



Infigen Energy Limited · ABN 39 105 051 616
Infigen Energy Trust · ARSN 116 244 118
Infigen Energy (Bermuda) Limited · ARBN 116 360 715
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ASX Release

29 September 2010

INFIGEN ENERGY TRUST – FY10 ANNUAL FINANCIAL REPORT

Infigen Energy (ASX: IFN) advises that the attached Annual Financial Report for the Infigen Energy Trust for the year ended 30 June 2010 was despatched to securityholders today. The report is also available on Infigen's website: www.infigenenergy.com

The full Infigen Energy Annual Report covering the operations of the whole group for the year ended 30 June 2010 will be despatched to securityholders with the AGM Notice of Meeting in late October 2010.

ENDS

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About Infigen Energy:

Infigen Energy is Australia's leading specialist renewable energy business. Infigen Energy has six wind farms in Australia with a total capacity of 550 MW as well as its Australian development pipeline. Infigen also owns and operates US and German wind energy businesses taking its aggregate wind energy business interests to 36 wind farms with a total capacity of 2,236 MW.

Infigen's US business comprises 18 wind farms with a capacity of 1,089 MW (ownership interest) and also includes the Bluarc asset management business. It is the largest independent portfolio of wind energy generating assets in the US.

Infigen's presence in Germany comprises 12 wind farms with a total installed capacity of 128.7 MW.

Infigen is listed on the Australian Securities Exchange and has a market capitalisation of approximately A\$0.6 billion.

For further information please visit our website: www.infigenenergy.com



Infigen Energy Limited ABN 39 105 051 616
Infigen Energy (Bermuda) Limited ARBN 116 360 715
Infigen Energy Trust ARSN 116 244 118, with
Infigen Energy RE Limited ABN 61 113 813 997
AFSL 290 710 as Responsible Entity

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29 September 2010

Name & Address 1
Name & Address 2
Name & Address 3
Name & Address 4
Name & Address 5
Name & Address 6

Dear Securityholder

Infigen Energy Trust – Annual Financial Report

In accordance with regulatory requirements, the Infigen Energy group prepares two annual financial reports each year – one report covering the operations of the whole Infigen Energy group (issued by Infigen Energy Limited) and another smaller report relating to the interests of the Infigen Energy Trust.

Enclosed is the Annual Financial Report for Infigen Energy Trust for the year ending 30 June 2010. The Trust paid tax deferred distributions totalling 2 cents per stapled security for the year ending 30 June 2010.

The larger Annual Report for Infigen Energy Limited which covers the operations of the whole group for the year ending 30 June 2010 will be available with the Notice of Annual General Meeting in late October 2010.

Annual General Meeting

The Annual General Meeting for the Infigen Energy group will be held at 11am on Thursday, 18 November 2010, in the Fort Macquarie Room at the InterContinental Sydney Hotel at 117 Macquarie Street, Sydney.

We look forward to seeing you there.

Thank you for your ongoing support.

Yours faithfully



David Richardson
Company Secretary
Infigen Energy RE Limited
as responsible entity of the Infigen Energy Trust



Infigen Energy Trust Annual Financial Report

For the year ended 30 June 2010
Together with the Directors' Report

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CORPORATE STRUCTURE

The Infigen Energy group (“**IFN**”) consists of the following entities:

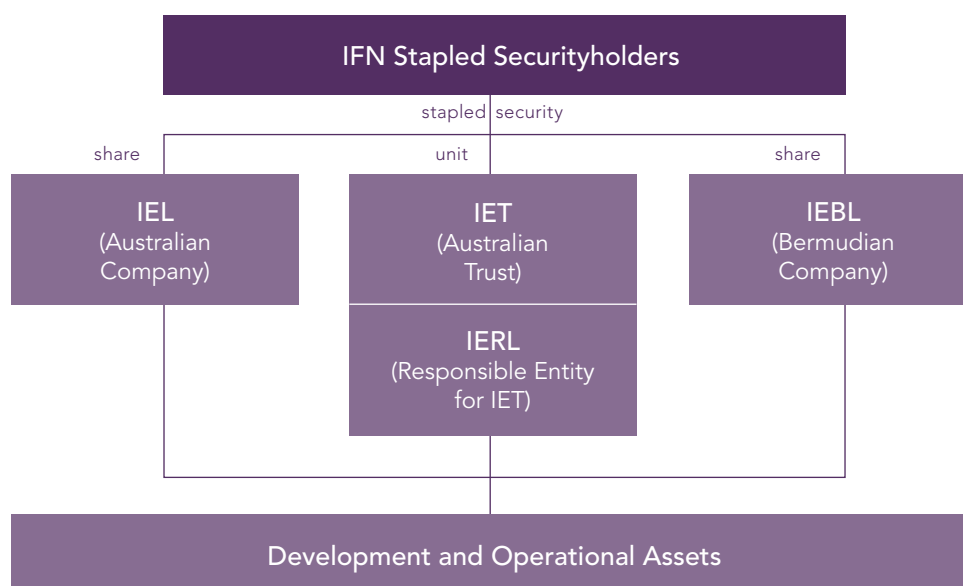
- Infigen Energy Limited (“**IEL**”), a public company incorporated in Australia;
- Infigen Energy Trust (“**IET**”), a managed investment scheme registered in Australia;
- Infigen Energy (Bermuda) Limited (“**IEBL**”), a company incorporated in Bermuda; and
- the subsidiary entities of IEL and IET.

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the ‘IFN’ code.

Infigen Energy RE Limited (“**IERL**”) is the Responsible Entity of IET.

The current stapled structure of the IFN group was established immediately prior to listing on the Australian Securities Exchange in 2005 and is currently unable to be simplified due to provisions within the group’s corporate facility.

The following diagram provides an overview of Infigen Energy’s structure.



DIRECTORS' REPORT

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY

In respect of the year ended 30 June 2010, the Directors of Infigen Energy RE Limited (**IERL**), the Responsible Entity of the Infigen Energy Trust (**IET** or the **Trust**), submit the following report on the financial results of IET and its controlled entities.

DIRECTORS

The following persons were Directors of IERL, in its capacity as responsible entity of IET, during the whole of the financial year and up to the date of this report:

- Graham Kelly
- Anthony Battle
- Douglas Clemson
- Michael Hutchinson
- Miles George

FURTHER INFORMATION ON DIRECTORS

The particulars of the Directors of IERL at or since the end of the financial year are set out below.

Name	Particulars
GRAHAM KELLY Non-Executive Chairman Appointed Non-Executive Director on 20 October 2008 Appointed Chairman on 26 November 2008	<p>Graham Kelly is a professional non-executive director with over 30 years experience in academic life, government service, diplomatic service, private legal practice and business management.</p> <p>Graham currently holds several directorships including serving as Non-Executive Chairman of Tishman Speyer Office Fund, Centrebet International Limited and Oasis Fund Management Limited. Graham is also a Governor of the Centenary Institute for Cancer Medicine and was until recently the Inspector of the Independent Commission Against Corruption (NSW).</p> <p>He assisted successive Governments with the development and implementation of a wide range of policy initiatives, including the regulation of offshore petroleum and minerals, the enactment of national environmental legislation and the implementation of urban and regional development policies. Graham served as a Legal Attaché to the Australian Embassy in Washington DC representing Australia on several United Nations and OECD committees, particularly in the area of international trade and investment law and international competition policy.</p> <p>Graham's diplomatic career was followed by 15 years of legal practice at Debevoise & Plimpton and Freehills. Graham served as Managing Partner of the Sydney/Brisbane/Canberra offices of Freehills from 1991-1995, and also as National Chairman of the firm from 1993-1995.</p>
ANTHONY BATTLE Non-Executive Director Appointed on 9 September 2005 A member of the Audit, Risk & Compliance Committee	<p>Anthony (Tony) Battle held executive management and director positions in the banking and finance industry for more than 30 years. Tony was responsible for negotiating, evaluating and closing large and complex transactions. These included asset based, project finance, corporate, merger and acquisition, infrastructure, privatisation and cross-border financings. The transactions were varied and across many business sectors including power generation and transmission, gas pipelines, toll roads, hospitals, property construction and investment, aircraft, shipping, mining, telecommunications and manufacturing. Tony was a member of various strategic planning, credit and management committees which included representatives of major domestic and international banking organisations.</p> <p>For more than a decade prior to the above, Tony led a treasury department of a leading merchant bank.</p> <p>Tony holds a Bachelor of Commerce degree, is a Fellow of the Australian Institute of Company Directors and an Associate of Chartered Secretaries Australia. Tony is based in Melbourne.</p>

DIRECTORS' REPORT

Name	Particulars
DOUGLAS CLEMSON Non-Executive Director Appointed on 9 September 2005 Chairman of the Audit, Risk & Compliance Committee	<p>Doug Clemson is the former Finance Director and CFO of Asea Brown Boveri (ABB) where he was responsible for the corporate and project finance needs of the ABB group in Australia and New Zealand. He was instrumental in the establishment of the activities of ABB Financial Services and its participation in the co-development, construction and operation of important power generation, transportation and infrastructure projects in this region.</p> <p>Prior to joining ABB, Doug held senior line management and finance executive positions with manufacturing groups, ACI and Smiths Industries. He is the recent chairman of Redbank Power and director of Powerco NZ. His previous directorships include General and Cologne Reinsurance, Electric Power Transmission Group, ABB Australia, and New Zealand, and Smiths Industries.</p> <p>Doug is a qualified accountant and a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Doug is based in Sydney.</p>
MICHAEL HUTCHINSON Non-Executive Director Appointed on 18 June 2009 A member of the Audit, Risk & Compliance Committee	<p>Mike Hutchinson is a qualified civil engineer, educated at the University of Newcastle upon Tyne, United Kingdom, and Harvard Business School. Mike was formerly an international transport engineering consultant with experience in the United Kingdom, France, Australia, Africa, South East Asia and the Pacific and a senior Australian Government official.</p> <p>From 1980 to 1999 he was a senior official with the Australian Government, mainly working in the transport and communications sectors. Mike worked closely on reform of the Australian Government's state-owned enterprise sector from 1987 to 1996 and was acting Managing Director of the former OTC Ltd in 1989. He led the government's major privatisation program over the period 1996 to 1999, including Telstra, ANL Ltd, Australian National and most of Australia's airports, and he worked closely on the regulation of privatised infrastructure.</p> <p>Since 2000, Mike has practised as a private consultant and company director. He has been a trustee of the Australian Government's superannuation schemes and a consultant to a global investment bank. Mike is currently an independent non-executive director of the Australian Infrastructure Fund Ltd and EPIC Energy Holdings Ltd.</p> <p>Previous Directorships include Hastings Funds Management Ltd, Westpac Funds Management Ltd, Pacific Hydro Ltd, OTC Ltd, the Australian Postal Corporation and the Australian Graduate School of Management Ltd. Mike was also previously Chairman of the HiTech Group Australia Ltd.</p> <p>Mike is a Member of the Institution of Engineers Australia, Australian Institute of Company Directors, Institution of Civil Engineers and Institution of Highways & Transportation. Mike is based in Canberra.</p>
MILES GEORGE Executive Director Appointed on 1 January 2009	<p>Miles George is the Managing Director of Infigen Energy, having previously been the Chief Executive Officer since 2007. Miles has over 20 years experience in the infrastructure and energy sectors, and in particular renewable energy development and investment.</p> <p>Since 2000 Miles has been involved in development and investment in wind energy projects in Australia, including a key role in the development of Infigen's first wind farm at Lake Bonney in South Australia.</p> <p>Miles jointly led the team which established the business now known as Infigen Energy in 2003. Subsequently he jointly led the team which structured and implemented the Initial Public Offer and listing of Infigen's business on the ASX in 2005.</p> <p>Following listing Miles continued to work on the development and financing of Infigen's wind farm investments in Australia, the US and Europe. He was subsequently appointed as Chief Executive in 2007 and Managing Director in 2009.</p> <p>Miles holds degrees of Bachelor of Engineering and Master of Business Administration (Distinction) from the University of Melbourne.</p>

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN IFN STAPLED SECURITIES

One share in each of Infigen Energy Limited (IEL) and Infigen Energy (Bermuda) Limited (IEBL) and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code. The table below lists the Directors of IERL during the financial year as well as showing the relevant interests of Directors in IFN stapled securities during the financial year.

Current Directors	Role	IFN Stapled Securities Held			
		Balance 1 July 2009	Acquired during the year	Sold during the year	Balance 30 June 2010
G Kelly	Independent Chairman	10,000	0	0	10,000
A Battle	Independent Non-Executive Director	42,634	0	0	42,634
D Clemson	Independent Non-Executive Director	140,000	0	0	140,000
M Hutchinson	Independent Non-Executive Director	0	0	0	0
M George	Executive Director	500,000	0	0	500,000

DIRECTORS' MEETINGS

The number of IERL Board meetings and meetings of the Audit, Risk & Compliance Committee established by the IERL Board held during the year ended 30 June 2010, and the number of meetings attended by each Director, are set out below.

Current Directors	Board Meetings		Audit, Risk & Compliance Committee	
	A	B	A	B
G Kelly	13	13	n/a	n/a
A Battle	12	13	6	6
D Clemson	13	13	6	6
M Hutchinson	13	13	6	6
M George	13	13	n/a	n/a

A = Number of meetings attended.

B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

Additional meetings of committees of Directors were held during the year, but these are not included in the above table, for example where the Board delegated authority to a committee of Directors to approve specific matters or documentation on behalf of the Board.

DIRECTORS' REPORT

COMPANY SECRETARIES

The names and particulars of the company secretaries of IERL at or since the end of the financial year are set out below.

Name	Particulars
DAVID RICHARDSON Company Secretary Appointed 26 October 2005	<p>David joined Infigen Energy as Company Secretary in 2005 and is now responsible for the company secretarial, risk management, insurance, compliance and internal audit functions, as well as corporate governance across the group.</p> <p>Prior to joining Infigen Energy, David was a Company Secretary within the AMP Group including AMP Capital Investors, Financial Services and Insurance divisions.</p> <p>David holds a Diploma of Law, Bachelor of Economics and a Graduate Diploma in Company Secretarial Practice. David is a Member of Chartered Secretaries Australia.</p>
CATHERINE GUNNING Alternate Company Secretary Appointed 18 June 2009	<p>Catherine is the General Counsel of Infigen Energy. Prior to joining Infigen in December 2005, Catherine was a Senior Associate in the Corporate & Commercial Department at Allens Arthur Robinson.</p> <p>Catherine also worked in London for private equity house NatWest Equity Partners (now Bridgepoint Capital Limited).</p> <p>Catherine has a Bachelor of Economics and a Bachelor of Laws, a Graduate Diploma in Applied Finance and Investment and is admitted as a legal practitioner of the Supreme Court of New South Wales.</p> <p>Catherine is currently on maternity leave.</p>

CHANGES IN STATE OF AFFAIRS

In July 2009, the IFN group (IFN) acquired interests in Australian and New Zealand wind energy project development assets. The Australian and New Zealand wind energy development assets were primarily 50% interests in development opportunities comprising more than 1000MW in six Australian states and in New Zealand, with a number of the projects located close to IFN's existing Australian wind farms.

In August 2009, IFN acquired a 20% Class B interest in the Caprock wind farm in the United States, taking IFN's Class B interests to 100% for that wind farm.

In March 2010, IFN acquired a company, subsequently renamed Infigen Energy Markets Pty Limited, which holds a licence to sell energy to retail customers and trade in energy markets.

In April 2010, IFN disposed of its portfolio of six wind farms in France for a total price of €71.3 million.

Other changes in the state of affairs relating to the Trust are referred to in the Financial Statements and accompanying Notes.

PRINCIPAL ACTIVITIES

During the reporting period, the Infigen Energy Trust held interests in financial investments and non-controlling interests in wind energy generation assets.

On 29 June 2010, the Trust divested its indirect non-controlling interests in wind energy generation assets.

DISTRIBUTIONS

In respect of the half year period to 31 December 2009, no interim dividend was declared.

In respect of the half year period to 30 June 2010, the Trust has declared an FY10 final distribution of 2.0 cents per stapled security to be paid on 16 September 2010.

The Board of IERL have confirmed that the FY10 final distribution of 2.0 cents per stapled security will be fully tax deferred. Further details regarding the distributions paid by the Trust are set out in Note 12 to the Financial Statements.

DIRECTORS' REPORT

REVIEW OF OPERATIONS

The loss attributable to unitholders of the Trust for the year to 30 June 2010 amounted to \$3,654,000 compared to a loss of \$1,292,000 for the prior year. The increased loss is predominantly due to a decrease in interest income and a loss recognised on disposal of an interest in an associate. Further specific information relating to the operations of the Trust for the year ended 30 June 2010 is included in the attached Financial Statements and accompanying Notes.

A review of the operations of the Infigen Energy group and the results of those operations for the year ended 30 June 2010 is included in the Infigen Energy group 2010 Annual Report.

UNITS ON ISSUE

As at 30 June 2010, the Trust had 760,374,428 units on issue (30 June 2009: 808,176,924).

During the financial year, the Trust:

- did not issue any units (2009: 8,398,012); and
- bought back 47,802,496 units (2009: 68,821,782).

Buy-back Programs

In conjunction with corresponding buy-backs of shares by the other stapled entities (IEL and IEBL), from 1 July 2009 to 16 July 2009, a total of 5,716,339 units in the Trust were acquired by the Trust as part of the on market security buy-back program which had been approved by securityholders at the Annual General Meeting held on 26 November 2008.

On 12 May 2010, in conjunction with the other stapled entities, the IERL Board agreed to implement a further on-market security buy-back program. The Board believed the IFN security price at the time did not reflect the underlying quality or value of Infigen Energy's global wind energy portfolio. IFN securities were acquired under this buy-back program from 20 May 2010 to 30 June 2010, with a total of 42,086,157 units acquired by the Trust.

Distribution Reinvestment Plan

IFN established a Distribution Reinvestment Plan (DRP) in June 2006 under which eligible stapled securityholders were invited to reinvest part or all of any distribution received in additional stapled securities. As initially advised at the meeting of unitholders of the Trust held on 26 November 2008, the DRP was suspended until further notice and consequently, there were no stapled securities issued to securityholders participating in the DRP in relation to the payment of the final distribution for the year ended 30 June 2009. The DRP has been reinstated for the FY10 final distribution, with securities to be issued in accordance with the DRP on 16 September 2010.

TRUST ASSETS

As at 30 June 2010, the Infigen Energy Trust held assets of \$763,989,000 (30 June 2009: \$897,905,000). Further detail regarding the assets held by the Trust during the financial year are set out in the Comprehensive Statements of Financial Position and relevant Notes to the Financial Statements, including the basis for valuation of the assets as disclosed in Note 1.

INTERESTS OF THE RESPONSIBLE ENTITY

As at 30 June 2010, the responsible entity of the Trust, Infigen Energy RE Limited, did not hold any units in the Trust.

SUBSEQUENT EVENTS

Since the end of the financial year, in the opinion of the Directors of the responsible entity, there have not been any transactions or events of a material or unusual nature likely to affect significantly the operations or affairs of the Trust in future financial periods.

FUTURE DEVELOPMENTS

Disclosure of information regarding likely developments in the operations of the Trust in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Trust. Accordingly, this information has not been disclosed in this report.

DIRECTORS' REPORT

ENVIRONMENTAL REGULATIONS

To the best of Directors' knowledge, IERL and the Trust have complied with all significant environmental regulations applicable to IFN's operations.

INDEMNIFICATION AND INSURANCE OF OFFICERS

IFN has agreed to indemnify all Directors and Officers against losses incurred in their role as Director, Alternate Director, Secretary, Executive or other employee of IFN or its subsidiaries, subject to certain exclusions, including to the extent that such indemnity is prohibited by the Corporations Act 2001 or any other applicable law. The agreement stipulates that IFN will meet the full amount of any such liabilities costs and expenses (including legal fees). IFN has not been advised of any claims under any of the above indemnities.

During the financial year IFN paid insurance premiums for a Directors' and Officers' liability insurance contract, that provides cover for the current and former Directors, Alternate Directors, Secretaries and Executive Officers of IFN and its subsidiaries. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE TRUST

No person has applied for leave of the Court to bring proceedings on behalf of the Trust, or to intervene in any proceedings to which the Trust is a party, for the purpose of taking responsibility on behalf of the Trust for all or part of these proceedings. The Trust was not a party to any such proceedings during the year.

FORMER PARTNERS OF THE AUDIT FIRM

No current Directors or Officers of IERL, as the responsible entity of the Trust, have been Partners of PricewaterhouseCoopers at a time when that firm has been the auditor of the Infigen Energy group.

AUDITOR'S INDEPENDENCE DECLARATION

The Trust's auditor has provided a written declaration under section 307C of the *Corporations Act 2001* that to the best of its knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- the applicable Australian code of professional conduct in relation to the audit.

The auditor's independence declaration is attached to this Directors' Report.

ROUNDING

Pursuant to ASIC Class Order 98/0100, dated 10 July 1998, amounts in the Directors' Report and the Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

DIRECTORS' REPORT

REMUNERATION REPORT

The Infigen Energy Trust does not have any Directors, Key Management Personnel or officers. Infigen Energy RE Limited is the responsible entity of the Trust and the remuneration framework and other remuneration details outlined in this Remuneration Report relate to the Directors, Key Management Personnel and officers of IERL, being part of the Infigen Energy group.

The basis of fees paid to IERL in its capacity as responsible entity of the Trust is set out in Note 14 to the Financial Statements. Under the Trust's Constitution, IERL is entitled to a management fee of 2% per annum of the value of the gross assets of the Trust. IERL had previously exercised its right under the Constitution of the Trust to waive the fee referred to above such that it is paid remuneration of \$500,000 per annum, increased for movements in the consumer price index. The Trust incurred an amount of \$649,000 in the year ended 30 June 2010 (2009: \$606,000) as remuneration paid to the responsible entity.

Infigen Energy Remuneration Framework

Infigen Energy's remuneration framework aims to ensure remuneration is:

- commensurate with an individual's contribution, position and responsibilities;
- competitive with market standards;
- linked with IFN's strategic goals and performance; and
- aligned with the interests of securityholders.

Role of the IEL Nomination & Remuneration Committee

On behalf of the Infigen Energy group, the Board of Infigen Energy Limited (IEL) established a Nomination & Remuneration Committee to assist the IFN Boards. In addition to nomination and succession matters, the Committee is responsible for reviewing and monitoring the remuneration framework across the group, including specifically the performance and remuneration of Directors and management. As at period end and currently, the members of the Nomination & Remuneration Committee are A Battle (Committee Chairman), G Kelly, D Clemson and M Hutchinson – all independent non-executive directors.

In relation to the IFN remuneration framework, the Nomination & Remuneration Committee has focused on the following remuneration matters during the year:

- reviewed and endorsed the Human Resources Plan which aligns the organisational structure with the IFN strategic plan;
- undertaking senior management Key Performance Indicator reviews for FY10 and FY11, including establishing a framework for formal alignment of Key Performance Indicators to financial, strategic and operational goals of the business;
- development of a framework for the annual salary review with mechanisms to monitor internal and external relativities;
- establishment of a formal performance management program aligned to the annual salary review framework;
- determination of short and long-term incentive allocations for senior management;
- undertaking Board/Committee performance and Director fee reviews;
- review and endorsement of a graduate recruitment program through participation in the University of NSW Co-Operative Scholarship Program in photovoltaics and renewable energy engineering; and
- assessing legislative and other proposed regulatory changes to determine the effect on:
 - potential termination and retirement benefits payable to employees;
 - the Employee Deferred Security Plan; and
 - the Performance Rights & Options Plan.

The Nomination & Remuneration Committee received considerable advice during development of the long-term incentive plans from independent remuneration consultants, with both the Employee Deferred Security Plan and the Performance Rights & Options Plan being approved at a General Meeting of securityholders held on 29 April 2009. However, changes to employee share schemes first announced by the Federal Government in the May 2009 Federal Budget created uncertainty in relation to the future operation of these plans. Revised proposals subsequently announced by the Federal Government provided sufficient certainty for performance rights and options to be issued under the Performance Rights & Options Plan prior to 30 June 2009 (the FY09 Grant).

Legislation was introduced in December 2009 affecting the tax treatment of employee share scheme interests acquired after 1 July 2009. No securities have been awarded under the Employee Deferred Security Plan or the Performance Rights & Options Plan in FY10 whilst the company determined the effect of these legislative changes in relation to the IFN remuneration strategy.

DIRECTORS' REPORT

A. REMUNERATION OF NON-EXECUTIVE DIRECTORS OF THE RESPONSIBLE ENTITY

Fees to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the Directors. Following receipt of advice from the Nomination & Remuneration Committee, the individual Non-Executive Director fees and committee membership fees are determined by the IFN Boards within the aggregate amount approved by securityholders. At the 2006 Annual General Meetings of Infigen Energy Limited (IEL) and Infigen Energy (Bermuda) Limited (IEBL), securityholders approved the current maximum aggregate amount which may be paid to all Non-Executive Directors as \$500,000 per annum for IEL and \$500,000 per annum for IEBL, which includes committee membership fees. IERL, the responsible entity of the Trust, is a subsidiary entity of the IFN group and no maximum aggregate amount of fees for Non-Executive Directors has been set.

Non-Executive Directors receive a cash fee for service which is inclusive of statutory superannuation. Non-Executive Directors do not receive any performance-based remuneration (such as performance rights or options) or any retirement benefits. Non-Executive Director fees are reviewed annually.

Board/Committee Fees

Fees payable to Non-Executive Directors of IERL during the year ended 30 June 2010 are set out below.

Board/Committee	Role	Fee (pa)
IERL Board	Chairman	\$90,000
	Non-Executive Director	\$54,000
IFN Audit, Risk & Compliance Committee	Chairman	\$6,000
	Member	\$3,000

Remuneration of Non-Executive Directors for the years ended 30 June 2009 and 2010

Details of the nature and amount of each element of the emoluments of each current Non-Executive Director of IERL for the years ended 30 June 2009 and 2010 are set out in the table below.

Non-Executive Directors ¹	Year	Short-term benefits Fees \$	Post-employment benefits Superannuation \$	Total \$
G Kelly	FY10	\$82,569	\$7,431	\$90,000
	FY09 ²	51,611	4,645	56,256
A Battle	FY10	\$52,294	\$4,706	\$57,000
	FY09	53,059	4,775	57,834
D Clemson	FY10	\$55,046	\$4,954	\$60,000
	FY09	53,517	4,816	58,333
M Hutchinson	FY10	\$52,294	\$4,706	\$57,000
	FY09 ³	1,764	159	1,923
Total Remuneration	FY10	\$242,203	\$21,797	\$264,000
	FY09	\$159,951	\$14,395	\$174,346

¹ Excludes Non-Executive Directors who resigned in FY09 (W Murphy resigned 29 April 2009; P Hofbauer and N Andersen resigned 18 June 2009).

² Appointed as a Non-Executive Director of IERL on 20 October 2008.

³ Appointed as a Non-Executive Director of IERL on 18 June 2009.

DIRECTORS' REPORT

B. REMUNERATION OF EMPLOYEES OF INFIGEN ENERGY

The Infigen Energy Trust does not have any employees. The remuneration framework and other remuneration information below relates to IERL as responsible entity of the Trust and relevant employees within the Infigen Energy Group.

Following ongoing advice from remuneration consultants, the IEL Nomination & Remuneration Committee developed and implemented a remuneration framework for the management team consisting of the following:

- a fixed component (base pay and benefits, including superannuation);
- a short-term performance related component or short-term incentive (STI) which for the executives and senior management level employees (Senior Managers) may include the mandatory deferral of a portion of their annual STI in the form of Restricted Securities under the Employee Deferred Security Plan. For the majority of employees, participation in the STI will be on the basis of meeting defined Key Performance Indicators (KPIs) which reflect the key financial, strategic and operational targets for each financial year; and
- a long-term incentive (LTI) by way of participation in the Performance Rights & Options Plan (PR&O Plan) for nominated Senior Managers. The Board believes that participation in the PR&O Plan is an appropriate 'at risk' equity based incentive given the responsibilities and commitment of the Senior Managers. In the Board's opinion, participation in the PR&O Plan provides alignment between the potential incentive and reward outcomes for participants, as well as providing an important retention tool and reinforces the goal of creating sustainable value in the interests of securityholders.

Depending on the seniority of the employee, a combination of the above components is used to form an employee's total remuneration. There are no guaranteed base salary increases included in any employment contracts.

Short Term Incentive Scheme

The current STI scheme promotes the achievement of annual business goals of IFN in conjunction with the achievement of personal goals as they relate to each employee's position. Each employee has a set of agreed KPIs that are linked to, and determine, their STI. The STI is an at-risk performance related component of remuneration and is subject to the achievement of the stretch financial, strategic and operational KPIs set. The Nomination & Remuneration Committee has set STI opportunities for senior management that reflect each particular manager's seniority and role. The maximum STI opportunity for senior management ranges between 30 and 64 per cent of base salary. The Board determines the annual KPIs for the Managing Director/Chief Executive Officer which are then cascaded to the senior management team.

Employee Deferred Security Plan

The Employee Deferred Security Plan (EDS Plan) is designed to allow employees an opportunity to acquire stapled securities in IFN, and in doing so, further align the interests of employees with those of securityholders by providing a platform for the broader delivery of equity ownership to IFN employees.

The objectives of the EDS Plan are to:

- provide an incentive for the creation of, and focus on, securityholder wealth;
- further align the interests of employees with those of securityholders;
- ensure the remuneration packages of employees are consistent with market practice and provide competitive compensation;
- provide short to medium-term incentives for the retention of employees; and
- support the culture of employee stapled security ownership.

Under the EDS Plan, employees would have the ability to express a preference to receive IFN stapled securities instead of a portion of their potential future STI remuneration on a pre-tax basis in the form of restricted IFN stapled securities (Restricted Securities). In addition, IFN would be able to make awards of Restricted Securities to employees as a performance incentive or reward for exceptional performance, on terms and conditions as determined by the Board of IEL.

The Board of IEL is responsible for administering the EDS Plan in accordance with the EDS Plan Rules and the terms and conditions of specific grants of Restricted Securities to participants in the EDS Plan. An award of Restricted Securities under the EDS Plan is subject to both the EDS Plan Rules and the terms of the specific award. Restricted Securities allocated under the EDS Plan may be existing securities or newly issued securities. Any IFN stapled securities that are issued or transferred to employees under the EDS Plan will rank equally with those traded on the ASX at the time of issue. A participant is entitled to:

- receive distributions/dividends;
- participate in bonus and rights issues; and
- vote at general meetings of IFN,

in respect of the Restricted Securities that they hold under the EDS Plan (whether or not the Restricted Securities are subject to disposal restrictions or performance conditions).

DIRECTORS' REPORT

Under the EDS Plan, the Board of IEL has the discretion to determine which employees will be offered the opportunity to participate in the EDS Plan. At the time of the General Meeting of securityholders which approved the EDS Plan in April 2009, the Board of IEL indicated an intention to offer voluntary participation in the EDS Plan to a wide range of employees who may express a preference to sacrifice part of their salary or cash based incentives. The Restricted Securities would be purchased on-market or issued and would be held by employees subject to a holding lock for 10 years. However, the Board of IEL, in its absolute discretion, may approve the removal of the holding lock, but not before the terms and conditions set out under the relevant award have been satisfied.

Securities awarded under the EDS Plan as part of a mandatory STI allocation may be purchased on market or issued and would be held by Senior Managers subject to a specified holding lock period. The holding lock would expire on the 10th anniversary from the date of allocation, however the Board of IEL, in its absolute discretion, may approve the removal of the holding lock, but not until one year has passed in relation to 50% of the Restricted Securities and two years have passed in relation to the remaining Restricted Securities.

Due to the changes to the tax treatment of employee share schemes legislated in December 2009, no Restricted Securities have been awarded to employees of IFN under the EDS Plan since the establishment of the plan and during the year. Based on advice received by the Board of IEL, a decision has been made to withhold both mandatory and voluntary participation in the EDS Plan until such time that the Tax treatment of this plan provides a greater alignment of employee and securityholder interests.

Performance Rights & Options Plan

The Performance Rights and Options Plan (PR&O Plan) is designed to deliver to nominated Senior Managers an appropriate long-term equity participation interest in IFN, and in doing so, align the longer term interests of Senior Managers with those of securityholders. Any performance rights and options awarded to Senior Managers under the PR&O Plan are 'at risk' and will only vest if the terms and conditions set out under the relevant award are satisfied.

The Board of IEL may in its absolute discretion determine which eligible employees will be offered the opportunity to participate in the PR&O Plan. The PR&O Plan will allow the grant of performance rights and options to participants, with the PR&O Plan Rules setting out the general terms of the PR&O Plan. A grant of performance rights or options under the PR&O Plan is subject to both the PR&O Plan Rules and the terms of the specific grant. Other features of the PR&O Plan are as follows:

- the Board of IEL may impose performance conditions on any grants under the PR&O Plan to reflect IFN's business plans, targets, budgets and its performance objectives. Further information is provided below in relation to performance conditions.
- performance rights and options will not attract dividends, distributions or voting rights until they vest (and in the case of options, are exercised) and stapled securities are allocated (whether or not the stapled securities are subject to non-disposal restrictions).
- upon the performance conditions being satisfied in respect of a performance right and/or option:
 - the performance right automatically vests and IEL must procure the issue or transfer of an IFN stapled security to the participant; and
 - the option vests but the participant must determine whether to 'exercise' the option. Upon the exercise of the option and payment of relevant exercise price by the participant, IEL must procure the issue or transfer of an IFN stapled security to the participant.
- the Board of IEL may, in its discretion, accelerate the vesting of all or part of any unvested performance rights or options, including in circumstances such as death, total and permanent disablement, a change of control, a compromise or arrangement under Part 5.1 of the Corporations Act, winding up or delisting.
- the PR&O Plan provides for the acquisition by issue or transfer of fully paid stapled securities by the plan entity appointed by IEL. Stapled securities may then be transferred from the plan entity to a participant upon the relevant performance conditions being satisfied. Any stapled securities issued under the PR&O Plan will rank equally with those traded on the ASX at the time of issue.
- in the event of any capital reorganisation of IFN (including any bonus issues and rights issues), the participant's options or performance rights will be adjusted, as set out in the PR&O Plan Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the participant will not receive any advantage or disadvantage from such adjustment relative to IFN securityholders.

Due to the changes effecting the tax treatment of employee share schemes legislated in December 2009, no performance rights or options have been granted to employees of IFN under the PR&O Plan during the reporting period. However, as part of contractual negotiations, certain new senior full-time employees commencing in FY10 were advised that they would be entitled to receive share-based remuneration under the PR&O Plan. Due to the nature of the relevant positions, it was determined by the Nomination & Remuneration Committee that it was appropriate for these new senior employees to be included in the long-term incentive program. Proposed awards and conditions under the FY10 Grant had not been finalised as at the end of the period due to outstanding further advice at the time regarding the legislative changes introduced in December 2009.

DIRECTORS' REPORT

PR&O Plan Arrangements for the FY09 Grant

In 2009, the Board of IEL determined that the most appropriate form of incentive arrangement for the FY09 period for the Senior Managers was a long-term incentive arrangement. Following the internalisation of management, the Board of IEL determined that on a 'one-off' basis for FY09 nominated Senior Managers would receive a long-term incentive award under the PR&O Plan that encompassed:

- the Senior Manager's short-term incentive opportunity for FY09;
- the Senior Manager's long-term incentive award for FY09; and
- the Senior Manager's long-term incentive award for FY10.

For Senior Managers participating in the 'one-off' PR&O opportunity, the Board of IEL accelerated participation in the PR&O Plan by bringing forward the FY10 PR&O allocation. That 'one-off' opportunity in FY09 enhanced the retention capacity of IFN's reward framework and the alignment of Senior Manager's reward outcomes with the interests of securityholders. Notwithstanding, for any benefit to vest the IFN performance thresholds as outlined below must be achieved.

For Senior Managers who received the FY09 Grant under the PR&O Plan (which incorporated the FY10 LTI award), the Board did not make any further awards under the PR&O Plan to those Senior Managers in respect of FY10.

Performance Conditions of Awards Granted Under the PR&O Plan for the FY09 Grant

1. Participants received 50% of their award in the form of performance rights and 50% in the form of options. Performance rights and options were awarded to participants in two tranches of equal value (**Tranche 1** and **Tranche 2**).
2. The measures used to determine performance and the subsequent vesting of performance rights and options are Total Shareholder Return (TSR) and a financial performance test. The vesting of Tranche 1 of the performance rights and Tranche 1 of the options is subject to the TSR condition, while Tranche 2 of the performance rights and Tranche 2 of the options is subject to an Operational Performance condition. The Operational Performance condition is determined by an earnings before interest, taxes, depreciation and amortisation (EBITDA) test.

	Performance Rights	Options
Tranche 1	TSR condition	TSR condition
Tranche 2	Operational Performance condition	Operational Performance condition

3. The Tranche 1 TSR condition is measured over a 3 year period from 1 January 2009 to 31 December 2011.
4. The Tranche 2 Operational Performance condition is measured over a 3 year period from 1 July 2008 to 30 June 2011.
5. **TSR condition** (applicable to Tranche 1 performance rights and Tranche 1 options): TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the Tranche 1 performance rights and the Tranche 1 options to vest, the TSR of IFN will be compared to companies in the S&P/ASX 200 (excluding financial services and the materials/resources sector). The performance period commences on 1 January 2009 and ends on 31 December 2011. For the purpose of calculating the TSR measurement, the security prices of each company in the S&P/ASX 200 (as modified above) and of IFN will be averaged over the 30 trading days preceding the start and end date of the performance period.

The percentage of the Tranche 1 performance rights and Tranche 1 options that vest are as follows:

IFN's TSR performance compared to the relevant peer group	Percentage of Tranche 1 performance rights and Tranche 1 options to vest
0 to 49th percentile	Nil
50th to 74th percentile	50% – 98% (ie. for every percentile increase between 50% and 74% an additional 2% of the TSR grant will vest)
75th to 100th percentile	100%

6. **Operational Performance condition** (applicable to Tranche 2 performance rights and Tranche 2 options): the vesting of the Tranche 2 performance rights and Tranche 2 options is subject to an Operational Performance condition. In the context of the market volatility and the changing circumstances of IFN moving to an operational business, this Operational Performance condition is to be established annually by the Board. At the completion of the 3 year performance period, the Operational Performance conditions which have been set will provide a cumulative hurdle which must be achieved in order for the Operational Performance condition to be satisfied.

The Operational Performance condition will test the multiple of EBITDA to Capital Base, with the annual target being a specified percentage increase in the multiple over the year. The Capital Base will be measured as equity (net assets) plus net debt. Both the EBITDA and Capital Base will be measured on a proportionately consolidated basis to reflect IFN's economic interest in all investments.

For the awards granted in the FY09 Grant under the PR&O Plan, the annual targets for FY09 and FY10 were set to reflect the performance expectations of IFN's business and prevailing market conditions at the respective times. The annual Operational Performance target for each subsequent financial year will be established by the Board of IEL no later than the time of the release of IFN's annual financial results for the preceding financial year.

DIRECTORS' REPORT

The annual Operational Performance targets are confidential to IFN, however each year's target, and the performance against that target, will be disclosed in IFN's Annual Report for that year.

7. Any performance rights or options that do not vest following the measurement of performance against the TSR and Operational Performance conditions described above will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 TSR performance condition and 30 June 2012 in regards to the Tranche 2 Operational Performance condition). Any performance rights or options that do not vest in year 4 will then lapse.
8. The Board of IEL will accelerate the vesting of any performance rights or options awarded in the FY09 Grant in the event of a change in control of IFN as approved by securityholders at the General Meetings held on 29 April 2009.

PR&O Plan Arrangements for the FY10 Grant

During the reporting period, as part of contractual negotiations, certain new senior full-time employees were advised that they would be entitled to receive share-based remuneration under the PR&O Plan (FY10 Grant). Due to the nature of the relevant positions, it was determined by the IEL Nomination & Remuneration Committee that it was appropriate for these new senior employees to be included in the long-term incentive program. Proposed awards and conditions under the FY10 Grant had not been finalised as at the end of the period due to outstanding further advice at the time regarding the legislative changes introduced in December 2009.

Remuneration Policy and the Performance of Infigen Energy

Following the acquisition by the Infigen Energy group of IERL and the internalisation of management on 31 December 2008, a greater alignment between the interests of management and securityholders has occurred by a transformed Infigen Energy remuneration framework involving greater 'at risk' components of remuneration, such as:

- **short-term incentive arrangements:** the inclusion of annual 'hurdle' Key Performance Indicators for all employees whereby a material proportion of potential STI reward is subject to the achievement by the IFN group of set financial hurdles; and
- **long-term incentive arrangements:** the establishment of the Employee Deferred Security Plan and the Performance Rights & Options Plan, including the subsequent granting of awards to Senior Managers under the PR&O Plan (FY09 Grant) whereby vesting of all awards is subject to achievement of Total Shareholder Return and Operational Performance conditions over a multi-year period.

With a greater 'at risk' component of remuneration, a greater alignment of the interests of management and securityholders has been achieved, resulting in an enhanced link between the remuneration framework and the performance of Infigen Energy. If relevant hurdles and conditions are not achieved by the IFN group, then a direct proportion of remuneration is forgone by employees. Furthermore, with the vesting of awards under share-based remuneration plans subject to multi-year conditions, this retention element of the plans further aligns the longer-term interests of senior management and securityholders.

Relevant metrics for the financial year periods for IFN since listing on the ASX on 28 October 2005 are included in the table below.

	30 June 2006	30 June 2007	30 June 2008	30 June 2009	30 June 2010
Closing security price	\$1.51	\$1.95	\$1.645	\$1.15	\$0.715
Revenue ¹ (m)	\$85.6	\$171.9	\$254.3	\$303.8	\$295.6
EBITDA from operations ¹ (m)	\$64.6	\$126.5	\$193.0	\$215.2	\$195.5
Distributions (cents per security)	10.2	12.5	14.5	9.0	2.0
Net assets per security	\$1.16	\$1.10	\$1.30	\$1.14	\$0.95
Total securities on issue	575,301,766	673,070,882	868,600,694	808,176,924 ²	760,374,428 ²

¹ Revenue and EBITDA from operations figures exclude the results of discontinued operations in the year of disposal and the year prior to disposal. The Portuguese and Spanish asset portfolios were sold by Infigen Energy on 21 November 2008 and 9 January 2009, respectively. These asset sales achieved a collective net gain on sale of \$267.7 million and a significant deleveraging of the business. On 6 April 2010, the French asset portfolio was sold for a net loss on sale, including interest rate swap settlements, foreign exchange losses realised and advisory costs, of \$12.9 million and a further deleveraging of the business.

² The reduction in securities on issue during FY09 and FY10 is a result of the on-market security buy-back programs.

DIRECTORS' REPORT

INFIGEN ENERGY – EXECUTIVES

In accordance with the Corporations Act 2001, the following persons were key management personnel, relevant group executives and company executives (Executives) of the Infigen Energy group during the financial year:

M George	Chief Executive Officer
G Dutailis	Chief Operating Officer
G Dover	Chief Financial Officer
S Taylor	General Manager, Generation Australia
A George	General Manager, Energy Markets Australia
D Richardson	Company Secretary
C Gunning	General Counsel

The remuneration information stated in the remainder of this report relates to the total remuneration received by the Executives for their respective roles in managing the Infigen Energy group. A component of the Executives day-to-day activities relates to management of the responsible entity and the Trust, however this component is not able to be separately quantified from the total remuneration received by the Executives.

TABLE 1: REMUNERATION OF EXECUTIVES FOR THE YEARS ENDED 30 JUNE 2009 AND 2010

Details of the nature and amount of each element of the emoluments of each Executive for the years ended 30 June 2009 and 2010 are set out in the table below.

Executive	Year	Short-term employee benefits				Total of short-term employee benefits	Post-employment benefits	Other long-term employee benefits	Share-based payments ^{1, 2}		Total
		Salary	STI paid in current period ³	Retention payment ⁴	Non-monetary benefits		Super-annuation	Long Service Leave	Equity settled	Cash settled	
		\$	\$	\$	\$	\$	\$	\$	\$	\$	
M George	FY10	550,000	–	220,000	–	770,000	14,461	9,178	647,215	–	1,440,854
	FY09	662,499	512,077	–	–	1,174,576	13,744	10,432	(158,755)	(42,576)	997,421
G Dutailis	FY10	370,000	–	160,000	–	530,000	14,461	6,174	336,552	–	887,187
	FY09	407,500	270,096	–	–	677,596	13,744	6,591	(19,471)	(8,777)	669,683
G Dover	FY10	370,000	–	160,000	–	530,000	14,461	6,174	336,552	–	887,187
	FY09	407,500	270,096	–	–	677,596	13,744	6,591	107,176	(8,777)	796,330
S Taylor	FY10	375,000	75,000	–	–	450,000	14,461	6,257	9,038 ⁷	–	479,757
	FY09	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
A George ⁵	FY10	173,654	–	–	–	173,654	7,231	2,898	26,702 ⁷	–	210,484
	FY09	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
D Richardson	FY10	250,000	–	52,500	–	302,500	14,461	4,172	95,917	–	417,050
	FY09	228,000	131,000	–	–	359,000	13,744	3,832	21,730	–	398,306
C Gunning ⁶	FY10	176,000	–	–	–	176,000	10,845	1,468	100,965	–	289,278
	FY09	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Total											
Remuneration	FY10	2,264,654	75,000	592,500	–	2,932,154	90,382	36,321	1,552,941	–	4,611,797
	FY09	1,705,499	1,183,269	–	–	2,888,768	54,976	27,446	(49,320)	(60,130)	2,861,740

¹ For the period 1 January 2009 to 30 June 2009 and FY10, share-based payments includes performance rights and options relating to IFN stapled securities.

² Options, bonus deferral rights and share awards that were held by the Executives relating to Babcock & Brown ordinary shares prior to the termination of the Management Agreements with Babcock & Brown were forfeited or expired on 31 December 2008. In some instances, this has resulted in a net negative value for share based payments presented in the table in FY09 due to the expense that was previously recognised in relation to these options, bonus deferral rights and share awards being reversed.

³ Short Term Incentives for FY09 refers to the STI paid in relation to prior employment with the Babcock & Brown group. STI for FY10 paid to S Taylor relates to the transition from a fixed term contract as General Manager, IFN United States, to full-time employment as General Manager, Generation Australia.

⁴ Retention payments were made in accordance with the separation agreement with the Babcock & Brown group – there are no further retention payment obligations.

⁵ A George commenced employment with IFN on 4 January 2010.

⁶ C Gunning commenced maternity leave on 4 January 2010.

⁷ These are approximate accounting valuations of equity settled remuneration based on contractual obligations made in FY10 to S Taylor and A George. Performance rights have not yet been granted.

DIRECTORS' REPORT

TABLE 2: REMUNERATION COMPONENTS AS A PROPORTION OF TOTAL REMUNERATION

The relative proportion of fixed remuneration to performance-based remuneration for FY10 is set out below.

Executive	Fixed remuneration ¹ (%)	Performance-based remuneration			Total (%)
		Cash STI (%)	Retention ² (%)	Share-based payments ³ (%)	
M George	40	0	15	45	100
G Dutailis	44	0	18	38	100
G Dover	44	0	18	38	100
S Taylor	82	16 ⁴	0	2	100
A George	87	0	0	13	100
D Richardson	64	0	13	23	100
C Gunning	65	0	0	35	100

¹ Fixed Remuneration consists of salary, non-monetary benefits, superannuation and long service leave.

² Retention payments were made in accordance with the separation agreement with the Babcock & Brown group – there are no further retention payment obligations.

³ Share-based payments refer to the value of performance rights and options relating to IFN securities.

⁴ Cash STI paid to S Taylor in FY10 relates to the transition from a fixed term contract as General Manager, IFN United States, to full-time employment as General Manager, Generation Australia.

Infigen Energy's current remuneration strategy is to provide a balanced compensation mix by rewarding superior performance in achieving strategic, financial and operational performance objectives as well as aligning the longer term interests of management with those of securityholders.

IFN Performance Rights and Options

Performance rights and options over IFN stapled securities were granted to Executives in FY09 under the Performance Rights & Options Plan (FY09 Grant).

During the reporting period, as part of contractual negotiations, certain new senior full-time employees were advised that they would be entitled to receive share-based remuneration under the PR&O Plan (FY10 Grant). However, proposed awards and conditions under the FY10 Grant had not been finalised as at the end of the period due to outstanding further advice at the time regarding the legislative changes introduced in December 2009.

No performance rights or options in relation to IFN securities vested or became exercisable in FY10. No IFN securities were acquired by Executives upon the exercise of options during FY10.

DIRECTORS' REPORT

TABLE 3: VALUE OF REMUNERATION THAT VESTS IN FUTURE YEARS

Remuneration amounts provided in the table below refer to the maximum value of performance rights and options relating to IFN securities. These amounts have been determined at grant date by using an appropriate pricing model and amortised in accordance with AASB 2 'Share Based Payment'. The minimum value of remuneration that may vest is nil.

Executive	Maximum value of remuneration which is subject to vesting		
	FY10 (\$)	FY11 (\$)	FY12 (\$)
M George	647,215	647,215	138,797
G Dutailis	336,552	336,552	72,174
G Dover	336,552	336,552	72,174
S Taylor ¹	9,038	18,328	18,378
A George ¹	26,702	55,064	55,215
D Richardson	95,917	95,917	20,570
C Gunning	100,965	100,965	21,652

¹ These are approximate accounting valuations of equity settled remuneration based on contractual obligations made in FY10 to S Taylor and A George. Performance rights have not yet been granted.

Outstanding Performance Rights

Performance rights relating to IFN securities awarded to participants in the Performance Rights & Options Plan for the FY09 Grant were granted in two tranches and have a 3 year performance measurement period. Vesting of Tranche 1 is subject to a Total Shareholder Return (TSR) condition and Tranche 2 is subject to an Operating Performance condition. Upon relevant performance conditions being met, the performance rights granted automatically vest and the holder will receive one fully paid ordinary IFN stapled security per performance right vested. The performance rights do not attract dividends, distributions or voting rights until they vest and stapled securities are allocated. No exercise price is payable in relation to the performance rights and no amounts have been paid or are payable by the recipient for the granting of these performance rights. No performance rights vested or were exercised during the year and all performance rights held as at 30 June 2010 are unvested and unexercisable. Two employees that participated in the FY09 Grant are no longer employed by IFN and their entitlements in relation to performance rights under the FY09 Grant have lapsed.

Any performance rights which do not vest following the measurement of performance against the relevant conditions will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 and 30 June 2012 in regards to the Tranche 2). Any performance rights which do not vest after each single retest period will then lapse.

TABLE 4: TERMS AND CONDITIONS OF OUTSTANDING PERFORMANCE RIGHTS

The table below provides the terms and conditions of outstanding performance rights relating to IFN securities which have been granted to Executives (FY09 Grant). The performance rights are valued as at the deemed grant date.

Executive ¹	Granted number	Grant date	Value per performance right (\$)	Total value of performance rights granted (\$)	Estimated vesting date ²	
					Tranche 1	Tranche 2
M George	1,112,925	27/3/09	0.626	696,844	31/12/11	30/6/11
G Dutailis	578,721	27/3/09	0.626	362,359	31/12/11	30/6/11
G Dover	578,721	27/3/09	0.626	362,359	31/12/11	30/6/11
D Richardson	164,935	27/3/09	0.626	103,272	31/12/11	30/6/11
C Gunning	173,616	27/3/09	0.626	108,708	31/12/11	30/6/11

¹ In accordance with contractual obligations, a proportion of remuneration for S Taylor and A George in FY10 relates to share based payments, however the details and conditions of the potential performance rights to be granted are not sufficiently finalised to be included in the above table.

² Any performance rights which do not vest after the 3 year performance measurement period are subject to a single retest period for a further year respectively.

DIRECTORS' REPORT

Outstanding Options

Options relating to IFN securities awarded to participants in the Performance Rights & Options Plan for the FY09 Grant were granted in two tranches and have a 3 year performance measurement period. Vesting of Tranche 1 is subject to a TSR condition and Tranche 2 is subject to an Operating Performance condition. Upon vesting, each option entitles the holder to subscribe for one fully paid ordinary IFN stapled security upon payment of the relevant exercise price per security. The options do not attract dividends, distributions or voting rights until they vest and stapled securities are allocated. These options were issued at no cost and no amounts have been paid, or are payable, by the recipient for the granting of these options. No options relating to IFN securities vested or were exercised during the year and all options held at 30 June 2010 are unvested and unexercisable. Two employees that participated in the FY09 Grant are no longer employed by IFN and their entitlements in relation to options under the FY09 Grant have lapsed.

Any options which do not vest following the measurement of performance against the relevant conditions will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 and 30 June 2012 in regards to the Tranche 2). Any options which do not vest after that single retest period will then lapse.

TABLE 5: TERMS AND CONDITIONS OF OUTSTANDING OPTIONS

The table below provides the terms and conditions of outstanding options relating to IFN securities which have been granted to Executives. The options are valued as at the deemed grant date.

Executive ¹	Granted number	Grant date	Value per option (\$)	Total value of options granted (\$)	Exercise price per option (\$)	Estimated vesting date ²		Expiry date of vested options
						Tranche 1	Tranche 2	
M George	5,053,908	27/3/09	0.209	1,057,331	0.897	31/12/11	30/6/11	31/12/13
G Dutailis	2,628,032	27/3/09	0.209	549,812	0.897	31/12/11	30/6/11	31/12/13
G Dover	2,628,032	27/3/09	0.209	549,812	0.897	31/12/11	30/6/11	31/12/13
D Richardson	748,989	27/3/09	0.209	156,696	0.897	31/12/11	30/6/11	31/12/13
C Gunning	788,410	27/3/09	0.209	164,944	0.897	31/12/11	30/6/11	31/12/13

¹ The proportion of remuneration for S Taylor and A George in FY10 relating to share-based payments will not include a grant of options.

² Any options which do not vest after the 3 year performance measurement period are subject to a single retest period for a further year respectively.

Executive Employment Contracts

The base salaries for Executives as at 30 June 2010, in accordance with their employment contract, are as follows:

M George	\$550,000
G Dutailis	\$370,000
G Dover	\$370,000
S Taylor	\$300,000
A George	\$350,000
D Richardson	\$250,000
C Gunning	\$260,000

Employment contracts relating to the Executives contain the following conditions:

Duration of contract	Open-ended
Notice period to terminate the contract	For M George, G Dutailis, G Dover and S Taylor, their employment is able to be terminated by either party on 6 months' written notice. For A George, D Richardson and C Gunning, their employment is able to be terminated by either party on 3 months' written notice. IFN may elect to pay an amount in lieu of completing the notice period, calculated on the base salary as at the termination date.
Termination payments provided under the contract	Upon termination, any accrued but untaken leave entitlements, in accordance with applicable legislation, are payable. If made redundant, a severance payment equivalent to 4 weeks base salary for each year of service (or part thereof), up to a maximum of 36 weeks.

DIRECTORS' REPORT

This report is made in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001*.
On behalf of the Directors of Infigen Energy RE Limited, the responsible entity of the Infigen Energy Trust:



Douglas Clemson
Director

Sydney, 14 September 2010



Miles George
Director

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Trust for the year ended 30 June 2010, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Infigen Energy Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Darren Ross', with a horizontal line underneath.

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
14 September 2010

INDEPENDENT AUDITOR'S REPORT



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Independent auditor's report to the members of Infigen Energy Trust

Report on the financial report

We have audited the accompanying financial report of Infigen Energy Trust (the Trust), which comprises the statement of financial position as at 30 June 2010, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for the Infigen Energy Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Infigen Energy RE Limited (the responsible entity) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the members of Infigen Energy Trust (continued)

Our audit did not involve an analysis of the prudence of business decisions made by directors or management.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion:

- (a) the financial report of Infigen Energy Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2010 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
- (b) the consolidated financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 8 to 19 of the directors' report for the year ended 30 June 2010. The directors of the responsible entity are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the members of Infigen Energy Trust (continued)

Auditor's opinion

In our opinion, the remuneration report of Infigen Energy Trust for the year ended 30 June 2010, complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script that reads "Darren Ross".

Darren Ross
Partner

Sydney
14 September 2010

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Interest income		926	2,716
Operating expenses	2	(761)	(671)
Significant non-recurring items	2	–	(4,909)
Share of net profit of associates	7	2,043	2,312
Loss recognised on disposal of associate	7	(36,387)	–
Loss from operating activities		(34,179)	(552)
Finance costs attributable to unit holders:			
Non-controlling interest's holding on disposal of associate	7	31,179	–
Net profit for the year attributable to the non-controlling interest	7	(654)	(740)
Net operating loss		(3,654)	(1,292)
Total comprehensive loss for the period		(3,654)	(1,292)
Net operating loss attributable to unit holders		(3,654)	(1,292)
Comprehensive loss attributable to unit holders		(3,654)	(1,292)
Earnings per unit based on earnings attributable to unit holders:			
Basic (cents per unit)	11	(0.5)	(0.2)
Diluted (cents per unit)	11	(0.5)	(0.2)

The above statements of comprehensive income should be read in conjunction with the accompanying Notes to the financial statements.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Current assets			
Cash and cash equivalents	16	259	757
Trade and other receivables	5	763,730	839,300
Total current assets		763,989	840,057
Non-current assets			
Receivables	5	–	1,216
Investment in associate	7	–	56,632
Total non-current assets		–	57,848
Total assets		–	897,905
Current liabilities			
Trade and other payables	8	–	561
Total current liabilities		–	561
Non-current liabilities			
Payables	8	696	494
Share of net assets attributable to non-controlling interests	7	–	30,525
Total non-current liabilities		696	31,019
Total liabilities		696	31,580
Net assets		763,293	866,325
Equity			
Contributed equity	9	774,979	851,352
Retained profits	10	(11,686)	14,973
Total equity and net assets attributable to the unit holders		763,293	866,325

The above statements of financial position should be read in conjunction with the accompanying Notes to the financial statements.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2010

	Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at 1 July 2008		1,003,487	16,265	1,019,752
Net loss for the period		–	(1,292)	(1,292)
Total comprehensive income for the period		–	(1,292)	(1,292)
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs	9	9,717	–	9,717
Purchase of securities – on market buyback	9	(60,708)	–	(60,708)
Distributions paid	9	(101,144)	–	(101,144)
Total equity at 30 June 2009		851,352	14,973	866,325
Total equity at 1 July 2009		851,352	14,973	866,325
Net loss for the period		–	(3,654)	(3,654)
Total comprehensive income for the period		–	(3,654)	(3,654)
Transactions with equity holders in their capacity as equity holders:				
Purchase of securities – on market buyback	9	(39,738)	–	(39,738)
Distributions paid	9	(36,635)	–	(36,635)
Distribution of capital gains relating to disposal of investment in associate	10	–	(23,005)	(23,005)
Total equity at 30 June 2010		774,979	(11,686)	763,293

The above statements of changes in equity should be read in conjunction with the accompanying notes.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

	Note	2010 \$'000	2009 \$'000
Cash flows from operating activities			
Loss for the year		(3,654)	(1,292)
Adjustments for:			
Share of associate profit (net of non-controlling interests)	7	(1,389)	(1,572)
Loss on disposal of associate		36,387	–
Gain recognised on disposal of non-controlling interest in associate		(31,179)	–
Changes in net assets and liabilities:			
(Increase)/decrease in assets:			
Current receivables		3,543	(2,738)
Increase/(decrease) in liabilities:			
Payables		(359)	(327)
Net cash provided by/(used in) operating activities		3,349	(5,929)
Cash flows from investing activities			
Proceeds from disposal of interest in associate	7	31,509	–
Net cash (used in)/provided by investing activities		31,509	–
Cash flows from financing activities			
Proceeds from repayment of borrowings		73,243	158,132
Loans to related parties		(32,226)	–
Payment for units buyback	9	(39,738)	(60,708)
Distributions paid to security holders	12	(36,635)	(91,399)
Net cash provided by/(used in) financing activities		(35,356)	6,025
Net (decrease)/increase in cash and cash equivalents		(498)	96
Cash and cash equivalents at the beginning of the financial year		757	661
Cash and cash equivalents at the end of the financial year	16	259	757

The above cash flow statements should be read in conjunction with the accompanying Notes to the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

NOTE	CONTENTS
1	Summary of accounting policies
2	Profit from operations
3	Remuneration of auditors
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6	Changes in the composition of the consolidated entity
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes financial statements for the consolidated entity consisting of the Infigen Energy Trust and its subsidiaries.

Summarised financial information relating to the parent entity, IET, is presented in note 19.

Prior period amounts for loans to related parties have been reclassified to conform with current year presentation.

Stapled security

The shares of Infigen Energy Limited ("IEL") and Infigen Energy (Bermuda) Limited ("IEBL") and the units of Infigen Energy Trust, ("IET") are combined and issued as stapled securities in Infigen Energy Group ("Infigen" or the "Group"). The shares of IEL and IEBL and the units of IET cannot be traded separately and can only be traded as stapled securities.

This financial report consists of the consolidated financial statements of IET, which comprises IET and its controlled entities.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards ("AIFRS"). Compliance with AIFRS ensures that the consolidated financial statements and notes of IET comply with International Financial Reporting Standards ("IFRS").

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through the income statement.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IET as at 30 June 2010 and the results of all subsidiaries for the year then ended. IET and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with non-controlling interests as transactions with parties external to the Group. Disposals to non-controlling interests results in gains and losses for the Group that are recorded in the income statement. Purchases from non-controlling interests result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the financial results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheets respectively.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Refer to Note 7 for a further explanation of equity accounting of associates.

(c) Trust Formation

IET was established in Australia on 16 June 2003. On 26 September 2005, the Trust became a registered scheme. On 26 September 2005 Infigen Energy RE Limited became the responsible entity of the Trust.

(d) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(f) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors.

Change in accounting policy

The Group has applied AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Standards arising from AASB 8* from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any changes to the reportable segments presented from the prior period.

(g) Parent entity financial information

The financial information for the parent entity, Infigen Energy Trust, disclosed in note 19 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of Infigen Energy Trust. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Financial guarantees

Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.

(h) Income tax

Under current legislation, IET is not subject to income tax as unit holders are presently entitled to the income of the Trust.

(i) Revenue recognition

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(j) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents comprise cash on hand and in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(k) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment. Trade receivables are generally due for settlement within 30 days.

(l) Contributed equity

Units are classified as equity. Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as the result of a buy-back, those instruments are deducted from equity and the associated units are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(m) Earnings per unit

Basic earnings per unit is calculated by dividing the profit or loss attributable to unit holders, excluding any costs of servicing equity other than the units, by the weighted average number of units outstanding during the financial year, adjusted for bonus elements in units issued during the year.

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

(n) Fair value estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purpose.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market prices for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

(o) Rounding of amounts

The consolidated entity is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(p) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2010 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 2009-8 Amendments to Australian Accounting Standards – Group Cash-Settled Share-based Payment Transactions [AASB 2] (effective from 1 January 2010)

The amendments made by the AASB to AASB 2 confirm that an entity receiving goods or services in a group share-based payment arrangement must recognise an expense for those goods or services regardless of which entity in the group settles the transaction or whether the transaction is settled in shares or cash. They also clarify how the group share-based payment arrangement should be measured, that is, whether it is measured as an equity – or a cash-settled transaction. The Trust will apply these amendments retrospectively for the financial reporting period commencing on 1 July 2010. There will be no impact on the Trust's financial statements.

(ii) AASB 2009-10 Amendments to Australian Accounting Standards – Classification of Rights Issues [AASB 132] (effective from 1 February 2010)

In October 2009 the AASB issued an amendment to AASB 132 *Financial Instruments: Presentation* which addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. Provided certain conditions are met, such rights issues are now classified as equity regardless of the currency in which the exercise price is denominated. Previously, these issues had to be accounted for as derivative liabilities. The amendment must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The Trust will apply the amended standard from 1 July 2010. As the Trust has not made any such rights issues, the amendment will not have an effect on the Trust's financial statements.

(iii) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 (effective from 1 January 2013)

AASB 9 *Financial Instruments* addresses the classification and measurement of financial assets and is likely to affect the group's accounting for its financial assets. The standard is not yet applicable until 1 January 2013 but is available for early adoption. AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Trust has not yet decided when to adopt AASB 9. The Trust does not hold any financial instruments as at 30 June 2010. The Trust has not yet decided when to adopt AASB 9 and has not assessed the impact as yet.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

1. SUMMARY OF ACCOUNTING POLICIES (CONT'D)

(iv) Revised AASB 124 Related Party Disclosures and AASB 2009-12 Amendments to Australian Accounting Standards (effective from 1 January 2011)

In December 2009 the AASB issued a revised AASB 124 *Related Party Disclosures*. It is effective for accounting periods beginning on or after 1 January 2011 and must be applied retrospectively. The amendment removes the requirement for government-related entities to disclose details of all transactions with the government and other government-related entities and clarifies and simplifies the definition of a related party. The Trust will apply the amended standard from 1 July 2011. The changes to AASB 124 will not have an impact on the financial statements of the Trust.

(v) AASB Interpretation 19 Extinguishing financial liabilities with equity instruments and AASB 2009-13 Amendments to Australian Accounting Standards arising from Interpretation 19 (effective from 1 July 2010)

AASB Interpretation 19 clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments to the creditor (debt for equity swap). It requires a gain or loss to be recognised in profit or loss which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued. The Trust will apply the interpretation from 1 July 2010. It is not expected to have an impact on the financial statements of the Trust since it is only retrospectively applied from the beginning of the earliest period presented (1 July 2009) and the Trust has not entered into any debt for equity swaps since that date.

(vi) AASB 2009-14 Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement (effective from 1 January 2011)

In December 2009, the AASB made an amendment to Interpretation 14 *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment removes an unintended consequence of the interpretation related to voluntary prepayments when there is a minimum funding requirement in regard to the entity's defined benefit scheme. It permits entities to recognise an asset for a prepayment of contributions made to cover minimum funding requirements. The Trust does not make any such prepayments. The amendment is therefore not expected to have an impact on the Trust's financial statements. The Trust intends to apply the amendment from 1 July 2011.

(q) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Estimated useful economic life of property, plant and equipment

The Trust's former associate depreciates property, plant and equipment over 25 years. This period of depreciation is utilised for assets that have useful economic lives in excess of 25 years as the life of the project is 25 years and no determination to extend the life of the project has been made at this stage.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

2. PROFIT FROM OPERATIONS

	2010 \$'000	2009 \$'000
Profit before income tax has been arrived at after charging the following expenses:		
Operating expenses:		
Administration, consulting, legal and Responsible Entity fees	761	671
	761	671
Significant non-recurring items		
Termination of management agreements (refer below)	–	4,850
Management charges – base fees ¹	–	59
	–	4,909

The Infigen Energy Group had previously entered into management agreements and an exclusive financial advisory agreement with Babcock & Brown. During the year ended 30 June 2009, the Infigen Energy Group terminated these agreements for a total settlement of \$40,000,000 before associated costs.

Of the \$40,000,000, a settlement of \$4,180,000 before associated costs was made by the Trust in the year ended 30 June 2009.

¹ Refer to Note 14 for further details

3. REMUNERATION OF AUDITORS

	2010 \$	2009 \$
Assurance services		
PricewaterhouseCoopers: Audit services		
Audit and review of the financial report	40,560	41,126

4. KEY MANAGEMENT PERSONNEL REMUNERATION

The responsible entity of Infigen Energy Trust is Infigen Energy RE Limited ("IERL").

Details of key management personnel

The following directors were Key Management Personnel ("KMP") of Infigen during the whole of the financial year:

- Anthony Battle
- Douglas Clemson
- Graham Kelly (appointed 20 October 2008)
- Miles George (appointed 1 January 2009)
- Michael Hutchinson (appointed 18 June 2009)

The following persons were a director or alternate director of IEL from the beginning of the prior financial year until their resignation:

- Antonino Lo Bianco (resigned as an alternate director on 8 December 2008)
- Warren Murphy (resigned as a director on 29 April 2009)
- Peter Hofbauer (resigned as a director on 18 June 2009)
- Nils Andersen (resigned as a director on 18 June 2009)¹
- Michael Garland (resigned as an alternate director on 18 June 2009)

¹ Appointed as a Director of Infigen Energy RE Limited ("IERL"), the responsible entity for the Trust, on 9 September 2005. Appointed as a director of IEL and IEBL on 8 October 2008. Resigned as a director of IEL, IEBL and IERL on 18 June 2009.

Other KMP of the Trust were:

Name	Role	2010	2009
M George	Chief Executive Officer	Note 1	Note 1
G Dutailis	Chief Operating Officer	✓	✓
G Dover	Chief Financial Officer	✓	✓
D Richardson	Company Secretary	x	✓

Note 1: As noted above, Miles George was appointed as a director on 1 January 2009. Prior to this date, during the year ended 30 June 2009, he was a KMP by virtue of his role of Chief Executive Officer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

Key management personnel remuneration

KMPs are not remunerated by the Trust. Payments made by the Trust to the responsible entity do not include any amounts attributable to the remuneration of KMPs.

Non-Executive Directors of IERL, the responsible entity of IET, are remunerated by IERL. Other KMPs of Infigen are remunerated by the Infigen Energy Group.

The aggregate remuneration of Non-Executive Directors of IERL and other KMPs of Infigen that are paid by the Infigen Energy Group during FY09 and FY10 is set out below:

	2010 \$	2009 \$
Short-term employee benefits	2,072,203	3,197,407
Post-employment benefits (superannuation)	65,181	73,830
Other Long-term benefits / Share based payments	1,341,845	(82,006)
Total	3,479,229	3,189,231

Rights, options and awards held over Infigen securities

Consistent with the termination of management agreements that were in place between Infigen and Babcock & Brown, KMPs that had been previously employed by Babcock & Brown became employees of Infigen on 1 January 2009.

Options, fund bonus deferral rights, and share awards that were held by KMPs over Babcock & Brown securities prior to the termination of management agreements were forfeited or expired on 31 December 2008. This has resulted in the negative value for share based payments in FY09 as the expense that was previously recognised in relation to these options, fund bonus deferral rights and share awards was reversed in FY09. No additional options, bonus deferral rights and share awards were granted over Babcock & Brown securities to KMPs during FY09.

Performance rights and options over Infigen securities were granted to KMPs in FY09 under the Performance Rights & Options (PR&O) Plan.

No performance rights or options over Infigen securities vested or became exercisable in FY09 and FY10. No Infigen securities were acquired by KMPs as a result of the exercise of options during FY09 or FY10. No performance rights or options were granted, exercised or vested during the year ended 30 June 2010.

Performance rights and options held by KMPs over Infigen securities over the period 1 July 2008 to 30 June 2010 are set out below.

Set out below are summaries of performance rights granted:

	Grant date	Expiry date	Exercise price	Balance at start and end of the year Number
M George	27 Mar 2009	–	N/A	1,112,925
G Dutailis	27 Mar 2009	–	N/A	578,721
G Dover	27 Mar 2009	–	N/A	578,721

Set out below are summaries of options granted:

	Grant date	Expiry date	Exercise price	Balance at start and end of the year Number
M George	27 Mar 2009	31 Dec 2013	\$0.897	5,053,908
G Dutailis	27 Mar 2009	31 Dec 2013	\$0.897	2,628,032
G Dover	27 Mar 2009	31 Dec 2013	\$0.897	2,628,032

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONT'D)

Security holdings in Infigen

No Infigen securities were granted as remuneration to KMPs during FY09 and FY10. Security holdings of KMPs, including their personally related parties, in Infigen securities over the period 1 July 2009 to 30 June 2010 are set out below.

There was no movement in security holdings of KMPs during the year ended 30 June 2010.

	Balance 1 July 2008	Acquired during the 2009 year	Sold during the 2009 year	Balance 1 July 2009 and 30 June 2010
G Kelly	N/A	–	–	10,000
A Battle	37,634	5,000	–	42,634
D Clemson	140,000	–	–	140,000
M Hutchinson	N/A	–	–	–
N Andersen	11,694	–	–	N/A
P Hofbauer	3,569,253	–	500,000	N/A
W Murphy	2,406,241	150,351	2,406,241	N/A
M Garland	2,142,000	–	1,513,475	N/A
A Lo Bianco	2,142,000	–	–	N/A
M George	500,000	–	–	500,000
G Dutailis	607,820	34,000	–	641,820
G Dover	10,000	–	–	10,000

Loans to key personnel and their personally related entities from Infigen

No loans have been made by Infigen to KMPs or their personally related parties during FY09 and FY10.

There are no other transactions with KMPs.

5. TRADE AND OTHER RECEIVABLES

	2010 \$'000	2009 \$'000
Current		
Loans to related parties	763,730	835,757
Interest receivable	–	3,386
GST and other tax receivables	–	23
Other	–	134
	763,730	839,300
Non-current		
Loans to associates	–	1,216
	–	1,216

6. CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

On 29 June 2010, the Trust disposed of its associate interest in Walkaway Wind Power Pty Limited to WWP Holdings Pty Limited (a wholly owned subsidiary of IEL). Refer to Note 7.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7. INVESTMENT IN ASSOCIATE

On 29 June 2010, Renewable Power Ventures Investment Trust ("RPVIT"), a subsidiary of IET, sold all interests that it held in Walkaway Wind Power Pty Limited ("WWP") to WWP Holdings Pty Limited, a 100% owned subsidiary of Infigen Energy Limited.

	2010 \$'000	2009 \$'000
Investment in associate		
Balance at beginning of financial year	56,632	54,320
Share of associate's net profit	2,043	2,312
Less: disposal of interest in associate	(58,675)	-
Balance at end of financial year	-	56,632

	2010 \$'000	2009 \$'000
Share of net assets attributable to non-controlling interests		
Balance at beginning of financial year	30,525	29,785
Non-controlling interest's share of associate's net profit	654	740
Less: Non-controlling interest's holding on disposal of associate	(31,179)	-
Balance at end of financial year	-	30,525

Name of entity	Principal activity	Country of incorporation	Ownership interest 2010	Ownership interest 2009
Walkaway Wind Power Pty Limited	Wind farm	Australia	-	17%*

	2010 \$'000	2009 \$'000
Summarised financial information of associate*		
Current assets	-	12,836
Non-current assets	-	52,715
	-	65,551
Current liabilities	-	1,370
Non-current liabilities	-	48,022
	-	49,392
Net assets	-	16,159
Revenue	9,538	9,680
Net profit	1,389	1,572
Share of associate's profit*:		
Share of net profit before income tax	4,534	3,637
Income tax expense	(2,491)	(1,325)
Share of associate's profit	2,043	2,312
Less: non-controlling interest	(654)	(740)
	1,389	1,572

* The ownership interest of 17% was based on voting rights. The voting rights are not consistent with the economic returns which vary over the life of the investment. IET's share of the economic returns from Walkaway Wind Power Pty Limited was estimated at 32%. These percentages were used in calculating the share of the associate's profits for the year ending 30 June 2010 through to disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

7. INVESTMENT IN ASSOCIATE (CONT'D)

	2010 \$'000
Proceeds on disposal of associate	31,509
Investment in associate	(58,675)
Gain on disposal before loss on repayment of loans	(27,166)
Loss on net repayment of loans ¹	(9,221)
Net loss on disposal	(36,387)

¹ Loans receivable with a face value of \$2,234,000 (book value \$1,216,000) and loans payable with face value of \$10,734,000 (book value \$495,000) were received and paid at their face value. This resulted in an accounting loss of \$9,221,000.

Dividends received from associates

During the year, the Trust received no dividends (2009: nil) from its associate.

8. TRADE AND OTHER PAYABLES

	2010 \$'000	2009 \$'000
Current		
Amounts due to related parties	–	561
	–	561
Non-current		
Amounts due to related parties	696	–
Loans from related parties	–	494
	696	494

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

9. CONTRIBUTED EQUITY

	2010		2009	
	No. '000	\$'000	No. '000	\$'000
Fully paid units				
Balance at beginning of financial year	808,177	851,352	868,601	1,003,487
Capital distributions	–	(36,635)	–	(101,144)
Distribution reinvestment plan (i)	–	–	8,398	9,717
Units bought back on market and cancelled (ii)	(47,803)	(39,738)	(68,822)	(60,708)
Balance at end of financial year	760,734	774,979	808,177	851,352

Units entitle the holder to participate in distributions from IET. The holder is entitled to participate in the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

(i) Distribution reinvestment plan

The Infigen group operates a distribution reinvestment plan ("DRP") under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by being paid in cash. The stapled securities issued under the DRP will be allotted based on the weighted average 'market price' for Infigen stapled securities sold on the ASX over the 10 trading days ending on the trading day which is three trading days before the date that the securities are to be allotted under the DRP (DRP Price).

On 18 September 2008, Infigen issued 8,398,000 stapled securities at a price of \$1.16 per security in relation to the payment of the final distribution for the year ended 30 June 2008.

On 17 December 2008, the Infigen group suspended the DRP until further notice. As a result, no distributions were settled through the issue of stapled securities under the Distribution Reinvestment Plan during the year ended 30 June 2009. The DRP has been re-instated during the year ended 30 June 2010. Securities will be issued under the plan at a nil discount to the DRP Price.

(ii) On market security buy-back

On 5 May 2010, the Infigen group announced its intention to undertake a buy-back of up to 10% of its securities between the announcement date and 30 June 2010. No securityholder approval was required for the buy-back.

On 5 September 2008, the Infigen group announced its intention to undertake a buy-back of up to 10% of its securities over the following 12 months. On 26 November 2008, securityholders approved a resolution at the Annual General Meeting for an on-market security buyback of up to 30% of securities on issue.

As at 30 June 2010, the Infigen group had purchased and cancelled 47,803,000 (2009: 68,822,000) stapled securities at an average price of \$0.88 (2009: \$0.88) per stapled security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

10. RETAINED EARNINGS

	2010 \$'000	2009 \$'000
Balance at beginning of financial year	14,973	16,265
Net profit/(loss) attributable to unit holders	(3,654)	(1,292)
Distribution of capital gains	(23,005)	–
Balance at end of financial year	(11,686)	14,973

11. EARNINGS PER UNIT

	2010 \$	2009 \$
Basic and diluted earnings per unit (cents)	(0.5)	(0.2)
Earnings used in calculation of basic and diluted earnings per unit to unit holders (\$'000)	(3,654)	(1,292)
Weighted average number of units on issue used in calculation of earnings per unit ('000)	799,847	849,877

12. DISTRIBUTIONS PAID

	2010		2009	
	Cents per security	Total \$'000	Cents per security	Total \$'000
Ordinary securities				
Final distribution in respect of 2009 year of 4.50 cents per stapled security (2008: 7.25 cents) paid in September 2009 (2008: September 2008), 100% tax deferred (2008: 100% tax deferred).	4.50	36,635	7.25	62,974
Interim distribution in respect of 2010 year of nil cents (2009: 4.5 cents) per stapled security (2009: March 2009), 100% tax deferred (2009: 100% tax deferred).	–	–	4.50	38,170
		36,635		101,144

Distributions paid in cash or satisfied by the issue of new stapled securities under the Distribution Reinvestment Plan during the year ended 30 June 2010 and the year ended 30 June 2009 were as follows:

Paid in cash	36,635	91,399
Satisfied by the issue of stapled securities	–	9,745
	36,635	101,144

On 30 August 2010, the Directors of Infigen declared a final distribution in respect of the year ended 30 June 2010 of 2.00 cents per stapled security (2009: 4.50 cents), 100% tax deferred. The amount that will be paid in September 2010 (2009: September 2009) is \$15,207,000 (2009: \$36,635,000). As the distribution was declared subsequent to 30 June 2010 no provision has been included as at 30 June 2010.

The balance of the franking account as at 30 June 2010 is \$ nil (30 June 2009: \$ nil).

13. SEGMENT INFORMATION

The principal activities of the consolidated entity during the period were to lend and manage funds to entities carrying on renewable energy businesses. These activities were based in Australia.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage ownership held in subsidiaries are disclosed in Note 15 to the financial statements.

Equity interests in associate

Details of interest in associate are disclosed in Note 7 to the financial statements.

(b) Key management personnel disclosures

Details of key management personnel remuneration are disclosed in Note 4 to the financial statements.

(c) Other related party transactions

Related party balances

Receivables from related parties are disclosed in Note 5. Payables to related parties are disclosed in Note 8.

Related party transactions

Transactions were made on normal commercial terms and conditions and under normal market rates.

Year-ended 30 June 2010

Subsequent to 30 June 2009, the Infigen Group does not consider Babcock and Brown or its subsidiaries to be related parties for the purposes of this note.

Sale of investment in associate

On 29 June 2010, Renewable Power Ventures Investment Trust ("RPVIT"), a subsidiary of IET, sold all interests that it held in Walkaway Wind Power Pty Limited ("WWP") to WWP Holdings Pty Limited, a 100% owned subsidiary of Infigen Energy Limited. Refer to Note 7 for further information.

Transactions with associate

Distributions received from the associate are set out in Note 7.

Other related party transactions

During the year ended 30 June 2010, the Trust charged interest of \$926,000 (2009: \$2,637,000) on certain loans receivable from IEL. The interest rate was 3.00% (2009: 4.25%). Under IET's constitution, the Responsible Entity ("RE") is entitled to a management fee of 2% per annum of the value of the gross assets of IET. The RE had previously exercised its right under the constitution to waive the fee referred to above such that it is paid a fee that is increased by CPI annually. During the year ended 30 June 2010, the Trust incurred Responsible Entity fees of \$649,000 from Infigen Energy RE Limited, a wholly owned subsidiary of IEL.

Under the terms of the Custodian Agreement held between IET and Infigen Energy T Services Pty Limited, a wholly owned subsidiary of IEL, 0.0125% of the gross asset value of IET is payable annually to the custodian. During the year ended 30 June 2010, fees paid to the custodian by the Infigen group were \$95,000.

As at 30 June 2010, the Trust owed the following amounts to various subsidiaries of Infigen Energy Limited:

Infigen Energy RE Limited \$696,000

As at 30 June 2010, the consolidated entity was owed the following amounts by other members of the Infigen group:

	2010 \$'000	2009 \$'000
Infigen Energy Limited	588,732	792,101
Infigen Energy (Bermuda) Limited	691	687
Capital Wind Farm Holdings Pty Limited	12,960	12,960
Infigen Energy Holdings Pty Limited	131,338	-
BBWP (US) 2 Pty Limited	30,009	30,009
Walkaway Wind Power Pty Ltd	-	1,216
	763,730	836,973

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

14. RELATED PARTY DISCLOSURES (CONT'D)

Year-ended 30 June 2009

Termination of Management Agreements

The Infigen group had previously entered into management agreements and an exclusive financial advisory agreement with Babcock & Brown. During the year ended 30 June 2009, the Infigen group terminated these agreements for a total settlement of \$40,000,000 before associated costs.

Of the \$40,000,000, a settlement of \$4,180,000 before associated costs was made by the Trust in the year ended 30 June 2009.

Custodian, Responsible Entity and Manager fees and costs

During the year ended 30 June 2009, the Infigen group terminated the Custodian Agreement that had previously been in place with Babcock & Brown Asset Holdings Pty Limited ("BBAH"), which was a subsidiary of Babcock & Brown Limited.

Under the terms of the Custodian Agreement, 0.0125% of the gross asset value of IET was payable annually. During the year ended 30 June 2009, fees paid to BBAH by the Infigen group were \$119,000.

During the year ended 30 June 2009, the Group acquired the Responsible Entity from the Babcock & Brown group.

During the year ended 30 June 2009, prior to the acquisition of the Responsible Entity, the Trust incurred Responsible Entity fees of \$303,000. Thereafter, during the year ended 30 June 2009, the Trust incurred Responsible Entity fees of \$303,000.

Under these management agreements, a base fee of 1.4% per annum of the net investment value ("NIV") of the Group had been payable at the end of each quarter. During the year ended 30 June 2009, prior to the termination of management agreements, base management fees of \$4,820,000 were paid by the Infigen Energy Group. Of this amount, IET incurred \$59,000.

(d) Parent entities

The parent entity in the consolidated entity is IET.

The ultimate Australian parent entity is IET.

The ultimate parent entity is IET.

15. SUBSIDIARY ENTITIES

Name of entity	Country of incorporation	Ownership interest	
		2010 %	2009 %
Parent entity			
Infigen Energy Trust	Australia		
Subsidiaries of IET			
Walkaway (BB) Trust	Australia	100%	100%
CS Walkaway Trust	Australia	100%	100%
Renewable Power Ventures Investment Trust	Australia	68%	68%

16. NOTES TO THE CASH FLOW STATEMENTS

	2010 \$'000	2009 \$'000
Reconciliation of cash and cash equivalents		
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:		
Cash and cash equivalents	259	757
	259	757

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

17. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and electricity price risk), credit risk and liquidity risk.

The principal financial instruments that give rise to this risk comprise cash, receivables, interest bearing debt.

Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Infigen group's treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's treasury policy provides a framework for managing the financial risks of the Group. The key philosophy of the Group's treasury policy is risk mitigation. The Group's treasury policy specifically does not authorise any form of speculation.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. In line with the Group's treasury policy derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

There have been no changes to the type or class of financial risks the Group is exposed to since the prior year.

(a) Market risks

Interest rate risks

IET receives interest on certain loans made to IEL. It is exposed to interest rate changes on the interest it receives from these loans. IET also has a small amount of cash balances. Interest earnings on these cash balances are affected when interest rates move.

Sensitivity

The sensitivity to interest rate movement of net profit before tax and equity have been determined based on the exposure to interest rates at the reporting date. A sensitivity of 100 basis points has been selected. The 100 basis points sensitivity is deemed to be flat across the yield curve and is a reasonable estimate of movement based on current long term and short term interest rates.

2010			AUD	AUD
AUD \$'000			+100 bps	-100 bps
Impact on income statement				
Cash	AUD	259	3	(3)
Interest bearing loans	AUD	-	-	-

2009			AUD	AUD
AUD \$'000			+100 bps	-100 bps
Impact on income statement				
Cash	AUD	757	8	(8)
Interest bearing loans	AUD	35,842	358	(358)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust.

IET does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the Trusts maximum exposure to credit risk.

	Within credit terms \$'000	Past due but not impaired \$'000	Impaired \$'000	Description
2010				
Bank deposits	259	–	–	Minimum credit rating – 'A' grade (S&P)
Loans to related parties	763,730	–	–	Due from members of the Infigen group
	763,989	–	–	
2009				
Bank deposits	757	–	–	Minimum credit rating – 'A' grade (S&P)
GST receivable	23	–	–	Due from the Australian Government
Interest receivable related parties	3,386	–	–	Due from members of the Infigen group
Other current receivable	134	–	–	Miscellaneous receivables
Loans to related parties	835,757	–	–	Due from members of the Infigen group
Loans to associate	1,216	–	–	Due from Walkaway Wind Power Pty Ltd
	841,273	–	–	

Capital Risk Management

The Group's objectives when managing capital are to safeguard its ability to continue as a going concern, so that it can continue to provide returns for unitholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions paid to unitholders, return capital to unitholders, issue new unit or sell assets to reduce debt.

The Board of Directors review the capital structure, and as part of this review, consider the cost of capital and the risks and rewards associated with each class of capital.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2010

17. FINANCIAL RISK MANAGEMENT (CONT'D)

(c) Liquidity risks

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below set out the Group's financial liabilities at balance date and places them into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

2010	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Amounts due to related parties	–	696	–	696
2009	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Amounts due to related parties	561	494	–	1,055

18. SUBSEQUENT EVENTS

Since the end of the financial year, in the opinion of the Directors of the responsible entity, there has not been any transaction or event of a material or unusual nature likely to affect significantly the operations or affairs of the Trust in future financial periods.

19. PARENT ENTITY FINANCIAL INFORMATION

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2010 \$'000	2009 \$'000
Current assets	763,989	840,057
Total assets	785,628	861,696
Current liabilities	–	556
Total liabilities	696	556
Shareholders' equity		
Issued capital	774,979	851,352
Retained earnings	9,953	9,788
	784,932	861,140
Profit or loss for the year	165	(2,864)
Total comprehensive income	165	(2,864)

(b) Guarantees entered into by the parent entity

The parent entity has not provided financial guarantees in respect of bank overdrafts and loans of subsidiaries.

(c) Contingent liabilities of the parent entity

The parent entity did not have any contingent liabilities as at 30 June 2010 or 30 June 2009.

DIRECTORS' DECLARATION

In the opinion of the directors of Infigen Energy RE Limited:

- (a) the financial statements and notes set out on pages 23 to 43 are in accordance with the *Corporations Act 2001*, including:
- (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2010 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors have been provided with the declarations by the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the directors of Infigen Energy RE Limited pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors:



Douglas Clemson
Director



Miles George
Director

Sydney, 14 September 2010

CORPORATE INFORMATION

REGISTERED OFFICE OF THE RESPONSIBLE ENTITY

Level 22
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Sydney NSW 2000

SECURITY REGISTER

Link Market Services Limited
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Infigen Energy stapled securities are listed on the Australian Securities Exchange and trade under the code "IFN".

SOLICITOR

Mallesons Stephen Jaques
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AUDITOR

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