ASX RELEASE

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Infigen Energy Limited ABN 39 105 051 616
Infigen Energy Trust ARSN 116 244 118
Infigen Energy (Bermuda) Limited ARBN 116 360 715
www.infigenenergy.com

29 September 2011

INFIGEN ENERGY TRUST – FY11 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 2011 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 2011 will be despatched to securityholders with the AGM Notice of Meeting in early October 2011.

ENDS

For further information please contact:
Richard Farrell, Investor Relations Manager
Tel +61 2 8031 9900

About Infigen Energy

Infigen Energy is a specialist renewable energy business. We have interests in 24 wind farms across Australia and the United States. With a total installed capacity in excess of 1,600MW (on an equity interest basis), we currently generate enough renewable energy per year to power over half a million households.

As a fully integrated renewable energy business in Australia, we develop, build, own and operate energy generation assets and directly manage the sale of the electricity that we produce to a range of customers in the wholesale market.

Infigen Energy trades on the Australian Securities Exchange under the code IFN.

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

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29 September 2011

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 ended 30 June 2011. The Trust paid a tax deferred distribution of 1 cent per stapled security for the year ended 30 June 2011.

The larger Annual Report for Infigen Energy Limited that covers the operations of the whole Infigen Energy group for the year ended 30 June 2011 will be available with the Notice of Annual General Meeting in early October 2011.

Annual General Meeting

The Annual General Meeting for the Infigen Energy group will be held at 11am on Friday, 11 November 2011, at the InterContinental Hotel, 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

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Infigen Energy Trust
Annual Financial Report

For the year ended 30 June 2011
Together with the Directors' Report
ARSN 116 244 118

CONTENTS

CORPORATE STRUCTURE

The Infigen Energy group (**Infigen**) 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

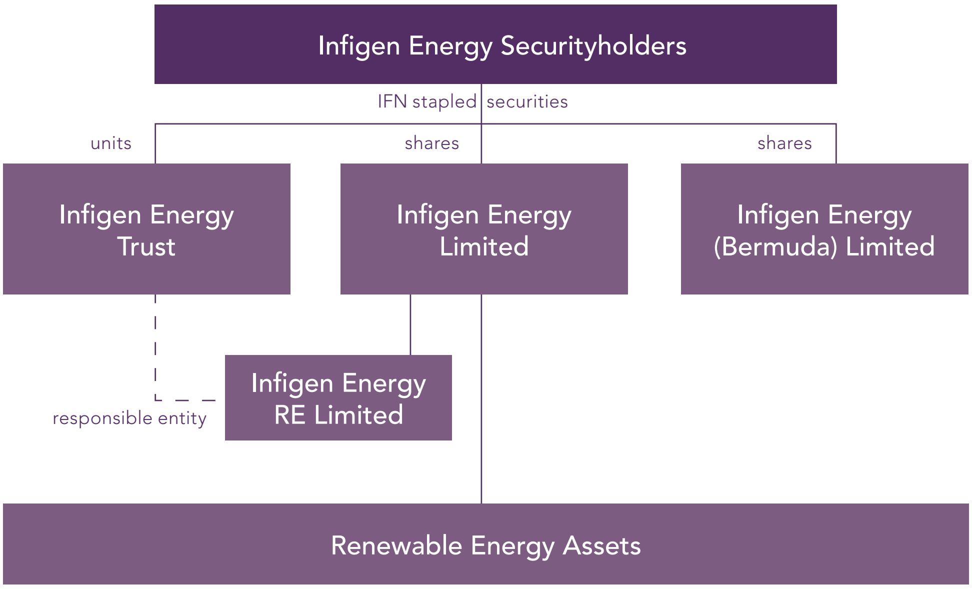
— the subsidiary entities of IEL and IET.

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 Infigen group was established immediately prior to listing on the Australian Securities Exchange in 2005 and currently cannot be materially simplified due to IEL's corporate debt facility.

The following diagram represents the structure of the Infigen Energy group.



DIRECTORS' REPORT

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY

In respect of the year ended 30 June 2011, 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 people 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:

— Michael Hutchinson

— Douglas Clemson

— Miles George

The following people were appointed as Directors of IERL during the financial year and continue in office at the date of this report:

— Philip Green (appointed 18 November 2010)

— Fiona Harris (appointed 21 June 2011)

The following people were Directors of IERL from the beginning of the financial year until their resignation/retirement:

— Graham Kelly (resigned on 12 November 2010)

— Anthony Battle (retired on 18 November 2010)

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
MICHAEL HUTCHINSON **Non-Executive Chairman** Appointed a Non-Executive Director on 18 June 2009 Member of the Audit, Risk & Compliance Committee	Mike was appointed an independent non-executive director of Infigen Energy in June 2009 and subsequently elected Chairman in November 2010. He is a member of the Audit, Risk & Compliance Committee. Mike was formerly an international transport engineering consultant and has extensive experience in the transport and communications sectors, including as a senior official with the Australian Government. Mike is currently an independent non-executive director of the Australian Infrastructure Fund Ltd. Mike has previously been an independent non-executive director of EPIC Energy Holdings Ltd, Hastings Funds Management Ltd, Westpac Funds Management Ltd, Pacific Hydro Ltd, OTC Ltd, HiTech Group Australia Ltd, the Australian Postal Corporation and the Australian Graduate School of Management Ltd.
DOUGLAS CLEMSON **Non-Executive Director** Appointed on 9 September 2005 Chairman of the Audit, Risk & Compliance Committee	Doug 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. 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. Doug is a qualified accountant and a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

DIRECTORS' REPORT

Name	Particulars
PHILIP GREEN **Non-Executive Director** Appointed on 18 November 2010 Member of the Audit, Risk & Compliance Committee	Philip was appointed a non-executive director in November 2010. He is a member of the Audit, Risk & Compliance Committee. Philip is a Partner of The Children's Investment Fund Management (UK) LLP (TCI), a substantial securityholder of Infigen Energy. Philip joined TCI in 2007 and his responsibilities include TCI's global utility, renewable energy and infrastructure investments. Prior to joining TCI, Philip led European Utilities equity research at Goldman Sachs, Merrill Lynch and Lehman Brothers over a 12 year period. Philip is a UK Chartered Accountant (ACA) and has a Bachelor of Science (Hons) in Geotechnical Engineering.
FIONA HARRIS **Non-Executive Director** Appointed on 21 June 2011 Member of the Audit, Risk & Compliance Committee	Fiona was appointed an independent non-executive director of Infigen Energy in June 2011. Fiona is a member of the Audit, Risk & Compliance Committee and since the end of the period has also been appointed a member of the Nomination & Remuneration Committee. Fiona is Chairman of Barrington Consulting Group and National Director of the Australian Institute of Company Directors. For the past sixteen years she has been a professional non-executive director. Fiona is currently a Director of Altona Mining Limited, Aurora Oil & Gas Limited and Sundance Resources Limited. Fiona has previously been a Director of listed companies Territory Resources Limited and Vulcan Resources Limited. Fiona holds a Bachelor of Commerce degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.
MILES GEORGE **Executive Director** Appointed on 1 January 2009	Miles 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. 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. 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. 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. Miles holds degrees of Bachelor of Engineering and Master of Business Administration (Distinction) from the University of Melbourne.

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. IERL is the Responsible Entity of IET. The table below lists the Directors of IERL during the financial year as well as showing the relevant interests of those Directors in IFN stapled securities during the financial year.

		IFN Stapled Securities Held[1]			
Current Directors	**Role**	**Balance 1 July 2010**	**Acquired during the year**	**Sold during the year**	**Balance 30 June 2011**
M Hutchinson[2]	Independent Chairman	0	0	0	0
D Clemson	Independent Non-Executive Director	140,000	0	0	140,000
P Green[3]	Non-Executive Director	n/a	0	0	0
F Harris[4]	Independent Non-Executive Director	n/a	0	0	0
M George	Executive Director	500,000	0	0	500,000
Former Directors	**Role**				
G Kelly[5]	Independent Chairman	10,000	0	0	n/a
A Battle[6]	Independent Non-Executive Director	42,634	0	0	n/a

[1] If the person was not a Director for the whole period, movements in securities held relates to the period whilst the person was a Director.
[2] M Hutchinson appointed as a Non-Executive Director of IERL on 18 June 2009 and subsequently elected as Chairman of each entity on 12 November 2010.
[3] P Green appointed as a Non-Executive Director of IERL on 18 November 2010. Mr Green is a Partner of The Children's Investment Fund Management (UK) LLP which has a substantial shareholding of IFN securities. Mr Green has advised Infigen that he does not have a relevant interest in those IFN securities.
[4] F Harris appointed as a Director of IERL on 21 June 2011.
[5] G Kelly resigned as Chairman and a Director of IERL on 12 November 2010.
[6] A Battle retired as a Director of IERL on 18 November 2010.

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 2011, and the number of meetings attended by each Director, are set out below.

	Board Meetings		Audit, Risk & Compliance Committee	
Current Directors	**A**	**B**	**A**	**B**
M Hutchinson	17	17	9	9
D Clemson	17	17	9	9
P Green	11	12	2	2
F Harris	1	1	1	1
M George	17	17	n/a	n/a
Former Directors				
G Kelly	2	4	n/a	n/a
A Battle	3	5	4	4

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	David is the Company Secretary of Infigen Energy and is responsible for the company secretarial, risk management, insurances, corporate compliance and internal audit functions, as well as corporate governance across the group. David joined Infigen Energy as Company Secretary in 2005. David was previously a Company Secretary within the AMP Group, including AMP Capital Investors, Financial Services and Insurance divisions, as well as prior financial services sector and regulator positions. 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.
CATHERINE GUNNING **Alternate Company Secretary** Appointed 18 June 2009	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. Catherine also worked in London for private equity house NatWest Equity Partners (now Bridgepoint Capital Limited). 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. Catherine is currently on maternity leave.

PRINCIPAL ACTIVITIES

During the reporting period, the Infigen Energy Trust held interests in financial investments.

In 2005, the units issued in IET were stapled to the shares issued by IEL and IEBL to form 'stapled securities'. Since 2005, IET has raised the majority of the equity capital for Infigen Energy as part of the issue and listing of stapled securities on the Australian Securities Exchange. IET has also been the stapled entity that has enabled distributions to be paid to securityholders since that time.

DISTRIBUTIONS

In respect of the half year period ended 31 December 2010, IET declared an FY11 interim distribution of 1 cent per stapled security that was paid on 17 March 2011.

On 14 June 2011, Infigen advised that no FY11 final distribution would be paid and that distributions would be suspended for FY12 and FY13.

Further details regarding distributions paid by Infigen are set out in Note 12 to the Financial Statements.

REVIEW OF OPERATIONS

The loss attributable to unitholders of IET for the year to 30 June 2011 was $790,000 compared to a loss of $3,654,000 for the prior year.

Further specific information relating to the operations of IET for the year ended 30 June 2011 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 2011 is included in the Infigen Energy group 2011 Annual Report.

CHANGES IN STATE OF AFFAIRS

In the first quarter of FY11, construction commenced on Infigen's sixth wind farm in Australia, the 48 MW Woodlawn wind farm in New South Wales comprising 23 turbines. By 30 June 2011, all turbines had been erected and were undergoing the commissioning process. Practical Completion for the wind farm is planned for the second quarter of FY12.

On 21 March 2011, Infigen completed a transaction with its joint venture development partner, National Power Partners (NPP), in relation to the ownership of certain wind farm development projects in its Australian wind energy development pipeline. Under the terms of the transaction, Infigen acquired the remaining 50% interest in four development projects from NPP that it did not already own (Flyers Creek, Bodangora, Cherry Tree, Woakwine) and sold its 50% interest in the Glen Innes development project and approximately 100 MW of other development projects to NPP which were previously being jointly developed.

In June 2011, all conditions precedent under a $55 million project financing facility for the Woodlawn wind farm were satisfied and draw down under the facility commenced.

On 29 June 2011, Infigen disposed of its portfolio of 12 wind farms in Germany for a total enterprise value of €154.6 million.

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

DIRECTORS' REPORT

UNITS ON ISSUE

As at 30 June 2011, IET had 762,265,972 units on issue (30 June 2010: 760,374,428).

During the financial year, IET issued 1,891,544 units as part of the Infigen Distribution Reinvestment Plan (DRP) established in June 2006 under which eligible stapled securityholders are invited to reinvest part or all of any distribution received in additional stapled securities. During the prior year, no additional units were issued by IET as the DRP was suspended, however 47,802,496 units were bought back in FY10 as part of the on-market security buy-back program approved by the IERL Board.

TRUST ASSETS

As at 30 June 2011, the Infigen Energy Trust held assets of $741,946,000 (30 June 2010: $763,989,000).

Further detail regarding the assets held by IET during the financial year are set out in the Consolidated 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 2011, the responsible entity of IET, 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 IET in future financial periods.

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS

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

INDEMNIFICATION AND INSURANCE OF OFFICERS

Infigen has agreed to indemnify all Directors and Officers against losses incurred in their role as Director, Alternate Director, Secretary, Executive or other employee of Infigen 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 Infigen will meet the full amount of any such liabilities costs and expenses (including legal fees). Infigen has not been advised of any claims under any of the above indemnities.

During the financial year Infigen paid insurance premiums for a Directors' and Officers' liability insurance contract which provides cover for the current and former Directors, Alternate Directors, Secretaries and Executive Officers of Infigen 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 IET, or to intervene in any proceedings to which IET is a party, for the purpose of taking responsibility on behalf of IET for all or part of those proceedings. IET 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 IET, have been Partners of PricewaterhouseCoopers at a time when that firm has been the auditor of the Infigen Energy group.

AUDITOR'S INDEPENDENCE DECLARATION

IET'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.

REMUNERATION REPORT

Infigen Energy RE Limited is the responsible entity of the Trust and manages the affairs of the Trust. The Trust does not have any Directors or employees. The remuneration details outlined in this Remuneration Report relate to the Directors of IERL.

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 a fixed fee per annum, increased for movements in the consumer price index. The Trust incurred an amount of $590,681 in the year ended 30 June 2011 (2010: $575,298) as remuneration paid to the responsible entity.

Remuneration of Non-Executive Directors of the Responsible Entity

IERL, the responsible entity of the Trust, is a subsidiary entity of the Infigen Energy group and no maximum aggregate amount of fees for Non-Executive Directors has been set. The fee paid to Directors varies with individual Board and committee responsibilities. Non-Executive Director fees are reviewed periodically. Fees were not adjusted during the year.

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 or retirement benefits.

Board/Committee Fees

Aggregate annual fees payable to Non-Executive Directors of IERL during the year ended 30 June 2011 are set out below.

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

Remuneration of Non-Executive Directors for the years ended 30 June 2010 and 2011

The nature and amount of each element of fee payments to each Non-Executive Director of IERL for the years ended 30 June 2010 and 2011 are set out in the table below.

Non-Executive Directors	Year	Short-term benefits Fees ($)	Post-employment benefits Superannuation ($)	Total ($)
M Hutchinson	**2011**	**73,106**	**6,579**	**79,685**
	2010	52,294	4,706	57,000
D Clemson	**2011**	**55,046**	**4,954**	**60,000**
	2010	55,046	4,954	60,000
P Green[1]	**2011**	**–**	**–**	**–**
	2010	–	–	–
F Harris[2]	**2011**	**1,433**	**129**	**1,562**
	2010	–	–	–
G Kelly[3]	**2011**	**30,539**	**2,749**	**33,288**
	2010	82,569	7,431	90,000
A Battle[4]	**2011**	**20,201**	**1,818**	**22,019**
	2010	52,294	4,706	57,000
Total Remuneration	**2011**	**180,325**	**16,229**	**196,554**
	2010	242,203	21,797	264,000

[1] P Green was appointed a Non-Executive Director of IERL on 18 November 2010. Mr Green is a partner of The Children's Investment Fund Management LLP which is a substantial shareholder of Infigen Energy. Throughout FY11 Mr Green elected to receive no Director fees.

[2] F Harris was appointed a Non-Executive Director of IERL on 21 June 2011.

[3] G Kelly resigned as a Director on 12 November 2010.

[4] A Battle retired as a Director on 18 November 2010.

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

Miles George
Director

Sydney, 30 August 2011

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Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Trust for the year ended 30 June 2011, 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 year.

PricewaterhouseCoopers

PricewaterhouseCoopers

Darren Ross
Partner
PricewaterhouseCoopers

30 August 2011

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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 2011, 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* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements 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.

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*.

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

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 consolidated entity's financial position as at 30 June 2011 and of its 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 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 7 to 8 of the directors' report for the year ended 30 June 2011. The directors of the Trust 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.

Auditor's opinion

In our opinion, the remuneration report of Infigen Energy Trust for the year ended 30 June 2011, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Darren Ross
Partner

Sydney
30 August 2011

CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2011

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $'000	2010 $'000
Interest income		23	926
Operating expenses	2	(813)	(761)
Share of net profit of associates	7	–	2,043
Loss recognised on disposal of associate	7	–	(36,387)
Loss from operating activities		**(790)**	**(34,179)**
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)
Net operating loss		**–**	**(3,654)**
Total comprehensive loss for the period		**(790)**	**(3,654)**
Net operating loss attributable to unit holders		**(790)**	**(3,654)**
Comprehensive loss attributable to unit holders		**(790)**	**(3,654)**
Earnings per unit based on earnings attributable to unit holders:			
Basic (cents per unit)	11	(0.1)	(0.5)
Diluted (cents per unit)	11	(0.1)	(0.5)

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 2011

	Note	2011 $'000	2010 $'000
Current assets			
Cash and cash equivalents	16	346	259
Trade and other receivables	5	741,600	763,730
Total current assets		**741,946**	**763,989**
Total assets		**741,946**	**763,989**
Current liabilities			
Payables	8	1,346	696
Total current liabilities		**1,346**	**696**
Total liabilities		**1,346**	**696**
Net assets		**740,600**	**763,293**
Equity			
Contributed equity	9	753,076	774,979
Retained deficit	10	(12,476)	(11,686)
Total equity and net assets attributable to the unit holders		**740,600**	**763,293**

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 2011

	Note	Contributed equity $'000	Retained earnings/ (deficit) $'000	Total $'000
Total equity at 1 July 2009		**851,352**	**14,973**	**866,325**
Net loss for the period		–	(3,654)	(3,654)
Total comprehensive income/(loss) 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**
Net loss for the period		–	(790)	(790)
Total comprehensive income/(loss) for the period		**–**	**(790)**	**(790)**
Transactions with equity holders in their capacity as equity holders:				
Contributions of equity, net of transaction costs	9	981	–	981
Distributions paid	12	(22,884)	–	(22,884)
Total equity at 30 June 2011		**753,076**	**(12,476)**	**740,600**

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 2011

	Note	2011 $'000	2010 $'000
Cash flows from operating activities			
Loss for the year		(790)	(3,654)
Adjustments for:			
Share of associate profit (net of non-controlling interests)	7	–	(1,389)
Loss on disposal of associate	7	–	36,387
Gain recognised on disposal of non-controlling interest in associate	7	–	(31,179)
Changes in net assets and liabilities:			
(Increase)/decrease in current receivables		(12)	3,543
Increase/(decrease) in current payables		650	(359)
Net cash (outflow)/inflow from operating activities		**(152)**	**3,349**
Cash flows from investing activities			
Proceeds from disposal of interest in associate	7	–	31,509
Net cash (outflow)/inflow from investing activities		**–**	**31,509**
Cash flows from financing activities			
Proceeds from repayment of borrowings	5	–	73,243
Repayment of/(loans) to related parties	5	22,142	(32,226)
Payment for units buyback	9	–	(39,738)
Distributions paid to security holders	12	(21,903)	(36,635)
Net cash (outflow)/inflow from financing activities		**239**	**(35,356)**
Net increase/(decrease) in cash and cash equivalents		**87**	**(498)**
Cash and cash equivalents at the beginning of the financial year		259	757
Cash and cash equivalents at the end of the financial year	**16**	**346**	**259**

The above cash flow statement 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 2011

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 (IET) and its subsidiaries.

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

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 2011 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) Associated entities

Associated entities 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, IET became a registered scheme. On 26 September 2005 Infigen Energy RE Limited became the responsible entity of IET.

(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 2011

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(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 IET.

(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.

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(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 IET is the current bid price; the appropriate quoted market price 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. IET 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 IET 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 2011 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

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

AASB *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 Group has not yet decided when to adopt AASB 9 and has not assessed the impact.

(ii) 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 Group intends to apply the amended standard from 1 July 2011. The changes to AASB 124 will not have any impact on the financial statements of the Group.

(iii) 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 Group does not have any defined benefit arrangements therefore the amendment is not expected to have any impact on the group's financial statements. The Group intends to apply the amendment from 1 July 2011.

1. SUMMARY OF ACCOUNTING POLICIES CONTINUED

(iv) AASB 1053 Application of Tiers of Australian Accounting Standards and AASB 2010-2 Amendments to Australian Accounting Standards arising from Reduced Disclosure Requirements (effective from 1 July 2013)

On 30 June 2010 the AASB officially introduced a revised differential reporting framework in Australia. Under this framework, a two-tier differential reporting regime applies to all entities that prepare general purpose financial statements. The Group is listed on the ASX and is not eligible to adopt the new Australian Accounting Standards – Reduced Disclosure Requirements. The two standards will therefore have no impact on the financial statements of the entity.

(v) AASB 2010-6 Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets (effective for annual reporting periods beginning on or after 1 July 2011)

Amendments made to AASB 7 *Financial Instruments: Disclosures* in November 2010 introduce additional disclosures in respect of risk exposures arising from transferred financial assets. The amendments will affect particularly entities that sell, factor, securitise, lend or otherwise transfer financial assets to other parties. They are not expected to have any significant impact on the group's disclosures. The Group intends to apply the amendment from 1 July 2011.

(vi) AASB 2010-8 Amendments to Australian Accounting Standards – Deferred Tax: Recovery of Underlying Assets (effective from 1 January 2012)

In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities, that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group will apply the amendment from 1 July 2012. It is currently evaluating the impact of the amendment.

(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. IET 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

IET's former associate depreciated 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 had been made.

2. LOSS FROM OPERATIONS

	2011 $'000	2010 $'000
Loss before income tax has been arrived at after charging the following expenses:		
Operating expenses:		
Administration, consulting and legal fees	223	186
Responsible Entity fees	590	575
	813	**761**

3. REMUNERATION OF AUDITORS

	2011 $	2010 $
PwC Australia: Audit and other assurance services		
Audit and review of financial services	31,493	40,560
Total remuneration for audit and other assurance services	**31,493**	**40,560**

4. KEY MANAGEMENT PERSONNEL REMUNERATIONS

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 IERL during the financial year ended 30 June 2011:

— Michael Hutchinson (appointed Chairman 12 November 2010)

— Douglas Clemson

— Miles George

— Philip Green (appointed 18 November 2010)

— Fiona Harris (appointed 21 June 2011)

— Anthony Battle (retired 18 November 2010)

— Graham Kelly (resigned 12 November 2010)

Other KMP of IERL were:

Name	Role	2011	2010
M George	Chief Executive Officer	✓	✓
G Dutaillis	Chief Operating Officer	✓	✓
C Baveystock[2]	Chief Financial Officer	✓	×
B Hopwood	General Manager – Corporate Finance	✓	×
G Dover[1]	Chief Financial Officer	✓	✓

[1] Resigned 31 December 2010
[2] Appointed 14 March 2011

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

4. KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

Key management personnel remuneration

KMP are not remunerated by IET. Payments made by IET 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 KMP of Infigen are remunerated by the Infigen Energy Group.

The aggregate remuneration of Non-Executive Directors of IERL and other KMP of Infigen that are paid by the Infigen Energy Group during year ended 30 June 2011 and 30 June 2010 is set out below:

	2011 $	2010 $
Short-term employee benefits	2,987,792	2,430,622
Post-employment benefits (superannuation)	107,809	93,762
Other Long-term benefits and share based payments	816,599	1,341,845
Total	**3,912,200**	**3,866,229**

Rights, options and awards held over Infigen securities

Performance rights and options over Infigen securities were granted to certain KMP in year ended 30 June 2009 under the Performance Rights & Options (PR&O) Plan. During the year ended 30 June 2011 Performance Rights were granted to KMP under the PR&O Plan.

No performance rights or options over Infigen securities vested or became exercisable in the year ended 30 June 2011 and 2010. No Infigen securities were acquired by KMP as a result of the exercise of options during the year ended 30 June 2011 and 2010.

Performance rights and options held by KMP over Infigen securities over the period 1 July 2010 to 30 June 2011 are set out below.

Set out below are summaries of performance rights granted:

	Balance at 1 July 2009 and 1 July 2010	Granted	Vested	Other changes	Balance at 30 June 2011
M George	1,112,925	807,128	–	–	1,920,053
G Dutaillis	578,721	398,182	–	–	976,903
B Hopwood	173,616	117,736	–	–	291,352
G Dover	578,721	–	–	(578,721)	–

There has been no change in options granted during year ended 30 June 2011.

Set out below are summaries of **options** granted:

	Balance at 1 July 2009 and 1 July 2010	Granted	Vested	Other changes	Balance at 30 June 2011
M George	5,053,908	–	–	–	5,053,908
G Dutaillis	2,628,032	–	–	–	2,628,032
B Hopwood	788,410	–	–	–	788,410
G Dover	2,628,032	–	–	(2,628,032)	–

4. KEY MANAGEMENT PERSONNEL REMUNERATION CONTINUED

Security holdings in Infigen

No Infigen securities were granted as remuneration to KMP during the year ended 30 June 2011 and 2010. Security holdings of KMP, including their personally related parties, in Infigen securities over the period 1 July 2010 to 30 June 2011 are set out below.

There was no movement in security holdings of KMP during the year ended 30 June 2011.

	Balance 1 July 2009 and 1 July 2010	Acquired during the 2011	Sold during the 2011	Balance 1 July 2010 and 30 June 2011
M Hutchinson	–	–	–	–
D Clemson	140,000	–	–	140,000
P Green	–	–	–	–
F Harris	–	–	–	–
A Battle	42,634	–	–	N/A
G Kelly	10,000	–	–	N/A
M George	500,000	–	–	500,000
G Dutaillis	641,820	–	–	641,820
C Baveystock	–	–	–	–
B Hopwood	10,000	–	–	10,000

Loans to key personnel and their personally related entities from Infigen

No loans have been made by Infigen to KMP or their personally related parties during the year ended 30 June 2010 and 2011.

There are no other transactions with KMP.

5. TRADE AND OTHER RECEIVABLES

	2011 $'000	2010 $'000
Current		
GST Receivable	12	–
Loans to related parties[1]	741,588	763,730
	741,600	**763,730**

[1] Refer to Note 14 Related Parties for further information relating to loans to related parties.

6. CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

There were no changes to composition of the consolidated entity in the year ended 30 June 2011.

On 29 June 2010, IET 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.

7. INVESTMENT IN ASSOCIATE

2011

There was no investment in associated entities in the year ended 30 June 2011.

2010

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.

	2011 $'000	2010 $'000
a) Investment in associate		
Balance at beginning of financial year	–	56,632
Share of associate's net profit	–	2,043
Less: disposal of interest in associate	–	(58,675)
Balance at end of financial year	**–**	**–**

	2011 $'000	2010 $'000
b) Share of net assets attributable to non-controlling interests		
Balance at beginning of financial year	–	30,525
Non-controlling interest's share of associate's net profit	–	654
Less: Non-controlling interest's holding on disposal of associate	–	(31,179)
Balance at end of financial year	**–**	**–**

c) Summarised financial information of associate

Name of entity	Principal activity	Country of incorporation	Ownership interest 2011	Ownership interest 2010
Walkaway Wind Power Pty Limited	Wind farm	Australia	–	–

	2011 $'000	2010 $'000
Current assets	–	–
Non-current assets	–	–
	–	**–**
Current liabilities	–	–
Non-current liabilities	–	–
	–	**–**
Net assets	**–**	**–**
Revenue	**–**	**9,538**
Net profit	**–**	**1,389**
Share of associate's profit*:		
Share of net profit before income tax	–	4,534
Income tax expense	–	(2,491)
Share of associate's profit	**–**	**2,043**
Less: non-controlling interest	–	(654)
	–	**1,389**

7. INVESTMENT IN ASSOCIATE CONTINUED

	2011 $'000	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] For the year ended 30 June 2010, 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.

d) Dividends received from associates

During the year, IET received no dividends (2010: nil) from its associate.

8. PAYABLES

	2011 $'000	2010 $'000
Current		
Amounts due to related parties[1]	1,346	696
	1,346	**696**

[1] Refer to Note 14 Related Parties for further information relating to loans to related parties.

9. CONTRIBUTED EQUITY

	2011		2010	
	No. '000	$'000	No. '000	$'000
Fully paid units				
Balance at beginning of financial year	760,374	774,979	808,177	851,352
Issue of securities – Distribution reinvestment plan (i)	1,892	981	–	–
Capital distributions	–	(22,884)	–	(36,635)
Units bought back on market and cancelled (ii)	–	–	(47,803)	(39,738)
Balance at end of financial year	**762,266**	**753,076**	**760,374**	**774,979**

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

(i) Distribution reinvestment plan

On 14 June 2011, Infigen announced that it has suspended distributions for years ending 30 June 2012 and 30 June 2013. The total distribution for the financial year ending 30 June 2011 is 1.0 cent per stapled security being the amount declared for the interim distribution and paid on 17 March 2011.

Prior to 14 June 2011, Infigen operated 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 are 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).

(ii) On market security buy-back

On 5 May 2010, Infigen 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.

As at 30 June 2010, Infigen had purchased and cancelled 47,803,000 stapled securities at an average price of $0.88 per security.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

10. RETAINED EARNINGS/(DEFICIT)

	2011 $'000	2010 $'000
Balance at beginning of financial year	(11,686)	14,973
Net loss attributable to unit holders	(790)	(3,654)
Distribution of capital gains	–	(23,005)
Balance at end of financial year	**(12,476)**	**(11,686)**

11. EARNINGS PER UNIT

	2011 $	2010 $
Basic and diluted earnings per unit (cents)	(0.1)	(0.5)
Earnings used in calculation of basic and diluted earnings per unit to unit holders ($'000)	(790)	(3,654)
Weighted average number of units on issue used in calculation of earnings per unit ('000)	**761,341**	**799,847**

12. DISTRIBUTIONS PAID

	2011		2010	
	Cents per security	**Total $'000**	**Cents per security**	**Total $'000**
Ordinary securities				
Final distribution in respect of 2010 year of 2.0 cents per stapled security (2009: 4.5 cents) paid in September 2010 (2009: September 2009), 100% tax deferred (2009: 100% tax deferred).	2.0	15,272	4.50	36,635
Interim distribution in respect of 2011 year of 1.0 cents (2010: nil cents) per stapled security paid in March 2011 (2010: N/A), 100% tax deferred (2010: N/A).	1.0	7,612	–	–
		22,884		**36,635**
Distributions paid in cash or satisfied by the issue of new stapled securities under the Distribution Reinvestment Plan during the year ended 30 June 2011 and the year ended 30 June 2010 were as follows:				
Paid in cash		21,903		36,635
Satisfied by the issue of stapled securities		981		–
		22,884		**36,635**

On 14 June 2011, the Directors of Infigen declared the total distribution for the financial year ended 30 June 2011 to be 1.0 cent per stapled security being the amount declared for the interim distribution and paid on 17 March 2011 (2010: 2.0 cents and paid on 16 September 2010).

Of the $15,272,000 final distribution in respect of 2010, $627,000 (4.1%) of distributions were settled through the issue of stapled securities under the Distribution Reinvestment Plan. Of the $7,612,000 interim distribution in respect of 2011, $354,000 (4.65%) of distributions were settled through the issue of stapled securities under the Distribution Reinvestment Plan. No amounts in relation to the final distribution for 2009 of $36,635,000 were settled through the issue of stapled securities.

The parent entity has franking credits of $6,228,093 for the year ended 30 June 2011 (2010: $4,408,323). The franking credits were acquired when Walkaway Wind Power Pty Ltd joined the Group's tax consolidated group in June 2010.

On 14 June 2011, Infigen announced that it has suspended distributions for years ending 30 June 2012 and 30 June 2013.

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.

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.

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 2011, IET charged no interest (2010: $926,000) on certain loans receivable from IEL. During the year ended 30 June 2011 the interest rate was nil (2010: 3.00%). 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, Infigen Energy RE Limited, is a wholly owned subsidiary of IEL. The RE had previously exercised its right under the constitution to waive the fee referred to above such that it is paid a fixed fee that is increased by CPI annually. During the year ended 30 June 2011, IET incurred Responsible Entity fees of $590,681 from the RE.

Under the terms of the Custodian Agreement 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 2011, IET owed the following amounts to other members of the Infigen group:

	2011 $'000	2010 $'000
Infigen Energy RE Limited	1,346	696

As at 30 June 2011, the consolidated entity was owed the following amounts by other members of the Infigen group:

	2011 $'000	2010 $'000
Infigen Energy Limited	588,490	588,732
Infigen Energy (Bermuda) Limited	691	691
Capital Wind Farm Holdings Pty Limited	12,960	12,960
Infigen Energy Holdings Pty Limited	109,438	131,338
Infigen Energy (US) 2 Pty Limited	30,009	30,009
	741,588	**763,730**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

14. RELATED PARTY DISCLOSURES CONTINUED

(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

		Ownership interest	
Name of entity	**Country of incorporation**	**2011 %**	**2010 %**
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

	2011 $'000	2010 $'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	346	259
	346	**259**

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 and interest bearing debt.

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 loss 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.

	AUD $'000	AUD +100 bps	AUD -100 bps
2011			
Impact on income statement			
Cash	346	3	(3)
2010			
Impact on income statement			
Cash	259	3	(3)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

17. FINANCIAL RISK MANAGEMENT CONTINUED

(b) Credit risk

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

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 IET's maximum exposure to credit risk.

	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2011				
Bank deposits	346	–	–	Minimum credit rating – 'A' grade (S&P)
GST Receivable	12	–	–	Due from the Australian Government
Loans to related parties	741,588	–	–	Due from members of the Infigen group
	741,946	**–**	**–**	
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	**–**	**–**	

Capital Risk Management

The Group's objectives when managing capital are to safeguard the 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 unit holders, return capital to unit holders, issue new units 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.

17. FINANCIAL RISK MANAGEMENT CONTINUED

(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.

	Up to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
2011				
Amounts due to related parties	1,346	-	-	1,346
2010				
Amounts due to related parties	696	-	-	696

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 material or unusual nature likely to affect significantly the operations or affairs of IET 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:

	2011 $'000	2010 $'000
Current assets	741,947	763,989
Total assets	763,586	785,628
Current liabilities	1,346	696
Total liabilities	1,346	696
Shareholders' equity		
Issued capital	753,076	774,979
Retained earnings	9,163	9,953
Total Equity	762,239	784,932
Profit or loss for the year	(790)	165
Total comprehensive income	**(790)**	**165**

(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 2011 or 30 June 2010.

DIRECTORS' DECLARATION

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

(a) the financial statements and notes set out on pages 12 to 31 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 2011 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that IET 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, 30 August 2011

CORPORATE INFORMATION

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Sydney NSW 2000

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

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