilities at a fair value of £0.1 million. The total transaction cost for the acquisition was £0.1 million, which has been recognised in administrative expenses in the income statement.

On 26 January 2012, the Group completed a third party acquisition of the remaining 19.9% equity and subordinated debt interest in the PPP infrastructure asset North East Fire and Rescue ("NEFRA") for a total consideration of £1.15 million, taking its interest in NEFRA to 100% following the acquisition of an 80.1% stake from the John Laing Group in November 2011. Since the acquisition of the remaining interest did not result in a change of control, the acquisition will be accounted for as a movement in equity.

13 LOANS AND BORROWINGS

The Group, with JLIF Limited Partnership as Borrower and the Company as Guarantor, secured a revolving credit facility of £25 million with National Westminster Bank plc on 21 March 2011, which was extended on 22 September 2011 to £60 million. The Group incurred an arrangement fee of £925,000 during 2011 and will incur commitment fees on the undrawn down amount from 21 March 2011 and interest of 2% on any drawn down amount. The repayment of the facility is in two components, £20 million which is repayable when it expires in September 2012 and the remaining £40 million is repayable when it expires in March 2014. It is intended that the facility will be used to provide bridging funding of acquisitions before being repaid from future capital raisings. At 30 June 2012 there were no recourse borrowings as no draw downs have been made on this facility at the balance sheet date (year ended 31 December 2011 – Enil).

The Group's loans and borrowings at 30 June 2012 were £604.7 million (31 December 2011 – £559.7 million), of which £604.7 million (31 December 2011 – £559.7 million) were within Operating Subsidiaries and as such are non-recourse to the Investment group. The terms of the loans and borrowings and details of key bank covenants are detailed in the 2011 Annual Report in note 29c).

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

14 DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are held at fair values in accordance with the 2011 annual report note 2(n).

In order to manage exposure to movements in interest rates and inflation, project companies financed by floating rate debt swap their floating rate exposure for fixed rates using interest rate swaps and where project cash flows are sensitive to inflation, the inflation risk will be hedged by the project companies entering into inflation swaps. The Group's interest rate swap contracts, the fair value of which was a liability of £88.9 million at 30 June 2012 (year ended 31 December 2011 – £60.2 million) and inflation swap contract, the fair value of which was an asset of £3.5 million (year ended 31 December 2011 – £nil), were within Operating Subsidiaries, and as such were non-recourse to the Group.

The Group's policy is not to hedge the Balance Sheet values of its investment portfolio. However, if it is appropriate, the Group will hedge its investment income to mitigate exchange rate volatility. During the period, the Group entered into a forward exchange rate contract to hedge foreign currency income from its Canadian investments. The fair value of forward exchange contracts at 30 June 2012 was £0.1 million (year ended 31 December 2011 – £nil).

15 SHARE CAPITAL

	30 June 2012 £'000s	31 December 2011 £'000s
Issued and fully paid		
453,914,088 (31 December 2011 – 422,232,698) ordinary shares of 0.01p each	45	42

On 26 April 2012, 29,376,270 new Ordinary Shares of 0.01 pence each at an Issue Price of 105.5 pence were issued and fully paid up upon a successful Placing. The Placing Shares rank pari passu with the original ordinary shares of 0.01 pence each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

On 11 May 2012, 2,305,120 new Ordinary Shares of 0.01 pence each at an Issue Price of 106.6 pence were issued and fully paid as a scrip dividend alternative in lieu of cash for the final dividend in respect of the year ended 31 December 2011.

All new shares issued rank pari passu with the original ordinary shares of 0.01 pence each in the capital of the Company including the right to receive all future dividends and distributions declared, made or paid.

16 SHARE PREMIUM ACCOUNT

	30 June 2012 £'000s	31 December 2011 £'000s
Opening balance	423,618	266,884
Premium arising on issue of equity shares	33,443	159,169
Expenses of issue of equity shares	(450)	(2,435)
Closing balance	456,611	423,618

17 TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

John Laing Capital Management Limited ("JLCM") is the Company's Investment Adviser. JLCM's appointment as Investment Adviser is governed by an Investment Advisory Agreement which may be terminated after an initial four year term, starting 27 October 2010, by either party giving one year's written notice. The appointment may also be terminated if JLCM's appointment as Operator is terminated.

JLCM has also been appointed as the Operator of JLIF Limited Partnership, the limited partnership through which the Group holds its investments, by the General Partner of the partnership, JLIF GP Limited, a sister subsidiary of JLCM. The Operator and the General Partner may each terminate the appointment of the Operator after an initial four year term, starting on 27 October 2010, by either party giving one year's written notice. Either the Operator or the General Partner may terminate the appointment of the Operator by written notice if the Investment Advisory Agreement is terminated in accordance with its terms.

Notes to the Condensed set of Financial Statements

for the six months ended 30 June 2012

17 TRANSACTIONS WITH INVESTMENT ADVISER AND RELATED PARTIES (CONTINUED)

The General Partner's appointment does not have a fixed term, however if JLCM ceases to be the Operator, the Company has the option to buy the entire share capital of the General Partner and the John Laing Group has the option to sell the entire share capital of the General Partner to the Company, in both cases for nominal consideration. The Directors consider the value of the option to be insignificant.

In aggregate JLCM and the General Partner are entitled to fees and/or profit share equal to: i) a Base fee of a) 1.1 per cent per annum of the Adjusted Portfolio Value* of the Fund up to and including £500 million; b) 1.0 per cent per annum of the Adjusted Portfolio Value of the Fund in excess of £500 million up to and including £1 billion; c) 0.9 per cent per annum of the Adjusted Portfolio Value of the Fund in excess of £1 billion; and ii) an Asset Origination Fee of 0.75 per cent of the purchase price of new investment capital acquired by the Fund that is not sourced from any of John Laing plc, its subsidiary undertakings, or funds or holdings managed by John Laing plc or any of its subsidiary undertakings.

The total Investment Adviser and Operator fee charged to the Income Statement for the period to 30 June 2012 was £2.5 million (six months ended 30 June 2011 was £1.6 million), of which £1.3 million remained payable at the period end (31 December 2011 – £1.1 million; 30 June 2011 – £0.8 million).

- * Adjusted Portfolio Value is defined in the Investment Advisory Agreement as:
- (a) the Fair Value of the Investment Portfolio; plus
 - (b) any cash owned by or held to the order of the Fund (the Investment group); plus
 - (c) the aggregate amount of payments made to Shareholders by way of dividend in the period ending on the relevant Valuation Day, less
 - (i) any borrowings and any other liabilities of the Fund; and
 - (ii) any Uninvested Cash.

During the period the Group acquired two of the six interests in PPP projects from John Laing plc, of which John Laing Capital Management Limited is a wholly owned subsidiary, under an arm's length sale and purchase agreement. The Group paid £22.4 million in total to John Laing for the two projects, of which £9.4 million related to acquisition of joint ventures and associates.

During the period, the Group received £789,000 of subordinated loan repayments (six months ended 30 June 2011 – £252,000 of equity redemptions and £490,000 of subordinated loan repayments) from joint ventures and associates in addition to the returns on investments and services income detailed in the table below.

	Income statement Period ended 30 June 2012 £'000s	Cash received Period ended 30 June 2012 £'000s	Balance due 30 June 2012 £'000s	Income statement Period ended 30 June 2011 £'000s	Cash received Period ended 30 June 2011 £'000s	Balance due 31 December 2011 £'000s
Transactions with joint ventures and associates						
Subordinated loan interest ¹	3,723	3,860	1,743	3,327	3,201	1,536
Dividends	6,410	6,410	–	3,755	3,755	–
Other accrued income	59	61	29	–	–	31
Services income ²	160	–	160	–	–	–

- 1 Interest receivable at 30 June 2012 and 30 June 2011 is included within Investments at fair value through profit or loss (note 10) at the fair value of its future cash flow. The £1,743,000 (year ended 31 December 2011 – £1,536,000) includes a foreign exchange loss of £9,000 (year ended 31 December 2011 – £17,000).

- 2 Services income is generated from joint venture project companies through management services agreements.

The Directors of the Consolidated group, who are considered to be key management, received fees for their services. Total fees for the period were £79,000 (six months ended 30 June 2011 – £79,000) and directors' expenses of £3,000 (six months ended 30 June 2011 – £2,000) were paid in the period.

All of the above transactions were undertaken on an arm's length basis.

The Directors were paid dividends in the year of £4,650.

18 EVENTS AFTER BALANCE SHEET DATE

There have been no events after the balance sheet date for the Company or the Group.

Directors and Advisers

Directors (all non executive)

Paul Lester (Chairman)
David MacLellan (Deputy Chairman)
Talmai Morgan
Christopher Spencer
Guido Van Berkel

Investment Adviser and Operator

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Administrator to Company, Company Secretary and Registered Office

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Cautionary Statement

Pages 1 to 11 of this report (including the Chairman's Statement and Investment Adviser's Report, the "Review Section") have been prepared solely to provide additional information to shareholders to assess the Group's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Review Section may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Adviser expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

This Half Year Report has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant John Laing Infrastructure Fund Limited and its subsidiary undertakings when viewed as a whole.

John Laing
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Further copies of this statement are available
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