



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

25 February 2011

FY11 INTERIM FINANCIAL RESULTS

Attached are the following reports relating to the interim financial results for Infigen Energy (ASX: IFN):

- ASX Release – FY11 Interim Financial Results
- Interim Financial Results Presentation
- Management Discussion and Analysis of Financial and Operational Performance

For Further Information:

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Investor Relations Manager
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About Infigen Energy

Infigen Energy is Australia's leading specialist renewable energy business. For further information please visit our website: www.infigenenergy.com

Infigen Energy stapled securities trade on the Australian Securities Exchange under the code IFN.



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ASX Release

25 February 2011

FY11 INTERIM FINANCIAL RESULTS

Infigen Energy (ASX: IFN) today released its FY11 interim financial results.

Infigen has faced a challenging six month period. Adverse external factors including foreign exchange movements, and depressed energy markets in Australia and the US more than offset improved wind conditions, improved operational performance, and contributions from recently completed assets.

As a consequence Statutory Loss for the half year was \$34.4 million, an adverse movement of \$18.6 million compared with the prior corresponding period.

SUMMARY OF PERFORMANCE

A summary of key measures of continuing business performance on an economic interest basis compared with the prior corresponding period are outlined below:

- **Operating Capacity:** Increased by 2% to 1,726 MW
- **Production:** Increased by 17% to 2,282 GWh
- **Revenue:** Increased by 2% to \$137.8 million
- **EBITDA:** Decreased by 2% to \$72.9 million
- **Corporate Costs:** Reduced by 18% to \$8.5 million
- **Net Loss:** Increased by \$18.6 million to \$34.4 million
- **Net Debt:** Reduced by 4% to \$1,149 million
- **Interim Distribution:** 1.0 cent per security

IFN Managing Director, Miles George said, "Improved wind conditions and better operational performance helped deliver a 17 percent increase in production to near the top end of earlier production guidance.

"However revenue from the Australian business was affected by difficult electricity and Renewable Energy Certificate market conditions, and revenue from our US and German businesses was adversely affected by the appreciation of the Australian Dollar," he said.

Group revenue came in at the lower end of earlier revenue guidance.



Revenue from operations increased 2% or \$2.5 million to \$137.8 million. Recently completed assets and increased production from existing assets provided a benefit of \$17.9 million which was offset by \$8.8 million due to the appreciation of the Australian dollar and by \$6.5 million due primarily to low electricity prices in Australia.

Operating EBITDA from continuing operations was down \$3.0 million to \$84.0 million reflecting the marginally higher group revenue offset by increased costs associated with increased capacity and with turbines transitioning off warranty. Corporate costs reduced by 18% or \$1.8 million to \$8.5 million.

EBITDA decreased by \$1.8 million to \$72.9 million reflecting a lower Operating EBITDA offset primarily by lower corporate costs.

The net loss increased by \$18.6 million to \$34.4 million. This is mainly the result of higher net financing costs associated with an early interest rate swap termination, a lower net contribution from US Institutional Equity Partnerships and low merchant electricity prices.

OUTLOOK

Wind resource and production has improved this year across the US. We expect this to continue for the remainder of the year. We also expect the German portfolio to have a stronger second half. Turbine availability across the portfolio is exceeding our target of 95%. Together these factors lead to our expectation that full year production will be within the original guidance range of 4,582 GWh to 4,878 GWh.

From a revenue perspective some recovery in electricity and REC prices is expected, but this improvement is likely to continue to be slow. We expect the market for offtake contracts to gradually pick up momentum. As a result of the strong performance of the Australian economy compared with the US and Europe, we expect that the AUD will remain at or around the current level for the remainder of the financial year. Adjusting original revenue guidance for current FX assumptions we now expect revenue for the full year to be between \$277.8 million and \$295.3 million.

	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Generation (GWh)			
Australia	720	610 – 678	1,330 – 1,398
Germany	94	114 – 127	208 – 221
US	1,469	1,575 – 1,790	3,044 – 3,259
Total	2,282	2,299 – 2,595	4,582 – 4,878
	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Revenue (A\$M)			
Australia	59.9	53.3 – 59.6	113.5 – 119.5
Germany	11.4	13.2 – 14.6	24.6 – 26.0
US	66.5	73.3 – 83.3	139.8 – 149.8
Total	137.8	140.0 – 157.5	277.8 – 295.3



Looking further ahead there is a number of opportunities that have the potential to add to future earnings and generate securityholder value. These include:

- Completion of the Woodlawn Wind Farm by the end of 2011;
- An opportunity to develop 150MW of Solar PV under the Solar Flagships Program subject to Commonwealth Government selection of the successful applicant, and final Board approval;
- Improved channels to market including direct contracting with end use customers;
- A carbon price regime and improved wholesale electricity prices in Australia;
- Revival of the REC market as excess RECs work through the system;
- Further initiatives to control O&M costs as wind farms transition off warranty; and
- Continued stringent controls on corporate costs.

INTERIM DISTRIBUTION

An interim distribution of 1.0 cent per security has been declared for the half year period payable on 17 March 2011 to security holders on the register as at the record date of 31 December 2010. The interim distribution will be paid by the Infigen Energy Trust and is expected to be fully tax deferred.

ENDS

For further information please contact:

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About Infigen Energy:

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Interim Result Presentation

Six months ended 31 December 2010

25 February 2011

The Infigen logo consists of the word "infigen" in a white, lowercase, sans-serif font, centered within a white square border. The background of the slide is a gradient from dark blue at the top to dark red at the bottom.

infigen

Agenda



- **Executive Summary & Business Highlights**
- Operational Performance
- Interim Financial Result
- Priorities & Outlook
- Questions & Appendix

Presenters:

Miles George	Managing Director
Geoff Dutailis	Chief Operating Officer
Chris Baveystock	Interim Chief Financial Officer

For further information please contact:

Richard Farrell, Investor Relations Manager
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H1 FY11 Business Performance Overview

Operational improvements offset adverse external factors

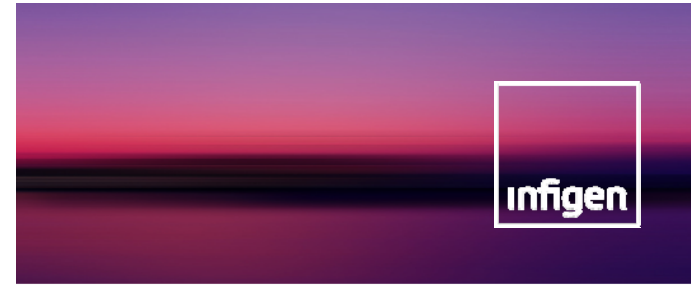
- Generation of 2,282 GWh within guidance an increase of 17%
- Improved turbine availability of 95.9% exceeded the target of 95%
- Revenue of \$137.8 million within guidance despite adverse external conditions
- Turbine maintenance cost increases are being minimised through:
 - Preventative maintenance focus
 - Competitive tendering of all O&M services
- Corporate costs reduced by \$1.9 million or 18%
- EBITDA of \$72.9 million was down 2% reflecting external effects on revenues and higher operating costs, partially offset by further reduction of corporate costs

H1 FY11 Statistics



	H1 FY11	H1 FY10	Change (%)	Comments
Safety (LTIFR)	14.8	10.1	47	<ul style="list-style-type: none"> • Increase in contractors' safety incidents
Operating Capacity (MW)	1,726	1,687	2	<ul style="list-style-type: none"> • Completion of 39 MW Lake Bonney 3 Wind Farm in South Australia
Production (GWh)	2,282	1,943	17	<ul style="list-style-type: none"> • Full period contribution from Capital & Lake Bonney 3 in Australia
Capacity Factor (%)	29.9	27.6	9	<ul style="list-style-type: none"> • Improved wind resource in the US • Improved availability in Australia and US • Lower wind resource in Germany
Revenue (\$M)	137.8	135.3	2	<ul style="list-style-type: none"> • Full period contribution from Capital, Lake Bonney 3 • Unfavourable FX • Low merchant electricity and REC prices in Australia
EBITDA (\$M)	72.9	74.7	(2)	<ul style="list-style-type: none"> • Post warranty higher operating costs • Lower corporate costs
Net Loss (\$M)	(34.4)	(15.8)	118	<ul style="list-style-type: none"> • Higher D&A due to Capital, Lake Bonney 3 • Higher financing costs due to early terminated swap at counterparty option • Lower contribution from US Institutional Equity Partnerships

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- **Operational Performance**
- Interim Financial Result
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Operational Performance

Focus on managing operational and maintenance costs as assets transition off warranty

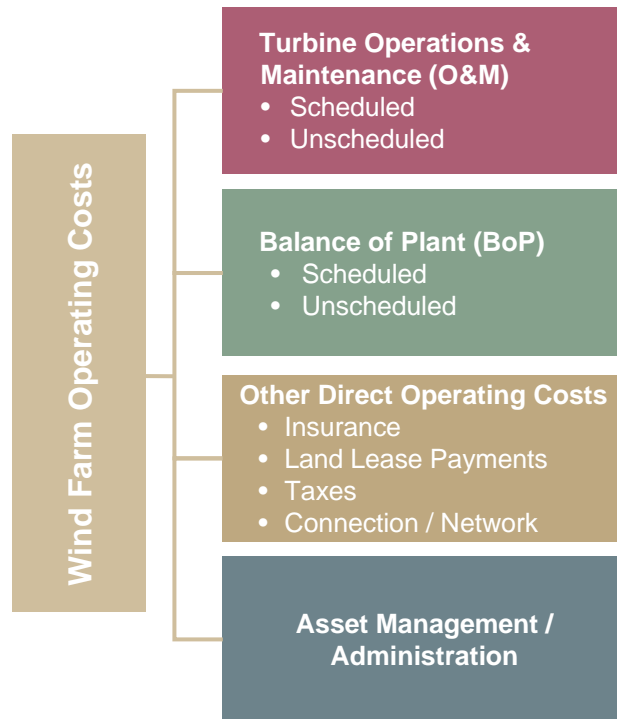
	H1 FY11	H1 FY10	%
Safety (LTIFR)	14.8	10.1	47
Operating Capacity (MW)	1,726	1,687	2
Production (GWh)	2,282	1,943	17
Capacity Factor (%)	29.9	27.6	2
Site Availability (%)	95.7	95.0	1
Revenue (A\$M)	137.8	135.3	2
Operating Costs (A\$M)	53.8	48.3	11
Operating EBITDA (A\$M)	84.0	87.0	(3)
Operating EBITDA Margin	61.0%	64.3%	(3)
REC revaluation, corporate and development costs (A\$M)	11.1	12.3	(10)
EBITDA (A\$M)	72.9	74.7	(2)

Overview

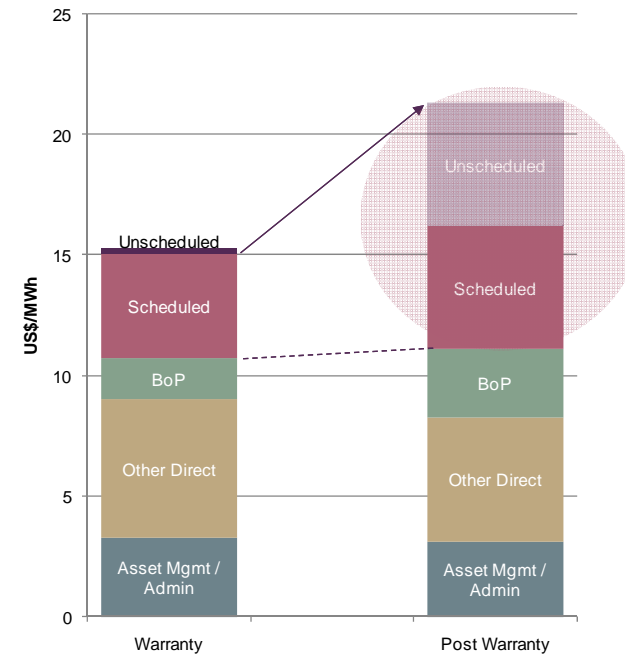
- Production increased by 17% as a result of:
 - Full period contributions from Capital and Lake Bonney 3 and higher availability in Australia;
 - improved wind resource in the US, offset by
 - lower wind resource in Germany
- Revenue increased by \$2.5m resulting from increased production, offset by FX movements and low merchant electricity prices.
- Operating EBITDA was \$3.0m lower resulting from the lower average prices, the adverse FX movement and higher maintenance costs as wind farms transition off warranty

Operational Costs

Post warranty maintenance costs are higher than the industry expected



Operating Cost Transition (US example)



Comments

- Maintenance costs and plant reliability risks are capped for an owner during the warranty period
- Following the end of the warranty, an asset owner assumes the plant reliability risks (unscheduled maintenance), as well as the market price for maintenance services
- Estimated step-up of \$5–10/MWh although range can vary widely
- **Scope for further containment of costs as competitive post warranty maintenance market develops**

Operational Costs

A competitive post warranty maintenance market is rapidly developing

Primary Drivers

Primary Drivers

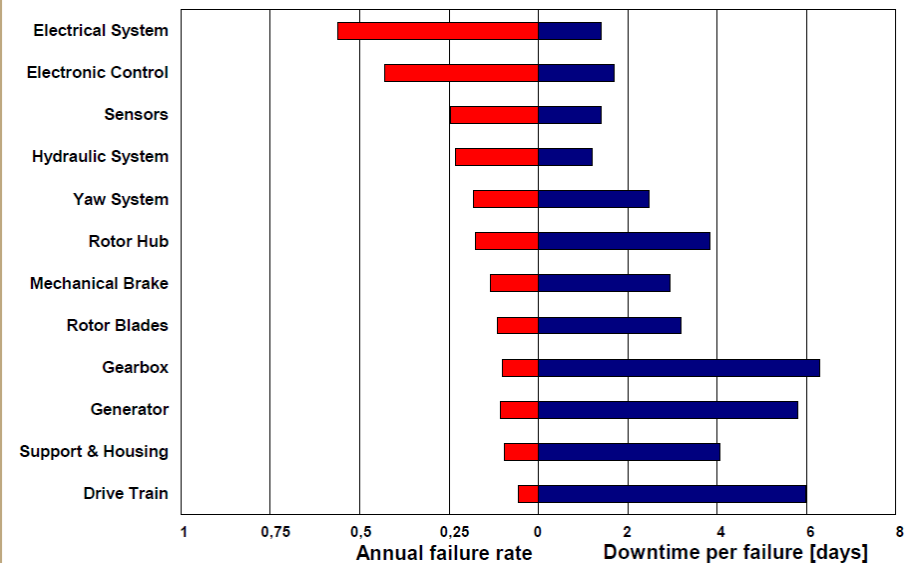
- I. Component failure rates - underestimated by the industry
- II. Increased component costs
- III. Increased skilled labour costs

Component Failure Rate assumptions based on

- Internal operational data
- Technical advisers
- Independent studies

Response Strategies

- Increased use of preventative maintenance
- Competitive tendering for maintenance services
- Direct sourcing of components
- Strategic relationships with OEMs



Source: *Appropriate Failure Statistics & Reliability Characteristics*; Dewek 2008; by: S Faulstich, B Hahn, H Jung, K Rafik, A Ringhandt



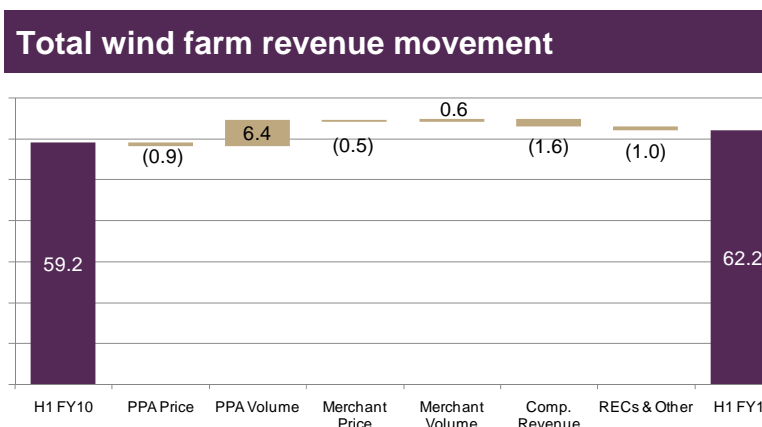
Operational Performance: US

Improved wind resource lead to high production

	H1 FY11	H1 FY10	%
Operating Capacity (MW)	1,089	1,089	-
Production (GWh)	1,469	1,294	13
Capacity Factor (%)	30.0	27.3	3
Site Availability (%)	95.3	95.3	-
Revenue (US\$M)	63.4	62.6	1
Operating Costs (US\$M)	32.6	30.1	8
Operating EBITDA (US\$M)	30.8	32.5	(5)
Operating EBITDA Margin	48.6%	51.9%	(3)
Electricity Price (US\$/MWh)	42.34	43.98 [^]	(4)
O&M Cost (US\$/MWh)	21.66	20.37	6

Comments

- Production increased as a result of improved wind resource
- Revenue up marginally reflecting improved production offset by lower average merchant electricity prices
- Turbine O&M costs increased post-warranty



[^] unit price includes 52 GWh of compensated production



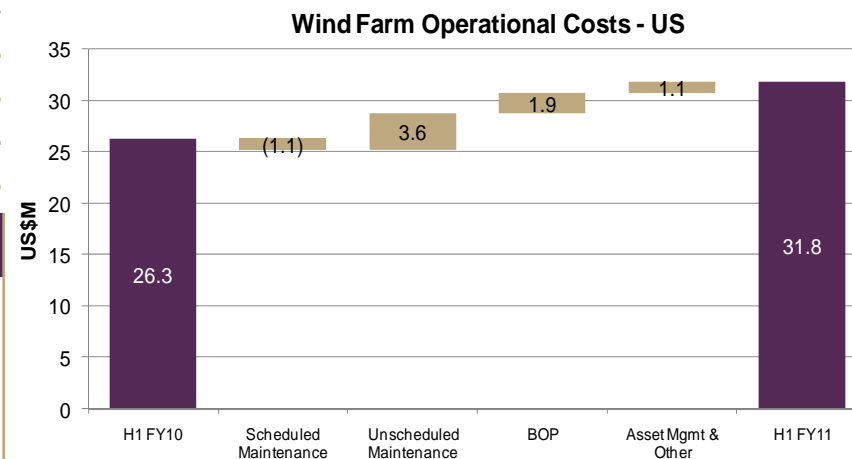
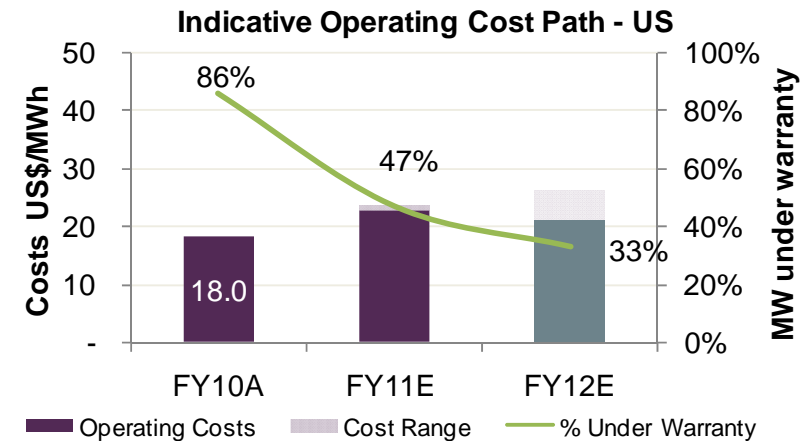
Operational Costs: US

Post warranty operating costs within expectations

	H1 FY11	H1 FY10	%
Asset Management/Admin	5.1	4.6	11
Turbine O&M			
Scheduled	9.6	10.7	(10)
Unscheduled	4.6	1.0	360
Balance of Plant	3.4	1.5	127
Other Direct Costs			
Insurance	1.6	1.5	7
Land lease payments	2.5	2.2	14
Taxes	3.7	3.6	3
Connection	1.3	1.2	8
Wind farm costs (US\$M)	31.8	26.3	21
Bluarc costs	0.8	3.8	(79)
Operating costs (US\$M)	32.6	30.1	8

Comments

- \$5.5m increase in wind farm costs largely driven by unscheduled turbine maintenance costs
- Operating cost path reflects US wind farms transitioning off warranty
- Scope for containment of cost increase as competitive post warranty market develops





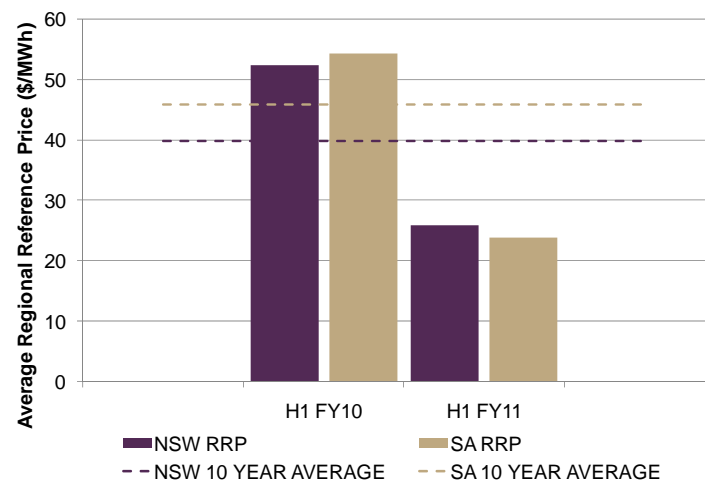
Operational Performance: Australia

	H1 FY11	H1 FY10	%
Operating Capacity (MW)	508	469	8
Production (GWh)	720	528	36
Capacity Factor (%)	32.0	30.4	2
Site Availability (%)	97.1	91.9	5
Revenue (A\$M)	59.9	45.4	32
Operating Costs (A\$M)	15.2	9.3	63
Operating EBITDA (A\$M)	44.7	36.1	24
Operating EBITDA Margin	74.7%	79.5%	(5)
Price (A\$/MWh)	83.24	85.96	(3)
Operating Cost (A\$/MWh)	21.06	17.53	20

Summary

- Production increase due to contribution from the 39 MW Lake Bonney 3 and 140.7 MW Capital wind farms and higher availability
- Availability improved significantly to 97.1%
- Low SA and NSW merchant electricity prices were largely offset by higher average contract prices
- Operating costs increase resulting from full period contributions from Capital and Lake Bonney 3 and energy market costs

Wholesale Electricity Prices



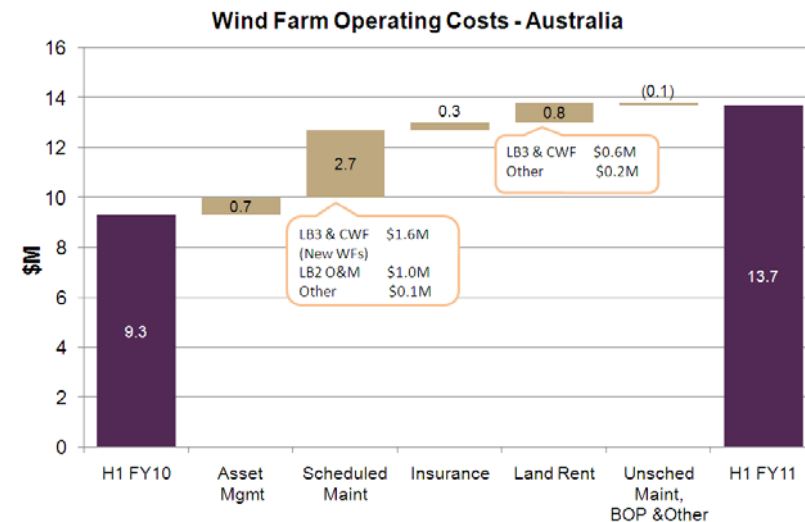
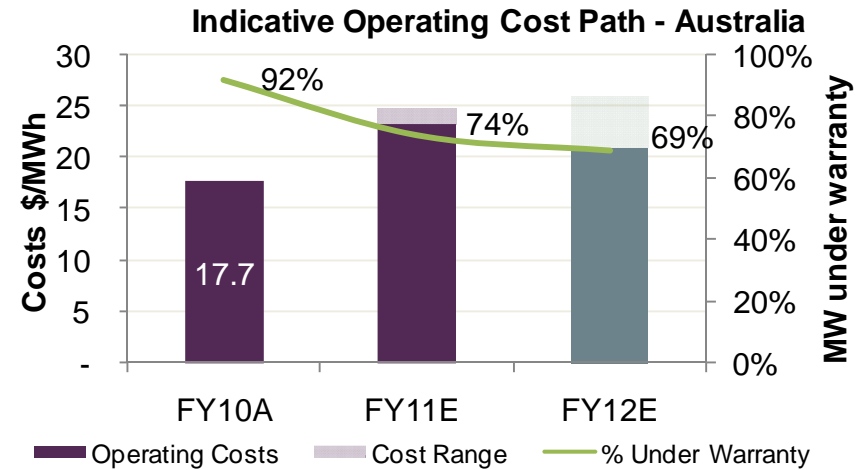


Operational Costs: Australia

(A\$M)	H1 FY11	H1 FY10	%
Asset Management	3.4	2.7	26
Turbine O&M			
Scheduled	6.3	3.6	75
Unscheduled	0.3	0.4	(25)
Balance of Plant	0.2	0.1	100
Other Direct Costs			
Insurance	1.2	0.9	33
Land lease payments	1.3	0.5	160
Connection/Network	1.0	1.1	(9)
Wind farm costs (A\$M)	13.7	9.3	47
Energy markets cost	1.5	-	100
Wind Farm Operating Costs	15.2	9.3	63

Comments

- \$4.4m increase in wind farm operating costs driven by additional assets and contracted step-up in Lake Bonney 2
- Operating cost path reflects wind farms transitioning off warranty
- Consistent with overseas and global market trends with scope for containment of cost increases as competitive post warranty market develops





Australia: Energy Markets

In-house capability improves energy risk management and allows us to better serve renewable energy customers

- **Risk Management**
 - Improved ability to profile and manage portfolio revenue
 - 24 hour Operational Control Centre provides improved control functionality, availability and response times
 - Improved management of constraints and volatile price events
 - Reduced exposure to counterparty risks

- **Diversifying channels to market**
 - Improved revenue from existing contracts and broader customer relationships
 - Improved revenue performance from merchant assets
 - Ability to better serve end-use customers directly

Construction and Development Update: Australia

Capital expenditure limited to committed projects

Construction

Woodlawn Wind Farm (48.3 MW)

- Project announced June 2010
- Expanded from 42 MW to 48.3 MW in November 2010
- Comprises 23 Suzlon S88 2.1 MW turbines
- Construction works commenced and expected to be completed by end of 2011
- Project finance agreement signed



Development

The Commonwealth Solar Flagships Program

- Infigen/Suntech Consortium
- One of four shortlisted solar PV applicants; successful applicant to be announced by mid 2011
- Federal grant funding and additional State funding available if successful
- Final commitment subject to Board final investment decision

Wind Development Pipeline

- Limit capital spend on necessary functions required to keep options viable for longer term development
- No further projects will be committed until market conditions improve and target returns can be achieved



Operational Performance: Germany

Good availability maintained but offset by poor wind resource

	H1 FY11	H1 FY10	%
Operating Capacity (MW)	129	129	-
Production (GWh)	94	119	(21)
Capacity Factor (%)	16.6	21.0	(4)
Site Availability (%)	96.5	96.8	-
Revenue (€M)	8.1	10.3	(21)
Operating costs (€M)	3.1	2.6	19
Operating EBITDA (€M)	5.0	7.7	(35)
Operating EBITDA Margin	61.7%	74.7%	(13)
Price (€/MWh)	86.40	86.71	-
Operating cost (€/MWh)	32.68	21.95	49

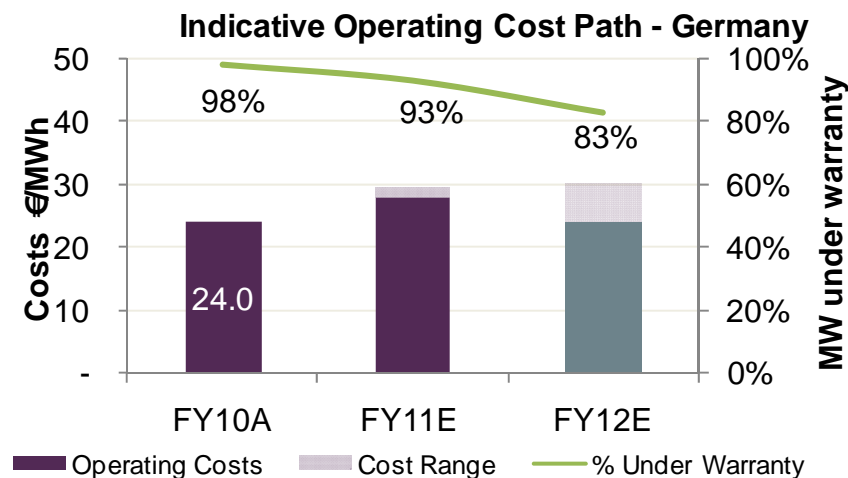
Summary

- Production decreased by 21% due to lower wind resource
- Availability was marginally affected by outages due to blade icing during cold weather and the installation of new equipment to generate additional revenue
- Revenue decreased 21% reflecting lower production
- Operating and Maintenance Cost increase reflects higher turbine O&M
- Unit operating costs reflects lower production and component failure

Operational Costs: Germany

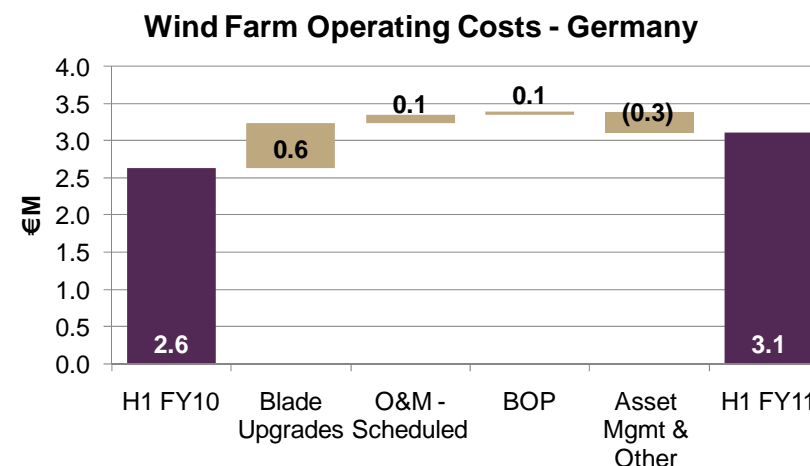


	H1 FY11	H1 FY10	%
Asset Management/Admin	1.0	1.3	(23)
Turbine O&M			
Scheduled	0.6	0.5	20
Unscheduled	0.6	-	-
Balance of Plant	0.2	0.1	100
Other Direct Costs			
Insurance	0.2	0.2	-
Land lease payments	0.5	0.5	-
Wind farm costs (€M)	3.1	2.6	19

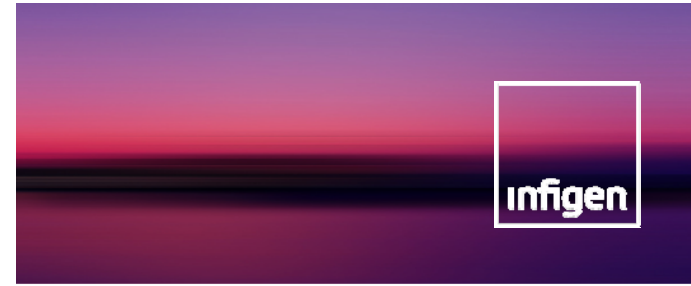


Comments

- €0.5m increase in operating cost driven by blade upgrades at Neiderrhein and Eifel
- Operating cost path reflects wind farms transitioning off warranty
- The remainder of wind farms in Germany have long dated warranties and O&M agreements
- Scope for containment of cost increase as competitive post warranty market develops



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Summary Statutory P&L and Financial Metrics

Profit and Loss - A\$M	1H FY11	1H FY10	Change %
Revenue	145.8	144.4	1
EBITDA	79.0	81.5	(3)
Depreciation & Amortisation	(74.9)	(73.3)	2
EBIT	4.1	8.2	(50)
Net financing costs	(40.0)	(35.4)	(13)
Net income from US Institutional Equity Partnerships	1.7	13.1	(87)
Significant non-recurring items	-	(8.6)	(100)
Loss from continuing operations	(34.2)	(22.7)	(51)
Tax benefit / (expense)	(0.2)	5.4	(104)
Profit from discontinued operations	-	1.5	(100)
Net Loss	(34.4)	(15.8)	118

Metrics	1H FY11	1H FY10	% Change
EBITDA Margin (%)	54.2	56.4	(2)
Net Operating Cash Flow per Security (cps)	-	2.7	(100)
EBITDA / Capital Base (%)	9.3	9.0	0.3
Book Gearing (%)	62.7	62.3	(0.4)
Book Value / Security (\$)	0.90	0.95	(5)



Reconciliation of Statutory to Economic Interest

Infigen measures the performance of the business from an economic interest perspective

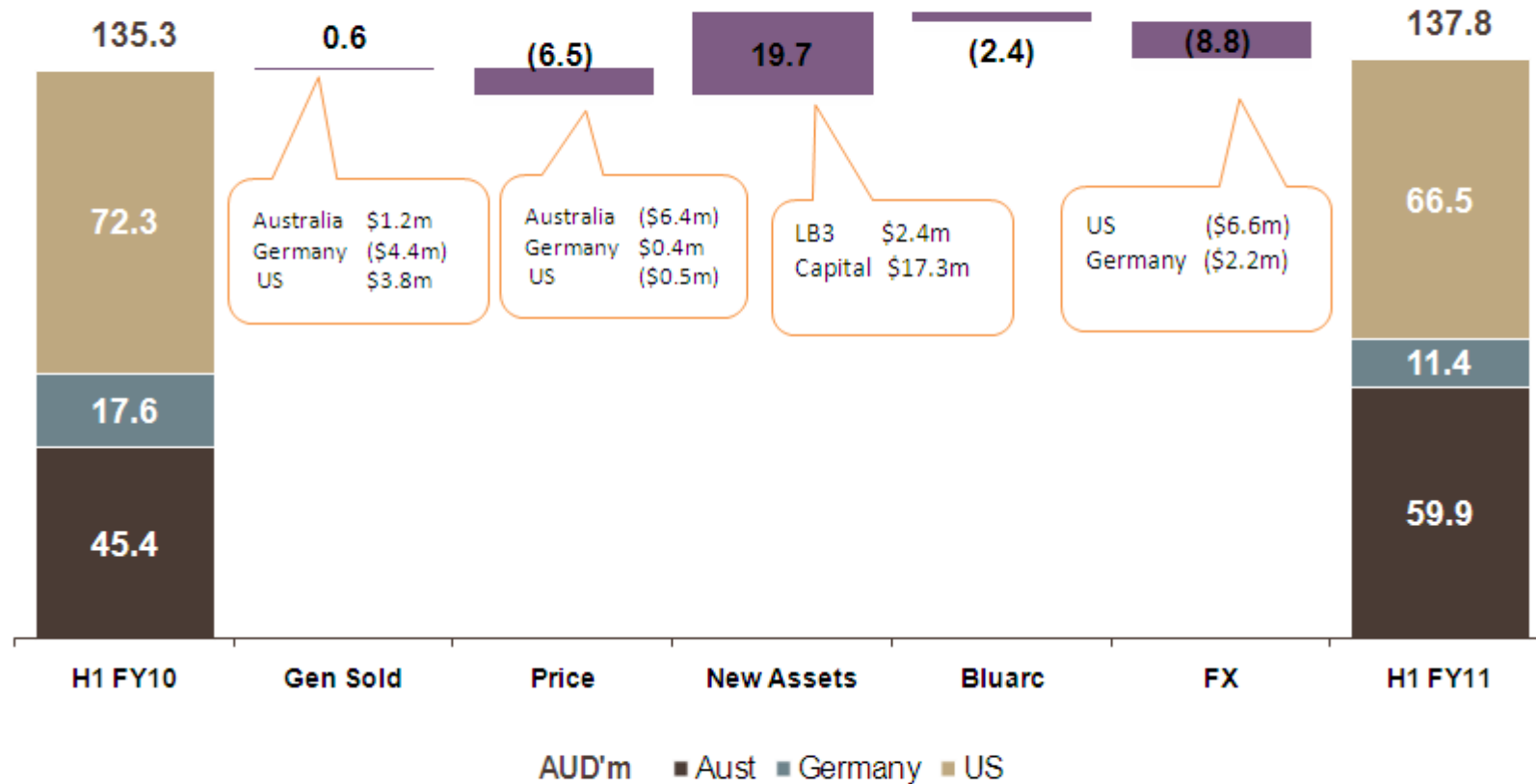
A\$M	Statutory	Minority Interest	Economic Interest
Revenue	145.8	(8.0)	137.8
EBITDA	79.0	(6.1)	72.9
Depreciation & Amortisation	(74.9)	4.1	(70.8)
EBIT	4.1	(2.0)	2.1
Net financing costs	(40.0)	-	(40.0)
Net income from Institutional Equity Partnerships	1.7	2.0	3.7
Loss from continuing operations	(34.2)	-	(34.2)
Tax benefit / (expense)	(0.2)	-	(0.2)
Net Loss	(34.4)	-	(34.4)

The slides that follow are presented from an economic interest perspective



Revenue

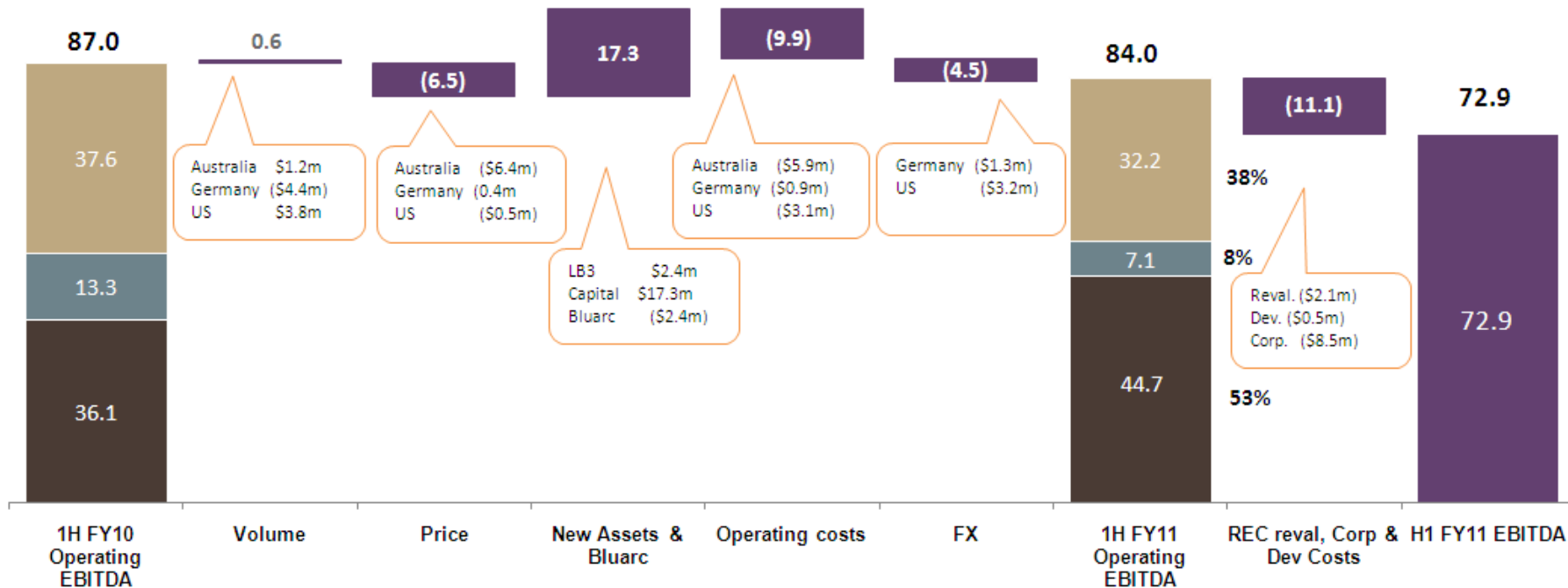
Full period contributions from Capital and Lake Bonney 3 resulted in an overall increase in revenue despite adverse external factors





EBITDA

Lower operating EBITDA reflects additional capacity contributions offset by adverse external factors and an increase in operating costs

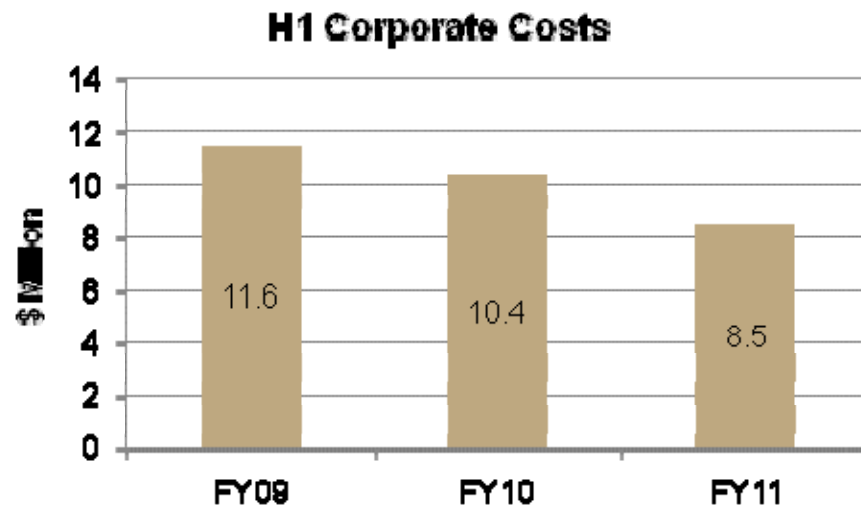




Corporate Costs

On track for FY11 target reduction

AUD'm	1H FY11	1H FY10	Change %
Personnel including contractors	4.7	6.4	(27)
Audit, ASX, Link, Annual Report and Board expenses	1.7	1.5	13
Consultants & Advisors	1.0	1.0	-
Accommodation, Facilities, IT, Travel & Other	1.1	1.5	(27)
Total Corporate Costs	8.5	10.4	(18)



Comments

- Ongoing reduction of controllable costs
- Tracking ahead of target



Operating Cash Flow

Lower cash flow reflects one off items and retained RECs

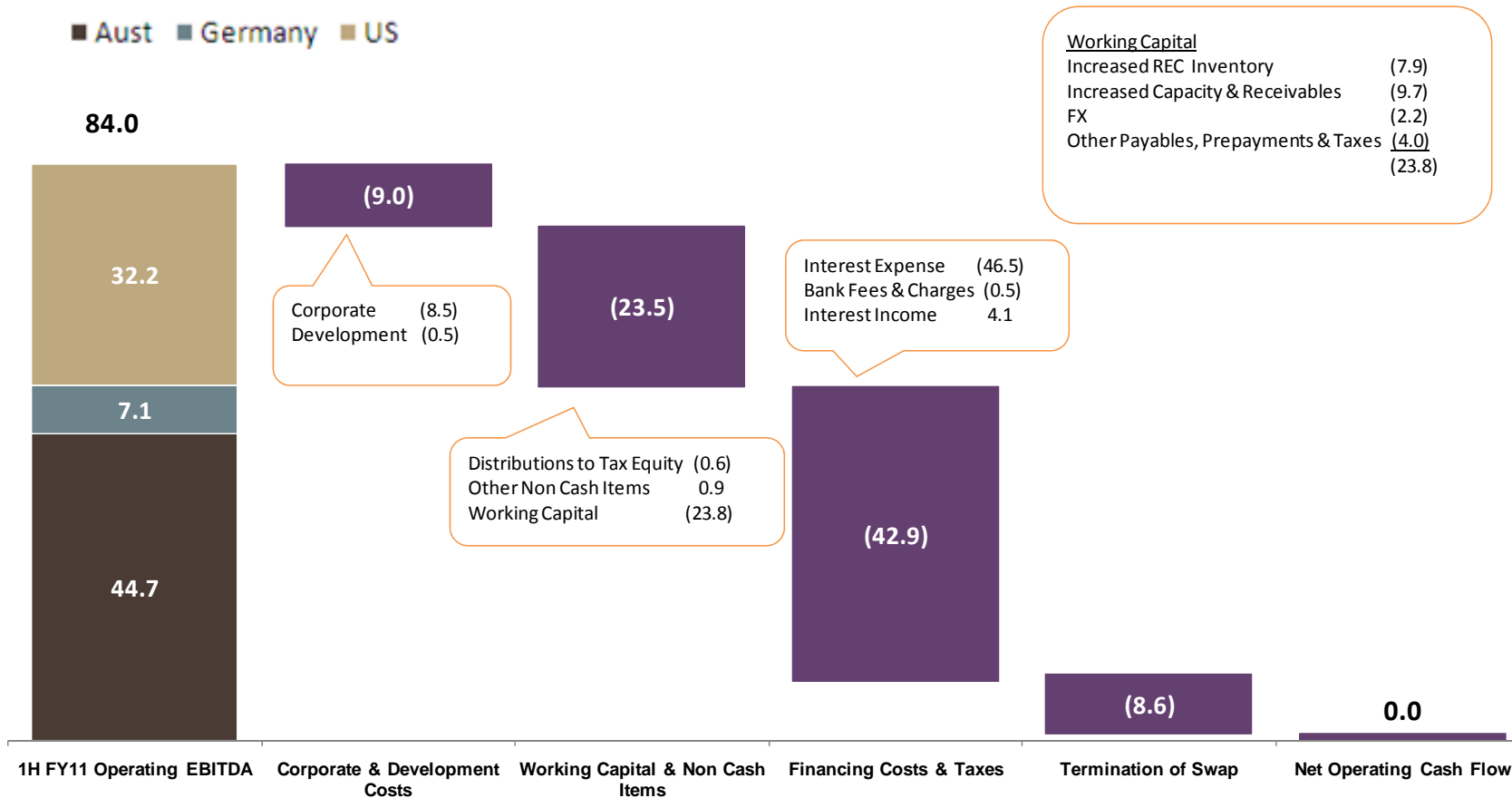
A\$M	H1 FY11	H1 FY10	Change %
Operations EBITDA	84.0	87.0	(3)
Corporate and Development Costs	(9.0)	(10.4)	(13)
Movement in working capital & non cash items	(23.5)	(6.5)	262
Financing costs and taxes paid	(42.9)	(45.7)	(6)
Termination of interest rate swap	(8.6)	-	100
Transition Expense	-	(5.5)	(100)
Settlement of foreign exchange contracts	-	2.0	(100)
Net Operating Cash Flow	-	20.9	(100)

- **Movement in Working Capital** – increase in REC inventory, increased receivables from increased merchant capacity and higher sales to industrial customers
- **Financing costs** decreased due to strengthening of AUD lowering interest expense on foreign debt
- **Termination of interest rate swap** terminated at the option of the counterparty



Operating Cash Flow

EBITDA to net operating cash flow movements





Balance Sheet

AUD'million	31-Dec-10 IFN Statutory Interest	MI	31-Dec-10 IFN Economic Interest	30-Jun-10 IFN Economic Interest
Cash	163.3	1.4	161.9	227.3
Receivables	52.0	1.6	50.4	36.6
Inventory REC's	11.1		11.1	3.2
Prepayments	24.8	0.5	24.3	28.4
PPE	2,730.1	162.4	2,567.7	2,910.7
Goodwill & Intangibles	350.4	16.5	333.9	373.1
Deferred Tax Assets	99.1		99.1	97.3
Other Assets	3.8		3.8	3.6
Total Assets	3,434.6	182.3	3,252.2	3,680.3
Payables	50.5	1.6	49.0	64.3
Provisions	2.0		2.0	2.9
Borrowings	1,310.7		1,310.7	1,422.6
Tax Equity (US)	708.6	75.9	632.7	784.4
Class B Minority (US)	63.5	63.5	-	-
Deferred Revenue (US)	442.9	41.3	401.7	461.6
Deferred Tax Liabilities	75.1		75.1	64.8
Interest Rate Derivative	97.3		97.3	157.9
Total Liabilities	2,750.8	182.3	2,568.5	2,958.4
Net Assets	683.8	-	683.8	721.9

Debt Ratios ³	31-Dec-10	30- June- 10
Net Debt / EBITDA ⁴	6.8x	6.6x
EBITDA / Interest ²	1.6x	2.1x
Net Debt ² / (Net Debt + Net Assets)	62.7%	62.3%

Comments

- Borrowings decreased since 30 June 2010 mainly due to \$112m FX benefit on translation
- Gearing stable
- Group within its leverage ratio covenant at 31 December 2010 and expects to continue to be at 30 June 2011

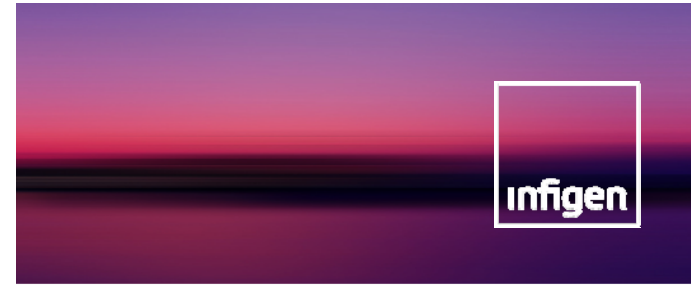
1 Closing rate: AUD:USD 30 June 10 = 0.8523, 31 Dec 10 = 1.0233; AUD:EUR 30 June 10 = 0.6976, 31 Dec 10 = 0.7643

2 IFN's Economic Interest , 30 June 10 includes France EBITDA \$9.2m

3 Debt Ratios calculated on the full group basis

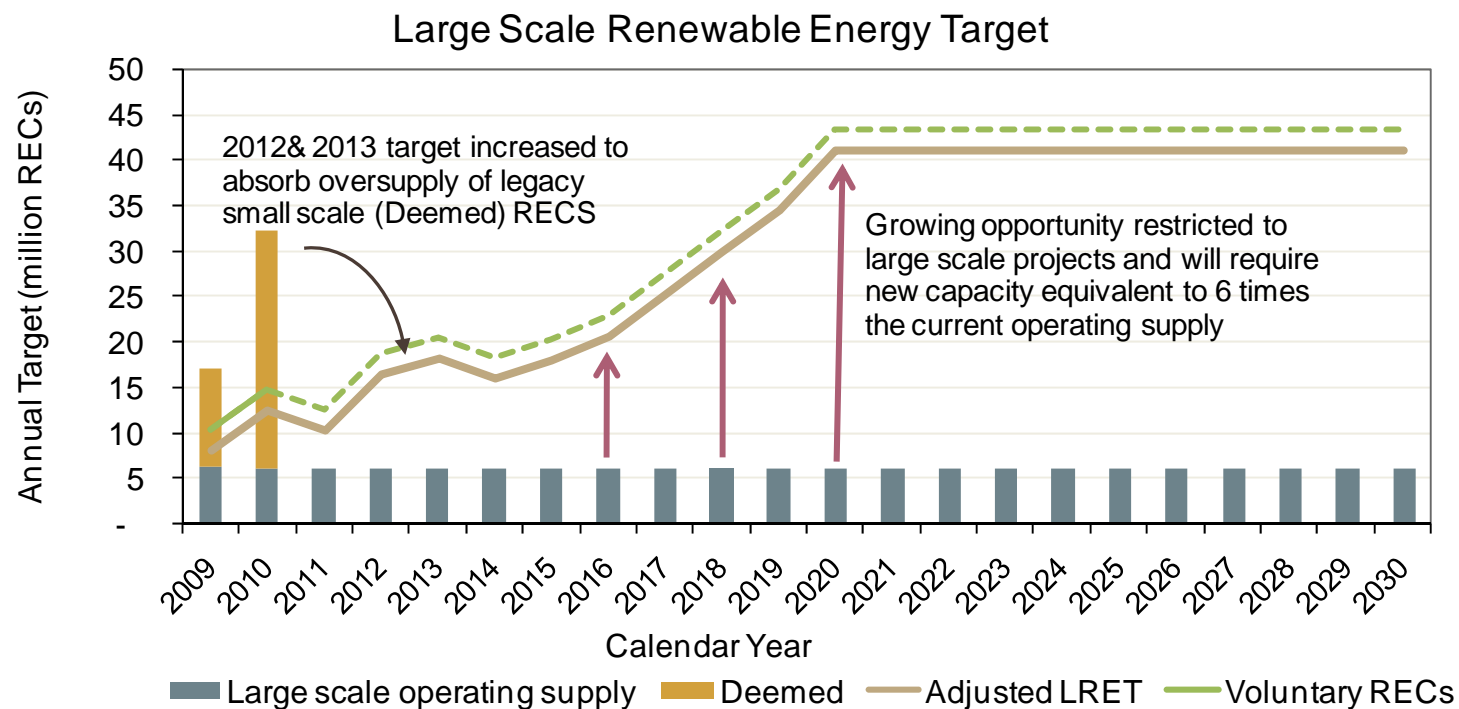
4 Global Facility leverage covenant <8.5, Debt service and leverage metrics in table are not directly comparable to Global Facilities covenant metrics due to treatment of construction debt and interest, and cashflow adjustments (non-EBITDA); 12 months to Dec 10, 12 months to June 10

Agenda



- Executive Summary & Business Highlights
- Operational Performance
- Interim Financial Result
- **Priorities & Outlook**
- Questions & Appendix

Australian Regulatory update



- Significant capacity required from large scale supply sources
- Surplus expected to work its way out of the system over the next 18 months to 2 years
- The Renewable Energy Target currently runs to 2030. Without a carbon price to support zero emission technologies beyond 2030 not all projects required to achieve the target will be able to achieve an appropriate rate of return
- Current wholesale electricity prices will be insufficient to justify renewables economics build beyond the LRET scheme



FY11 Production & Revenue Guidance

	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Generation (GWh)			
Australia	720	610 – 678	1,330 – 1,398
Germany	94	114 – 127	208 – 221
US	1,469	1,575 – 1,790	3,044 – 3,259
Total	2,282	2,299 – 2,595	4,582 – 4,878

	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Revenue (A\$M)			
Australia	59.9	53.6 – 59.6	113.5 – 119.5
Germany	11.4	13.2 -14.6	24.6 – 26.0
US	66.5	73.3 – 83.3	139.8 – 149.8
Total	137.8	140.0 – 157.5	277.8 – 295.3

Notes

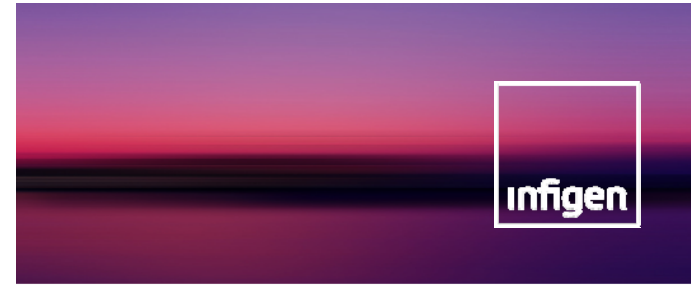
- Assumes no significant unexpected downtime events
- Market prices in line with H1 FY11
- Prior FY11 guidance was A\$286.6 to A\$322.4 based on exchange rate estimates of AUD:EUR 0.6950 and AUD:USD 0.8718
- H2 FY11 Exchange rate estimates of AUD:EUR 0.7524 and AUD:USD 0.9950
- Includes Bluarc Revenue

Priorities & Outlook



INFIGEN	<ul style="list-style-type: none">• Well positioned in the Australian renewable energy industry to capitalise on expected improvement in market conditions• Proven track record in Australia provides a competitive advantage
INDUSTRY CONDITIONS	<ul style="list-style-type: none">• Fuel oversupply in energy markets is keeping merchant electricity prices at cyclically low prices• REC market is showing early signs of recovery from December 2010 lows but has a long way to go to provide a new build signal• Portfolio and pipeline can benefit from the introduction of a carbon price
NEAR TERM PRIORITIES	<ul style="list-style-type: none">• Continued focus on operational cost containment & corporate cost reduction• Maintain and improve site availability above 95%• Deliver Woodlawn on time and within budget• Continue to progress pipeline towards a construction ready status
FY11 GUIDANCE	<ul style="list-style-type: none">• FY11 production skewed to the second half as in previous periods• Production guidance reaffirmed• Revenue guidance revised to reflect current FX rates

Agenda



- Executive Summary & Business Highlights
- Operational Performance
- Interim Financial Result
- Priorities & Outlook
- **Questions & Appendix**

Definitions



Unless otherwise stated the following definitions apply to the presentation:

All figures in this report relate to businesses of the Infigen Energy Group ("Infigen"), being Infigen Energy Limited ("IEL"), Infigen Energy Trust ("IET") and Infigen Energy (Bermuda) Limited ("IEBL") and the subsidiary entities of IEL and IET, for the half year ended 31 December 2010 compared with the half year ended 31 December 2009 ("prior corresponding period") except where otherwise stated

Statutory and Economic Interest

- Under the accounting standards Infigen fully consolidates the assets, liabilities, income and expenses of all entities in which it has a controlling interest and eliminates minority interests (relating to the Cedar Creek and Crescent Ridge wind farms) through the Class B Minority line item (Statutory presentation).
- The Economic Interest basis that is used within this presentation eliminates the minority interest that is contained within the Statutory presentation.

Revenue

- Revenue comprises revenue from electricity, environmental credits, grant income and compensated warranty payments where applicable. In addition, US revenue includes third party revenue from the Bluarc asset management business. Revenue does not comprise production tax credits (refer to Appendix B of the Management Discussion and Analysis).

Voluntary change in accounting policy – Revenue Recognition

- Historically the Group recognised RECs using the cost option but grossed up the balance sheet to recognise inventories at fair value with an equal and opposite provision that deferred revenue until the time of sale. However, as a result of increasing REC generation, this policy would result in material period on period variations and guidance variations which are due to movements in inventory levels rather than actual production and price movements.
- The change to the accounting policy enables RECs to be recognised at fair value with immediate recognition in the income statement resulting in more relevant information of the economic outcome in relation to the generation of RECs in the period. RECs retained during the period will subsequently be valued at the lower of cost and net realisable value, hence where the market value of RECs falls, inventory is reduced and an expense is recorded through the statement of comprehensive income. Upon sale, the difference between sale price and book value is recorded through the statement of comprehensive income.

Foreign Exchange translation

- Applicable Foreign Exchange Average Rates : AUD:USD 1H FY10 = 0.8594, 1H FY11 = 0.9437; AUD:EUR 1H FY10 = 0.5948, 1H FY11 = 0.7129

Discontinued Operation

- During FY10 Infigen sold its French Assets which are therefore classified as discontinued operations. This presentation has restated H1 FY10 to include only continuing operations. Please refer to the financial statements for a reconciliation.



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Management Discussion and Analysis of Financial and Operational Performance for the six months ended 31 December 2010

25 February 2011

All figures in this report relate to businesses of the Infigen Energy Group ("Infigen"), being Infigen Energy Limited ("IEL"), Infigen Energy Trust ("IET") and Infigen Energy (Bermuda) Limited ("IEBL") and the subsidiary entities of IEL and IET, for the half year ended 31 December 2010 compared with the half year ended 31 December 2009 ("prior corresponding period") except where otherwise stated.

As required by the International Financial Reporting Standard's accounting standards Infigen consolidates 100% of all controlled entities within its result. The results discussed within this document refer to Infigen's economic interest unless specifically marked otherwise and therefore minority interests within individual components have been eliminated consistently. All reference to \$ is a reference to Australian dollars unless specifically marked otherwise. Individual items and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components.

Management Discussion and Analysis of Financial and Operational Performance

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1. Statutory Loss and Distribution Declaration

1.1 Voluntary change to accounting policy

Historically Infigen recognised RECs using the cost option but grossed up the balance sheet to recognise inventories at fair value with an equal and opposite provision that deferred revenue until the time of sale. However, as a result of increasing REC generation, this policy would result in material period on period variations and guidance variations which are due to movements in inventory levels rather than actual production and price movements.

The change to the accounting policy enables RECs to be recognised at fair value with immediate recognition in the income statement resulting in more relevant information of the economic outcome in relation to the generation of RECs in the period. RECs retained during the period will subsequently be valued at the lower of cost and net realisable value, hence where the market value of RECs falls, inventory is reduced and an expense is recorded through the statement of comprehensive income. Upon sale, the difference between sale price and book value is recorded through the statement of comprehensive income.

1.2 Statutory Loss - \$34.4 million

Infigen Energy reported a Statutory Loss for the half year of \$34.4 million, an adverse movement of \$18.6 million compared with a Statutory Loss of \$15.8 million.

The drivers for this result were higher borrowing costs as a result of a swap termination, a lower net contribution from US Institutional Equity Partnerships (IEPs), weak Australian merchant electricity prices, a significant appreciation of the Australian Dollar (AUD) against the United States (US) Dollar (USD) and increased operating costs as Infigen's global portfolio becomes subject to higher off-warranty turbine operating and maintenance costs.

1.3 Statutory Loss per Security – 4.5 cps

Statutory Loss per Security was 4.5 cents per security (cps), a 2.2 cps adverse movement.

1.4 Net Tangible Asset backing per Security - \$0.44

Net Tangible Asset backing per Security at 31 December 2010 was \$0.44 compared to \$0.43 at 30 June 2010.

1.5 Distributions - 1.0 cps

The Directors of Infigen Energy have confirmed an interim distribution of 1.0 cps payable to security holders on the register as at the record date of 31 December 2010.

The amount of the distribution expected to be settled in cash or through the Distribution Reinvestment Plan (DRP) on 17 March 2011 is \$7.6 million. No distribution was paid in relation to the prior corresponding period.

2. Review of Financial Performance

The following tables provide a summary of the statutory key financial outcomes and metrics compared with the relevant prior period.

Half year ended (\$m unless otherwise indicated)	31 Dec 2010	31 Dec 2009	Change %
Revenue	145.8	144.4	1
EBITDA	79.0	81.5	(3)
Depreciation and Amortisation	(74.9)	(73.3)	3
EBIT	4.1	8.2	(50)
Net Financing Costs	(40.0)	(35.4)	(13)
Net Income from IEPs	1.7	13.1	(87)
Loss before Tax	(34.2)	(14.1)	143
Income Tax	(0.2)	5.4	(104)
Significant Items	-	(8.6)	(100)
Discontinued Operations	-	1.5	(100)
Net Loss after Tax	(34.4)	(15.8)	118
Operating Cash Flow	-	20.9	(100)
Capital Expenditure ¹	38.8	111.9	(65)
Operating Cash Flow per security (cps)	-	2.7	(100)
Earnings per security (cps)	(4.5)	(2.3)	96
Distribution per security (cps)	1.0	-	N/A

Further segmentation of the profit and loss line items in the table above is available in the financial statements and throughout this document.

Position at (\$m unless otherwise indicated)	31 Dec 2010	30 Jun 2010	Change %
Debt	1,311	1,423	(8)
Cash	163	230	(29)
Class A Liability	709	879	(19)
Net Debt	1,147	1,193	(4)
Shareholders' Equity	684	722	(5)
Book Gearing (%)	62.7	62.3	-
EBITDA/Capital Base (%)	9.3	9.0	-

¹ Represents the cash outflow in relation to capital expenditure

2.1 Reconciliation of Statutory Accounts to Economic Interest

Infigen has a controlling interest in two wind farms in the US in which it owns more than 50% and less than 100% of Class B interests. Under international financial reporting standards Infigen fully consolidates the financial performance of these entities within its statutory results and eliminates the non-controlling interest, which is recorded through “Net Income/(cost) of IEPs”. Infigen believes it is more useful to review the performance of the business from an economic interest perspective and has therefore provided reconciliation from the statutory presentation for the key profit and loss line items below. Following this section all figures will reference “Economic Interest” unless specifically stated otherwise.

Half year ended 31 Dec 2010	Statutory (\$m)	Minority Interest (\$m)	Economic Interest (\$m)
Revenue	145.8	(8.0)	137.8
EBITDA	79.0	(6.1)	72.9
Depreciation and Amortisation	(74.9)	4.1	(70.8)
EBIT	4.1	(2.0)	2.1
Net Financing Costs	(40.0)	-	(40.0)
Net Income from IEPs	1.7	2.0	3.7
Loss before Tax	(34.2)	-	(34.2)
Income Tax	(0.2)	-	(0.2)
Net Loss after Tax	(34.4)	-	(34.4)

Half year ended 31 Dec 2009	Statutory (\$m)	Minority Interest (\$m)	Economic Interest (\$m)
Revenue	144.4	(9.1)	135.3
EBITDA	81.5	(6.8)	74.7
Depreciation and Amortisation	(73.3)	4.3	(69.0)
EBIT	8.2	(2.5)	5.7
Net Financing Costs	(35.4)	-	(35.4)
Net Income from IEPs	13.1	2.5	15.6
Loss before Significant Items & Tax	(14.1)	-	(14.1)
Significant Items	(8.6)	-	(8.6)
Income Tax	5.4	-	5.4
Net Loss before Discontinued Operations	(17.3)	-	(17.3)
Net Profit from Discontinued Operations	1.5	-	1.5
Net Loss after Tax	(15.8)	-	(15.8)

2.2 Revenue - \$137.8 million

Revenue was \$137.8 million, up 2% or \$2.5 million.

This was due to a 32% increase in revenue in Australia primarily from an additional four months contribution from the 140.7 MW Capital Wind Farm in New South Wales and a full period contribution from the 39 MW Lake Bonney 3 Wind Farm in South Australia. The prior corresponding period is restated to reflect the revised accounting treatment of RECs as described in Section 1.1 to provide a direct comparison.

These increases were partially offset by an 8% decrease in revenue from the US caused largely by the appreciation of the AUD against the USD. In Europe, lower wind resource and an appreciation of the AUD against the EUR resulted in a \$6.6 million decrease in revenue in AUD terms.

Further details on revenue by country are provided in Section 7.

2.3 Operating EBITDA - \$84.0 million

Operating Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)² was \$84.0 million, down 3% or \$3.0 million.

This was primarily due to:

- Australia: additional contributions from Capital Wind Farm and the Lake Bonney 3 Wind Farm, offset by lower revenues from merchant plants due to low electricity prices, and contractual step up in O&M costs together with marginally higher operating costs as the majority of the fleet was under warranty for the period;
- US: lower revenues due to a stronger AUD, lower merchant electricity prices and higher operating costs as the fleet moves from being 85% under warranty³ in FY10 to 37% under warranty in FY11; and
- Germany: lower revenues due to lower wind resource and a stronger AUD.

Further details on operating EBITDA by country are available in Section 7.

2.4 REC revaluation expense - \$2.1 million

RECs retained on balance sheet are valued at the lower of cost and net realisable value at the end of each reporting period. At 31 December 2010 the REC price was lower than the average monthly price for this half year period resulting in an expense of \$2.1 million.

As per the accounting policy upward movements in value are only recognised upon sale where the price exceeds carrying value.

2.5 Development Costs - \$0.5 million

Development costs expensed increased by \$0.3 million to \$0.5 million.

During the half year period, \$5.5 million of costs relating to current development projects were capitalised. Further details are provided in Section 4.

² Excludes the effect of REC revaluations

³ Plant under warranty is on a weighted average MW basis over the relevant financial year

2.6 Corporate Costs - \$8.5 million

Corporate costs were \$8.5 million, down 18% or \$1.9 million. This was primarily due to lower personnel costs, including contractors. Corporate costs cover functions required to operate a publicly listed company and IT systems associated with these functions. Corporate costs will continue to be subject to stringent control.

2.7 EBITDA - \$72.9 million

EBITDA was \$72.9 million, down 2% or \$1.8 million. This was due to lower operating EBITDA offset by lower corporate costs.

2.8 Depreciation and Amortisation - \$70.8 million

Depreciation and Amortisation expense was \$70.8 million, up 3% or \$1.8 million.

This was primarily due to higher depreciable operating capacity in Australia after the commissioning of the Capital and Lake Bonney 3 wind farms, partially offset by lower depreciation of the US and German wind farms due to the appreciation of the AUD against the USD and Euro.

2.9 EBIT - \$2.1 million

Earnings Before Interest and Tax (EBIT) for the half year was \$2.1 million, down 63% or \$3.6 million. This was due to lower EBITDA and higher depreciation and amortisation expenses.

2.10 Income from Institutional Equity Partnership - \$3.7 million

Income from US Institutional Equity Partnerships (IEPs) was \$3.7 million, down 76% or \$11.9 million.

An explanation of the structure of IEPs (including the accounting treatment) is provided in Appendix C. The following table summarises the components of net income from IEPs.

Half year ended	31 Dec 2010 (\$ million)	31 Dec 2009 (\$ million)	Change %
Value of production tax credits (Class A)	39.5	39.9	(1)
Value of tax losses (Class A)	10.5	38.1	(72)
Benefits deferred during the period	(21.4)	(43.4)	(51)
Income from IEPs	28.6	34.6	(17)
Allocation of return (Class A)	(24.8)	(30.7)	(19)
Movement in residual interest (Class A)	(0.5)	10.8	(105)
Non-controlling interest (Class B)	(1.6)	(1.6)	-
Financing costs related to IEPs	(26.9)	(21.5)	25
Net income from IEPs (Statutory)	1.7	13.1	(87)
Non-controlling interests (Class B & Class A)	2.0	2.5	(20)
Net income from IEPs (Economic Interest)	3.7	15.6	(76)

Value of Production Tax Credits (PTCs) (Class A) was \$39.5 million compared to \$39.9 million. The increase in production and increased unit value of the PTCs was more than offset by the appreciation of the AUD against the USD. The unit value of a PTC for calendar year 2010 was \$22 compared to \$21 for the 2009 calendar year.

Value of tax losses (Class A) was \$10.5 million, \$27.6 million lower due to the reduction in tax depreciation.

During the half year \$21.4 million of benefits were deferred compared with \$43.4 million. This also relates to lower tax depreciation during the period.

Allocation of return (Class A) is the agreed target return on Class A capital balances. This was \$24.8 million, 19% or \$5.9 million lower reflecting a lower Class A capital balance and the appreciation of the AUD against the USD.

Movement in residual interest (Class A) reflects period on period changes in expectations of future tax allocations and cash flows.

2.11 Net Borrowing Costs - \$40.0 million

Net Borrowing Costs were \$40.0 million, up 13% or \$4.6 million. Net Borrowing Costs comprise interest expense and income, interest rate swap terminations, loan fee amortisation, bank fees and FX gains and losses.

Total borrowing costs were \$55.9 million, 4% or \$2.4 million higher compared to the prior half year. This was primarily due to swap termination costs as an interest rate swap was called by a counterparty and terminated resulting in an expense of \$8.6 million and interest related to the Capital Wind Farm (\$5.2 million) which had been

capitalised in the previous corresponding period. This was offset by lower debt due to debt repayment after the sale of the wind farms in France. No further swaps are eligible for termination at the option of counterparties during the remainder of the financial year. Swaps valued at \$6.0 million at 31 December 2010 are eligible for termination at the option of counterparties in 2013.

Interest income and foreign exchange gains were \$15.9 million, 12% or \$2.2 million lower. This was primarily due to the appreciation of the AUD against the USD.

2.12 Loss before Significant Items and Tax - \$34.2 million

Loss before Significant Items and Tax was \$34.2 million an adverse movement of \$20.1 million.

The drivers for this result were higher borrowing costs as a result of a swap termination, a lower net contribution from US IEPs, weak Australian merchant electricity prices, a significant appreciation of the AUD against the USD and increased operating costs as Infigen's global portfolio becomes subject to higher off-warranty turbine operating and maintenance costs.

2.13 Significant Items

There were no Significant Items recorded this period. The prior corresponding period included \$8.6 million of Significant Items primarily relating to the post-acquisition transition program for Infigen's US asset management business (\$5.5 million) and expenses related to the potential sale of overseas assets (\$3.1 million).

2.14 Net Loss before Income Tax expense - \$34.2 million

Net Loss before Income Tax was \$34.2 million - an adverse movement of \$13.0 million.

2.15 Income Tax expense - \$0.2 million

Income Tax expense was \$0.2 million - an adverse movement of \$5.6 million.

2.16 Net Loss - \$34.4 million

Net Loss was \$34.4 million - an adverse movement of \$18.6 million.

3. Cash Flow

Cash at the half year ended 31 December 2010 was \$163 million, down 29% or \$67 million from 30 June 2010. Cash flow movement for the 6 month period comprises \$38.8 million in relation to capital expenditure, \$14.6 million payment of distributions, \$5.8 million due to the appreciation of the AUD, \$5.7 million in relation to the deferred final settlement of various outstanding items with the Babcock & Brown International group and \$1.7 million for debt repayment related to the Eifel Wind Farm finance lease in Germany. Capital expenditure is discussed in more detail in section 4.

Net operating cash flow after tax and financing costs

Half year ended	31 Dec 2010	31 Dec 2009	Change %
EBITDA from Operations	84.0	87.0	(4)
Corporate and Development Costs	(9.0)	(10.4)	(13)
Movement in working capital & non cash items	(23.5)	(6.5)	262
Financing costs and taxes paid	(42.9)	(45.7)	(6)
Termination of Interest rate swap	(8.6)	-	100
Transition Expense	-	(5.5)	(100)
Settlement of foreign exchange contracts	-	2.0	(100)
Net Operating Cash Flow	-	20.9	(100)

Net operating cash flow after tax and financing costs was nil for the period. This was due to a number of items. A one-off item being the cash outflow associated with a counterparty terminating an interest rate swap resulted in a \$8.6 million outflow. This combined with working capital outflows of \$23.5 million were the primary drivers of the outcome. Working capital outflow reflected the change in REC accounting policy where inventory increased by \$7.9 million, an adverse FX effect of \$2.2 million and trade receivables due to an increase in capacity (Lake Bonney 3) and other receivables \$9.7 million.

4. Capital Expenditure and Divestments

Payment for capital expenditure was \$38.8 million, down 65% or \$73.1 million. This was expenditure required to continue the construction of projects that commenced in the prior financial year.

The following table provides a summary of the key areas of expenditure.

Half year ended	31 Dec 2010	31 Dec 2009	Change %
Australia - Construction	28.7	85.0	(66)
Australia - Development	5.5	17.3	(68)
US	0.3	8.2	(96)
Germany	4.3	1.4	(207)
Total Capital Expenditure	38.8	111.9	(65)

Construction expenditure in Australia is mainly related to the Woodlawn Wind Farm which is expected to be complete by the end of 2011. Development expenditure in Australia relates to maintaining and advancing the existing pipeline of development projects to a 'construction-ready' status. Further expenditure on the development

pipeline will be limited to ensuring Infigen's best development options are ready to execute once market conditions become more favourable. The remainder of the pipeline will incur expenditure necessary to keep the options viable for medium to longer term development.

In Germany capital expenditure relates to the installation of technology at a number of wind farms in order to secure legislated bonus technology tariffs. It is expected that the total cost for all upgrades will be approximately \$7.5 million. Further details are provided in Section 7.

5. Capital Management

5.1 Net Debt

The net debt for the consolidated entity decreased to \$1,147 million at 31 December 2010 from \$1,193 million at 30 June 2010, a net movement of \$46 million. The movement is primarily attributable to: growth capital expenditure (-\$38.8 million); payment of distributions (-\$14.6 million); debt repayment related to the Eifel Wind Farm finance lease in Germany (-\$1.7 million); a final settlement of various outstanding items with the Babcock & Brown International group (-\$5.7 million) and reduction in foreign currency debt expressed in AUD (+\$112 million).

5.2 Equity

Total equity decreased 5% from \$722 million at 30 June 2010 to \$684 million at 31 December 2010. The decrease of \$38 million is attributable to the net loss for the period (-\$34.4 million), a change in the fair value of cash flow hedges (+\$36.2 million), exchange difference on the translation of foreign operations and movement in fair value of net investment hedges (-\$26.1 million), equity contributions (from Distribution Reinvestment Plan) and amortisation of share based payments (+\$1.6 million) and distributions paid (-\$15.3 million).

5.3 Gearing

The following table provides a comparison of Infigen's book gearing at 30 June 2010 and 31 December 2010. The change reflects the movements in net debt and equity described above.

As at	31 Dec 2010	30 Jun 2010	Change %
Net Debt	1,147	1,193	(4)
Total Equity	684	722	(5)
Book Gearing	62.7%	62.3%	-

A balance sheet by currency is provided in Appendix A.

5.4 Share Capital

On 16 September 2010 Infigen issued 848,141 securities under the Distribution Reinvestment Plan ("DRP") at a price of \$0.74 cents per security in relation to the payment of the final distribution for the year ended 30 June 2010.

6. Risk Management

6.1 General

Infigen's Australian business is exposed to certain risks which it manages through adherence to the Company's risk policy including Board approved exposure limits. The Board receives regular updates on the various exposures and on levels of compliance.

6.2 Energy Markets

The Energy Markets function was established to manage electricity market risks associated with the Australian merchant portfolio and optimise revenue. This function incorporates the following roles:

- Operational - ensuring that wind farms are scheduled and dispatched to generate maximum production,
- Commercial - ensuring that contracting strategies are appropriate for the portfolio, and
- Development - to expand channels to market, including Industrial and Commercial end-user markets.

Infigen maintains a consistent and disciplined approach to contracting RECs driven by sustainable long term price levels rather than short term cyclical spot market trends.

6.3 Electricity

In the electricity market Infigen assesses its risk in terms of earnings and volumetric limits consistent with the underlying physical attributes of the assets. Infigen undertakes various contracting arrangements within policy limits to minimise extreme event risks. This includes prudent hedging but excludes any principal trading.

6.4 Environmental Products

Infigen's primary Australian exposure is to the Federal Government's renewable energy target legislation. Of Infigen's five operational wind farms 58% of annual P50 production is currently contracted under medium to long term contracts. At 31 December 2010 Infigen retained a REC inventory value of \$11.1 million.

During the half year, merchant REC prices remained at depressed levels due oversupply of small scale scheme RECs and limited activity in the market during the NSW electricity privatisation program. A decision to retain the RECs generated during the period was made upon assessment that RECs were fundamentally undervalued, with a view that the imbalance between the supply and demand will correct in medium term.

This view is supported by a modest recovery in REC prices (~25%) to \$36 during the current quarter from the lows seen at December 2010.

6.5 Interest

Infigen's corporate debt is provided through a syndicated Global Debt Facility provided by 17 banks. It is a multi-currency facility which provides a partial natural hedge to each of the USD and Euro foreign exchange rate movements.

The current margin on the facility is 98 basis points (bps) with only a 10 bps step up in 2013. Infigen has hedged 85% of its total debt with interest rate swaps that are matched to its debt amortisation profile.

The average effective interest rate pre margin on all corporate debt was 5.4% compared to 5.7%.

6.6 Foreign Exchange

Infigen is exposed to movements of the AUD against the USD and the Euro. Revenue and costs associated with Infigen's US and German assets are translated into AUD for statutory reporting purposes. While movements in exchange rates can have a significant effect on reported profit, Infigen's multi-currency global debt facility provides natural hedges for such risk. The table below provides the balance sheet translation rates used in the statement of financial position and a simple average of the monthly translation rates used in the statement of comprehensive income.

Statement of financial Position			
As at	31 Dec 2010	30 Jun 2010	Change %
USD	1.0253	0.8523	17
Euro	0.7643	0.6976	10
Statement of comprehensive income			
Half year ended	31 Dec 2010	31 Dec 2009	Change %
USD	0.9437	0.8594	10
Euro	0.7129	0.5948	20

7. Operational Performance Review

Half year ended	31 Dec 2010	31 Dec 2009	△	Change %
Safety (LTIFR)	14.8	10.1	4.7	47
Operating Capacity (MW)	1,726	1,687	39.0	2
Capacity Factor (%)	29.9	27.6	2.3	-
Turbine Availability (%)	95.9	95.1	0.8	-
Site Availability (%)	95.7	95.0	0.7	-
Production (GWh)	2,282	1,943	339	17
Revenue (\$m)	137.8	135.3	2.5	2
Operating Costs (\$m)	53.8	48.3	5.5	11
Operating EBITDA (\$m)	84.0	87.0	(3.0)	(3)
Operating EBITDA margin (%)	61.0	64.3	(3.3)	(3)

7.1 Overview

Infigen's safety performance (as measured in rolling 12 month LTIFR terms) has trended up in the last six months, due to an increase in contractors' safety incidents in the US.

Infigen has an operating capacity of 1,726 MW (equity interest) across Australia, the US and Germany comprising 35 wind farms. The 2% increase in capacity reflects the completion of the 39 MW Lake Bonney 3 Wind Farm in South Australia in the period.

Average site availability improved across the business as a result of a focus on reducing downtime by improving response times, skilled technicians being able to diagnose a problem quicker and improved supply chain response times.

Production for the half year increased 17% or 340 GWh to 2,282 GWh reflecting contributions from the Capital (commenced operation in October 2009) and Lake Bonney 3 wind farms in Australia (+161 GWh), improved availability in Australia and improved wind resource in the US (+199 GWh), partially offset by lower wind resource in Germany (-20 GWh).

Revenue increased by 2% to \$137.8 million reflecting increased production mostly offset by substantially lower merchant electricity prices in Australia and the US and the appreciation of the AUD against the USD and the Euro.

Operating costs increased by 11% primarily as a result of new assets in Australia, contracted step-ups in O&M rates at Lake Bonney 2 and increased turbine scheduled and unscheduled maintenance.

OEM (Original Equipment Manufacturer) warranty period turbine O&M costs are typically fixed (although a few have contracted step-ups over the term of the agreement). During the turbine OEM warranty period, turbine scheduled and unscheduled maintenance is undertaken by the turbine manufacturer. Hence, the risk of unscheduled maintenance, including component part failures is carried by the OEM. Once the warranty period expires, cost increases in the order of \$5-10/MWh for turbine maintenance are to be expected.

Given the rapid growth of the industry and the continued evolution of turbine technology and size, a period of operating experience has been necessary to establish component failure rates. These have tended to exceed manufacturers' original indications. Expectations are now based on experience of post warranty performance, advice from technical advisers, and independent studies of the industry.

The actual experience of failure rates also created two knock on effects; a shortage of replacement parts and a tight labour market for skilled turbine O&M technicians, both of which are reflected in higher post warranty pricing from service providers.

The table below provides the profile of Infigen equipment under warranty on a weighed average rated capacity basis by Australian financial year.

% under warranty	2010	2011	2012	2013	2014	2015
Australia	92	74	69	70	37	19
US	86	47	33	14	8	7
Germany	98	93	83	83	83	83

Infigen believes the cost ranges provided are estimates with potential for further containment, utilising preventative maintenance and benefits derived from a more competitive market as third party component and service providers enter the market.

Operating EBITDA for the half year was \$84.0 million, down 3% or \$3.0 million compared to the prior half year.

This was primarily due to additional contributions from 140.7 MW Capital Wind Farm and 39 MW Lake Bonney 3 Wind Farm in Australia, offset by lower revenues from merchant plants due to low electricity prices and contractual step up in O&M costs together with marginally higher O&M costs as the majority of the fleet was under warranty during the period. In the US lower revenues due to a stronger AUD, lower merchant electricity prices and higher operating costs as the fleet moves from being 85% under warranty in FY10 to 37% under warranty in FY11 led to a reduction to operating EBITDA. While in Germany lower revenues due to lower wind resource and a stronger AUD resulted in a decrease in operating EBITDA.

7.2 Australia

Half year ended (A\$M) unless stated otherwise	31 Dec 2010	31 Dec 2009	Δ	Change %
Operating Capacity (MW)	508	469	39.0	8
Capacity Factor (%)	32.0	30.4	1.6	-
Turbine Availability (%)	97.4	92.3	5.1	-
Site Availability (%)	97.1	91.9	5.2	-
Production (GWh)	720	528	192.0	36
Revenue	59.9	45.4	14.5	32
Operating EBITDA	44.7	36.1	8.6	24
Operating EBITDA margin (%)	74.7	79.5	(4.8)	(5)
Average Price (A\$/MWh)	83.24	85.96	(2.7)	(3)
Operating Cost (A\$/MWh)	21.06	17.53	3.5	20

Infigen has an operating capacity of 508 MW (equity) in Australia comprising 5 wind farms namely the 89.1 MW Alinta Wind Farm in Western Australia (WA), the 3 Lake Bonney Wind Farms in South Australia (SA) with capacities of 80.5 MW, 159 MW and 39 MW respectively and the 140.7 MW Capital Wind farm in New South Wales (NSW). Infigen holds 100% equity interest in each of its Australian wind farms.

Infigen sells the output from these wind farms through Power Purchase Agreements (PPAs) and on a merchant basis (wholesale electricity market). Output from the Lake Bonney 1 and Alinta wind farms is sold under PPA for a contracted price. The majority of the capacity of the Capital Wind Farm is contracted to meet the demand from the Sydney Desalination Plant under long term sales agreements, while a small component of the output is sold on a merchant basis, with capacity contracted via a series of shorter term contracts, which are subject to cyclical fluctuations in market prices. Output from the Lake Bonney 2 & 3 wind farms is sold on a merchant basis. Of Infigen's five operational wind farms 58 - 64% of annual P50 production, is currently contracted under medium to long term contracts.

Operating Capacity in Australia was 8% higher at the end of the half year due to the commissioning of the Lake Bonney 3 Wind Farm in South Australia in July 2010. Production and revenue increased 36% and 32% respectively reflecting increased contributions from the Capital Wind Farm which was commissioning during the prior corresponding period, the new Lake Bonney 3 Wind Farm and improved site availability across the portfolio. Revenue was negatively affected by low merchant electricity prices.

Operating EBITDA increased by 24% or \$8.6 million to \$44.7 million reflecting increased production, lower merchant electricity prices and increased operating costs.

Construction continued at the Woodlawn Wind Farm which is scheduled to be completed by the end of 2011 calendar year. Progress continued on our development pipeline with selected high return projects moving towards construction ready status in order to be ready for improved market conditions. Two planning approvals were received for sites within our Solar Flagships tender proposal.

7.2.1 Production

Production increased by 36% or 192 GWh to 720 GWh reflecting an increased contribution from the Capital Wind Farm (+116 GWh) which was commissioning during the prior corresponding period, a full period contribution from the Lake Bonney 3 Wind Farm (+45 GWh) and improved availability across the portfolio (+31 GWh).

Total production for the half year was 12% lower than the P50 production of 814 GWh. This was primarily due to lower than average wind speeds

Average site availability improved to 97.1% compared with 91.9% in the prior corresponding period, which was severely impacted by the Lake Bonney 2 gearbox replacement program undertaken during the first half of FY10.

Network constraints and economic curtailment due to negative prices in South Australia also affected performance.

7.2.2 Prices

In SA and NSW average monthly spot electricity prices were \$23.78/MWh and \$25.64/MWh compared with \$54.23/MWh and \$52.35/MWh respectively. The ten year average price to 31 December 2010 in SA and NSW is \$39.77/MWh and \$45.82/MWh respectively.

Average end of month REC prices for the half year were \$33.70/REC.

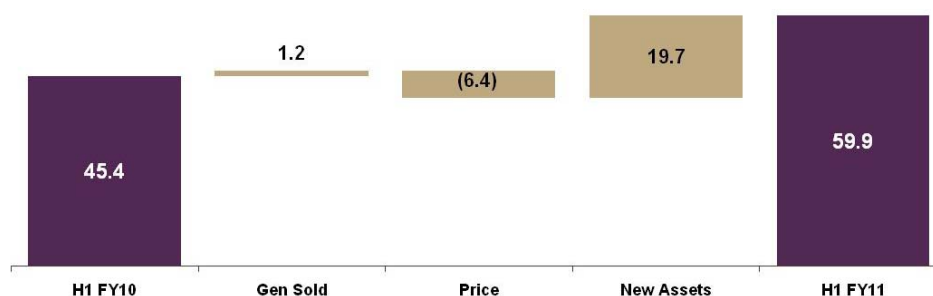
Despite these declines Infigen's average portfolio price was only 3% lower at \$83.24/MWh (or \$80.30/MWh net of REC revaluation compared with \$82.80/MWh in the prior corresponding period) reflecting the full period contribution from the 140.7 MW Capital Wind Farm which has most of its production contracted at a higher price than the portfolio average contracted price. As Capital Wind Farm accounts for almost 30% of the portfolio it has a significant effect on the weighted average price.

7.2.3 Revenue

As outlined in Section 1, there was a voluntary change to the manner in which Infigen recognises revenue in relation to retained RECs. The prior corresponding period has been restated to reflect this policy change.

Revenue increased by 32% or \$14.5 million to \$59.9 million reflecting increased production from new assets, improved site availability and higher average prices from contracted production. This was partially offset by lower revenue from merchant generation due to extremely low electricity prices in South Australia (SA) and New South Wales (NSW).

The following graph highlights the relative contributions to the period on period change in revenue.

Australian Revenue Movement H1 FY10 to H1 FY11 (A\$M)

7.2.4 Operating Costs

Total operating costs increased 63% or \$5.9 million reflecting higher wind farm operating costs and energy markets costs (\$1.5 million).

Wind farm operating costs increased 48% or \$4.4 million to \$13.7 million. This primarily reflects an increase in operating capacity (\$2.6 million), together with an increase in turbine maintenance costs (\$1.8 million).

Operating and Maintenance Costs

Half year ended (A\$M)	31 Dec 2010	31 Dec 2009	Δ	Change %
Asset Management	3.4	2.7	0.7	26
Turbine O&M				
Scheduled	6.3	3.6	2.7	75
Unscheduled	0.3	0.4	(0.1)	(25)
Balance of Plant	0.2	0.1	0.1	100
Other Direct Costs				
Insurance	1.2	0.9	0.3	33
Land lease payments	1.3	0.5	0.8	160
Taxes	-	-	-	-
Connection/Network	1.0	1.1	(0.1)	(9)
Total Wind Farm Costs	13.7	9.3	4.4	47
Energy Markets	1.5	-	1.5	100
Total Operating Costs	15.2	9.3	5.9	63

Unit wind farm operating costs increased by 9% or \$1.52/MWh to \$19.05/MWh (excludes Energy Markets costs of \$1.5 million). This primarily reflects a contractual step up in warranty period O&M costs at the Lake Bonney 2 Wind Farm (still under warranty).

The following table provides a range of expected unit operating costs reflecting the percentage of assets transitioning off warranty.

\$/MWh	FY10A	FY11E	FY12E
Total wind farm operating costs	17.70	23.30 - 24.80	21.00 – 26.00

7.2.5 Operating EBITDA

Operating EBITDA increased by 28% or \$8.6 million to \$44.7 million reflecting increased production, offset by lower merchant electricity prices and increased operating costs. EBITDA margin for the period was 74.7% compared with 79.5% reflecting lower prices and higher operating costs.

7.2.6 Depreciation and Amortisation

Depreciation and amortisation increased by 41% or \$6.6 million to \$23.0 million reflecting an increased depreciable asset base. Infigen depreciates its Australian wind farms and associated plant using the straight line method over 25 years reflecting their useful lives.

7.2.7 Construction

Construction commenced on the Woodlawn Wind Farm near Bungendore in NSW during the period. The wind farm which had an initial capacity of 42.0 MW was expanded to 48.3 MW in November 2010 and will now comprise 23 Suzlon S88 2.1 MW turbines. It is being constructed under an EPC contract by Suzlon with an expected total project cost of approximately \$115 million.

In December 2010, Infigen announced that it had secured \$50-55m of project finance for Woodlawn as a merchant plant subject to satisfaction of usual conditions precedent.

7.2.8 Development

During the period the development team advanced selected high return projects in the wind development pipeline towards a construction ready status and carried out work necessary to sustain the option value of the pipeline.

During the period the Infigen/Suntech consortium submitted its tender proposal under the Commonwealth Government's Solar Flagships Program. The consortium's proposal is to develop 150MW of Solar Photovoltaic (PV) across a number of sites in NSW subject to being the successful applicant, securing committed Commonwealth and State funding, securing a long term PPA and appropriate project financing. The project will only be committed subject to these prerequisites and Board approval.

During the period two Infigen/Suntech solar farm sites received development approval from the NSW Department of Planning.

7.3 US

Half year ended US\$M unless stated otherwise	31 Dec 2010	31 Dec 2009	Δ	Change %
Operating Capacity (MW)	1,089	1,089	-	-
Capacity Factor (%)	30.0	27.3	2.7	-
Turbine Availability (%)	95.6	95.3	0.3	-
Site Availability (%)	95.3	95.3	-	-
Production (GWh)	1,469	1,296	173.0	13
Wind Farm Revenue	62.2	59.2	3.0	
Bluarc Revenue	1.2	3.5	(2.3)	
Total Revenue	63.4	62.6	0.8	1
Production Tax Credits	34.3	32.4	1.9	6
Operating EBITDA	30.8	32.5	(1.7)	(5)
EBITDA margin (%)	48.6%	51.8%		(7)
EBITDA margin inc PTCs (%)	64.3%	66.9%		(4)
Revenue (A\$m)	66.5	72.3	(5.8)	(8)
Operating EBITDA (A\$m)	32.2	37.5	(5.3)	(14)

Infigen has an operating capacity of 1,089 MW (Class B interest) in the US comprising 18 wind farms. Fourteen of these wind farms have PPAs and account for 911 MW of the total operating capacity. Three wind farms with 174 MW of operating capacity operate on a merchant basis, while one (4 MW of capacity) generates revenue both through a PPA and from merchant trade.

All of Infigen's wind farms generate Production Tax Credits (PTCs) for 10 years from the date of commissioning. Credits were worth US\$22 per megawatt-hour for the 2010 calendar year and each wind farm is entitled to one credit per megawatt hour of production. The Group accounts for PTCs as income in the period that the credit is derived on the basis that it reduces the Class A liability. This is accounted for in the "Other income" line item in Infigen's statutory accounts. A detailed description of the Tax Equity financing structure of Infigen's US assets is provided in Appendix C.

There was no change to Infigen's operating capacity in the US during the period with operating capacity remaining at 1,089 MW (Class B interest). Production increased by 13% reflecting improved wind resource.

Revenue increased by 5% primarily reflecting increased production partially offset by a lower contribution from Bluarc asset management business and lower merchant electricity prices.

Operating EBITDA decreased by 5% or \$1.7 million to \$30.8 million reflecting higher operating costs.

The Bluarc asset management business continues to provide competitive tension in the O&M service market.

7.3.1 Production

Production increased by 13% or 173 GWh to 1,469 GWh reflecting a general improvement in wind resource. All wind farms produced at above or around the prior corresponding period except the 38 MW Buena Vista Wind Farm in California due to poor wind and maintenance undertaken during the period.

Production was 4% lower than P50 estimates predominantly due to lower wind resource at Cedar Creek and in Texas. Average wind speeds across our US portfolio increased from 6.6 metres per second (mps) to 7.1 mps. Average availability across the sites was 95.3% which was in line with the prior corresponding period. Turbine availability was 95.6% exceeding the FY11 target.

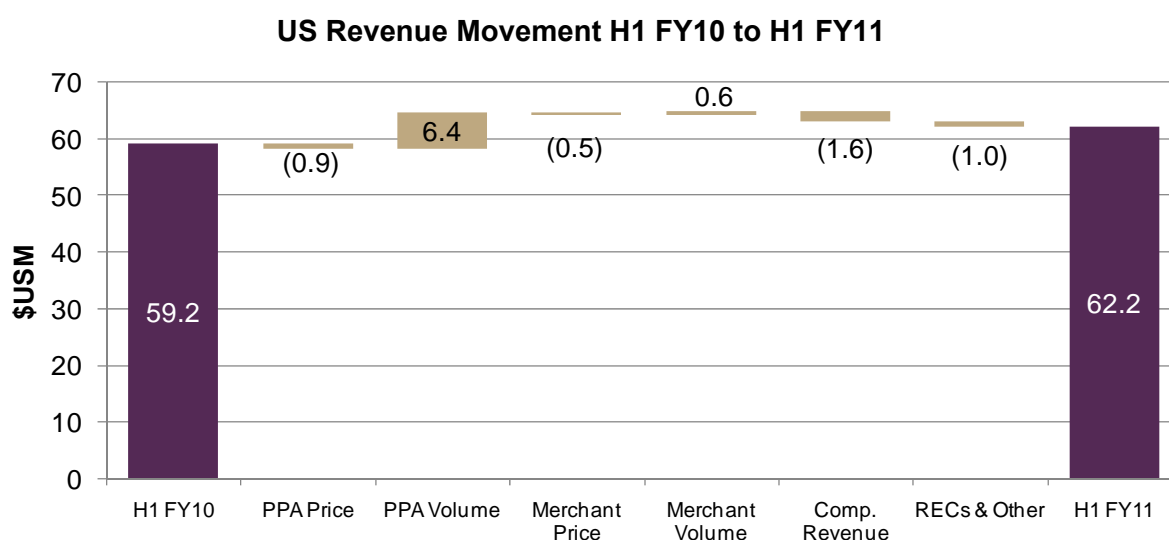
7.3.2 Price

The average electricity price realised was \$41.23/MWh compared to \$42.30/MWh resulting from lower merchant electricity prices and lower average PPA prices due to the mix of production.

7.3.3 Revenue

Revenue increased by 1% to \$63.4 million reflecting increased production partially offset by a lower contribution from Bluarc asset management business and lower compensated and REC revenue. The Bluarc business contributed \$1.2 million to revenue compared with \$3.5 million in the prior corresponding period.

The graph below highlights the relative contributions to the movement in wind farm revenue.



7.3.4 Operating Costs

Total operating costs increased by 8% or \$2.5 million to \$32.6 million resulting from the replacement of certain balance of plant equipment (\$2.0 million), higher component and unscheduled O&M costs (\$3.7 million), and higher asset management costs (\$0.9 million) partially offset by lower scheduled O&M costs (\$1.1 million) and lower Bluarc costs (\$3.0 million).

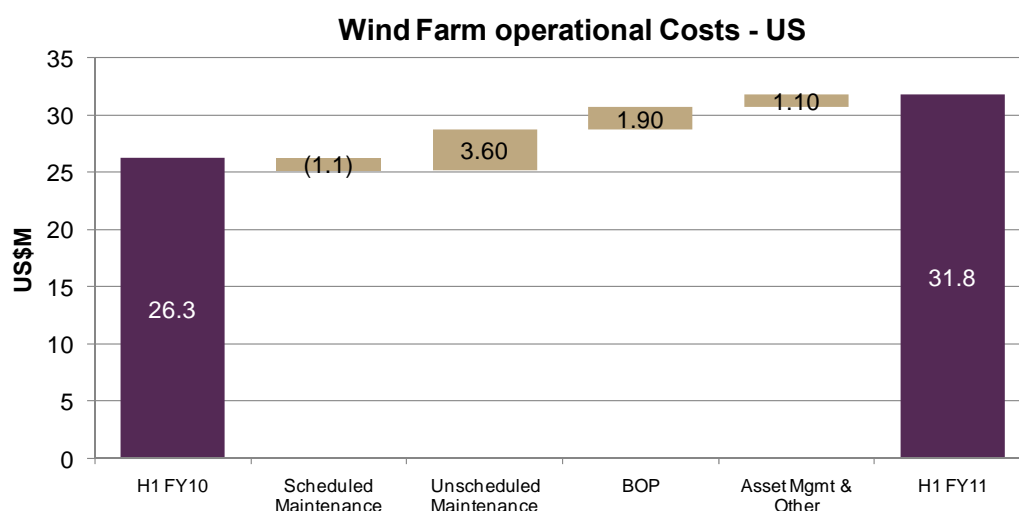
Operating costs associated with the Bluarc business were \$0.8 million compared with \$3.8 million in the prior corresponding period.

Wind farm operating costs increased by 21% or \$5.5 million to \$31.8 million primarily reflecting an increase in turbine scheduled and unscheduled maintenance costs as wind farms come off warranty.

Operating and Maintenance Costs

Half year ended (US\$M)	31 Dec 2010	31 Dec 2009	Δ	Change %
Asset Management	5.1	4.6	0.5	11
Turbine O&M				
Scheduled	9.6	10.7	(1.0)	(10)
Unscheduled	4.6	1.0	3.6	360
Balance of Plant	3.4	1.5	1.9	127
Other Direct Costs				
Insurance	1.6	1.5	0.1	7
Land lease payments	2.5	2.2	0.3	14
Taxes	3.7	3.6	0.1	3
Connection	1.3	1.2	0.1	8
Total Wind Farm Costs	31.8	26.3	5.5	21
Bluarc costs	0.8	3.8	(3.0)	(79)
Total Operating Costs	32.6	30.1	2.5	8

The graph below highlights the movements in wind farm operating costs.



Unit O&M increased by 6% or \$1.29/MWh to \$21.66/MWh reflecting an increase in assets off warranty. The following table provides a range of expected unit operating costs reflecting the percentage of assets transitioning off warranty.

US\$/MWh	FY10A	FY11E	FY12E
Total wind farm operating costs	18.0	22.5-23.5	21.0-26.0

7.3.5 Operating EBITDA

Operating EBITDA decreased by 5% or \$1.7 million to \$30.8 million resulting from increased operating costs. This includes an operating EBITDA from Bluarc of \$0.4 million.

7.3.6 Depreciation and Amortisation

Depreciation and amortisation increased marginally to \$42.6 million. Infigen depreciates its US wind farms and associated plant using the straight line method over 25 years reflecting their useful lives.

7.4 Germany

Half year ended €M unless stated otherwise	31 Dec 2010	31 Dec 2009	Δ	Change %
Operating Capacity (MW)	129	129	-	-
Capacity Factor (%)	16.6	21.0	(4.4)	-
Turbine Availability (%)	96.5	96.8	(0.3)	-
Site Availability (%)	96.5	96.8	(0.3)	-
Production (GWh)	94	119	(25.0)	(21)
Revenue	8.1	10.3	(2.2)	(21)
Operating EBITDA	5.0	7.7	(2.7)	(35)
EBITDA margin (%)	61.7	74.7	(13.0)	(13)
			-	
Revenue (A\$m)	11.4	17.6	(6.2)	(35)
Operating EBITDA (A\$m)	7.1	13.3	(6.2)	(47)

Infigen has an operating capacity of 128.65 MW in Germany comprising 12 wind farms. Infigen holds 100% equity interest in all of its German wind farms. All of these wind farms have a fixed tariff with no escalation. Infigen has 13.5 year term finance leases over the turbines at the 36.5 MW Eifel Wind Farm with options to buy.

Operating capacity in Germany remained at 128.65 MW. Production decreased by 21% reflecting lower wind resource and low availability due to blade icing during the extremely cold winter period and minor planned outages as new technology was installed to secure legislated technology bonus tariffs.

Revenue decreased by 21% or €2.2 million primarily reflecting lower production.

Operating EBITDA decreased by 35% or €2.7 million to €5.0 million reflecting lower revenue and higher operating costs. The latter factor resulted from additional component failures at the Neiderrhein and Eifel wind farms, a contracted step-up in warranty period O&M costs for our Gamesa wind farms (19.7 MW) and an increased number of wind farms off warranty.

Infigen completed the works necessary to take advantage of legislated bonus technology tariffs effective from 1 January 2011. New technology which will improve the power quality has been installed or will be installed in the second half of this financial year at 93% of Infigen's wind farms. Infigen will receive bonus tariffs of €5/MWh for a period of 20 year across 38 MW of its operating capacity and bonus tariffs of €7/MWh for a period of 5 years across 81.45 MW of its operating capacity. The total investment in technology bonuses will be €5.3 million. €2.5 million of this was paid to 31 December 2010.

7.4.1 Production

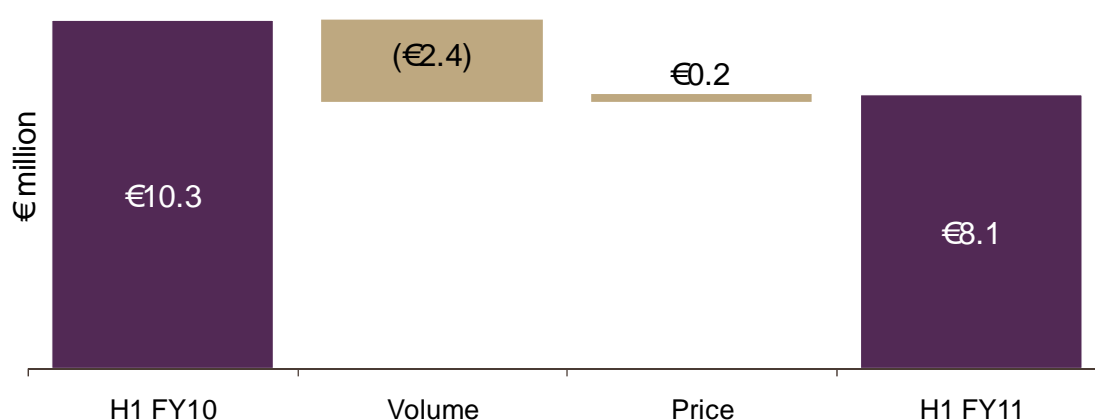
Production decreased by 21% or 25 GWh to 94 GWh reflecting lower wind resource and low availability due to blade icing during the extremely cold winter period and minor planned outages as new technology was installed to benefit from legislated technology bonus tariffs. Lower wind resource affected the entire German portfolio.

Average site availability of 96.5% was marginally lower than 96.8% due to outages due to blade icing during cold weather and outages due to installation of new equipment to generate additional revenue.

7.4.2 Revenue

Revenue decreased by 21% or €2.2 million primarily reflecting lower production. As the German wind farms are on fixed tariffs which vary by region price variance is related to the change in mix of production from the regions in the portfolio. During the period there was more production from assets on lower priced tariffs. The graph below highlights the relative contributions to the movement in revenue.

German Revenue Movement H1 FY10 to H1 FY11



7.4.3 Operating Costs

Total operating costs increased by 19% or €0.5 million to €3.1 million primarily reflecting component failures at the Neiderrhein and Eifel wind farms. Contracted step-up in the warranty period O&M costs for the Gamesa wind farms were more than offset by reductions in other direct costs.

Operating and Maintenance Costs

Half year ended (€M)	31 Dec 2010	31 Dec 2009	Δ	Change %
Asset Management	1.0	1.3	(0.3)	(23)
Turbine O&M				
Scheduled	0.6	0.6	-	-
Unscheduled	0.6	-	0.6	100
Balance of Plant	0.2	0.1	0.1	100
Other Direct Costs				
Insurance	0.2	0.2	-	-
Land lease payments	0.5	0.5	-	-
Total Wind Farm Costs	3.1	2.6	0.5	19
Total Operating Costs	3.1	2.6	0.5	19

Unit operating costs were 49% or €10.73/MWh higher at €32.68/MWh. This reflects low production and higher O&M costs primarily related to component failures at Neiderrhein and Eifel wind farms.

The following table provides a range of expected unit operating costs reflecting the percentage of assets transitioning off warranty.

Cost €/MWh	FY10A	FY11E	FY12E
Total wind farm operating costs	24.00	28.00 – 29.50	24.00 – 30.00

7.4.4 Operating EBITDA

Operating EBITDA decreased by 34% or €2.7 million to €5.0 million reflecting lower revenue and higher operating costs.

7.4.5 Depreciation and Amortisation

Depreciation and amortisation decreased by 5% or €0.2 million to €3.4 million. Infigen depreciates its Germany wind farms and associated plant using the straight line method over 25 years reflecting their useful lives.

8. Outlook

In Australia, despite early signs of recovery in the REC market, spot prices remain at depressed levels. Similarly, the New South Wales and South Australian electricity spot markets, while experiencing some high price events during January and February, remain significantly below ten year averages.

The continued strength of the AUD against the USD and Euro, while benefiting the balance sheet, will have a negative effect on US and German revenue and earnings.

As foreshadowed, turbine operating and maintenance costs will increase as wind farms transition off warranty. Initially this will be most evident in the US and then Australia reflecting the relative maturity of the assets and average duration of the warranty periods. The German assets have longer warranty terms and are therefore not expected to incur material increases in the medium term. The business will continue to look for improvements to control these costs.

From a production perspective wind resource has improved this year across the US. We expect this to continue for the remainder of the year. We also expect the German portfolio to have a stronger second half. In Australia, network capacity limitations may affect the full potential output from the Lake Bonney 3 Wind Farm but turbine availability across the portfolio is exceeding our target of 95%. We will remain focused on maintaining and improving these availability levels. Together these factors lead to our expectation that full year production will be within the original guidance range of 4,582 GWh to 4,878 GWh.

From a revenue perspective some recovery in merchant power prices and REC prices is expected, but this improvement is likely to continue to be slow. This prospect, and the forthcoming stabilisation of the NSW retail electricity market structure following the Government's recent privatisations, are expected to prompt the market for offtake contracts to gradually pick up momentum. Initial revenue guidance for FY11 was based on the assumption of a weaker AUD. As a result of the strong performance of the Australian economy compared with the US and Europe, it is expected that the AUD will remain at or around the current level for the remainder of the financial year. Adjusting original revenue guidance for current FX assumptions we now expect revenue for the full year to be between \$277.8 million and \$295.3 million.

Looking further ahead there is a number of developments and opportunities that have the potential to add to future earnings and generate securityholder value. These include:

- Scheduled to complete the Woodlawn Wind Farm by the end of 2011;
- An opportunity to develop 150MW of Solar PV under the Solar Flagships Program subject to Commonwealth government selection of the successful applicant and Board approval;
- Improved channels to market including though direct contracting with commercial and industrial customers;
- The introduction of a carbon price regime and improved wholesale electricity prices in Australia;
- The reinvigoration of the REC market and increases in REC prices as excess RECs work their way through the system;
- Further initiatives to control O&M costs as wind farms transition off warranty; and
- Further initiatives to reduce corporate costs.

Given Infigen's recent performance, including the resultant revised outlook for debt amortisation announced at the November 2010 AGM, Infigen expects to continue to operate under tight financial constraints. Infigen's cash flows from its heritage portfolio of wind farms (excluding Eifel in Germany) remain subject to the cash sweep obligations associated with its long-term, low interest margin global debt facility. Infigen expects to continue to meet all of its obligations under that facility, including covenant tests at 30 June.

We will continue to consider bona fide opportunities to divest our interests in non-core assets and simplify the structure of the business. Infigen will also continue to limit its corporate and development costs and to prudently conserve the cash that it currently holds outside of the Global Facility group of entities.

FY11 Production and Revenue Guidance

	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Generation (GWh)			
Australia	720	610 – 678	1,330 – 1,398
Germany	94	114 – 127	208 – 221
US	1,469	1,575 – 1,790	3,044 – 3,259
Total	2,282	2,299 – 2,595	4,582 – 4,878

	H1 FY11 (Actual)	H2 FY11 (Estimate)	FY11 (Estimate)
Revenue (A\$M)			
Australia	59.9	53.6 – 59.6	113.5 – 119.5
Germany	11.4	13.2 – 14.6	24.6 – 26.0
US	66.5	73.3 – 83.3	139.8 – 149.8
Total	137.8	140.0 – 157.5	277.8 – 295.3

9. Appendix A – Balance Sheet by Currency

AUD'million	31-Dec-10	Less US Minority Interest	IFN Economic Interest	AUD	EUR	USD
Cash	163.3	1.4	161.9	135.5	4.5	22.0
Receivables	52.0	1.6	50.4	26.7	2.0	21.7
Inventory REC's	11.1		11.1	11.1	-	-
Prepayments	24.8	0.5	24.3	15.0	0.6	8.7
PPE	2,730.1	162.4	2,567.7	960.8	189.8	1,417.1
Goodwill & Intangibles	350.4	16.5	333.9	137.0	21.6	175.3
Deferred Tax Assets	99.1		99.1	78.2	19.9	1.00
Other Assets	3.8		3.8	3.8	-	0.0
Total Assets	3,434.6	182.3	3,252.2	1,368.1	238.3	1,645.8
Payables	50.5	1.6	49.0	18.1	6.2	24.8
Provisions	2.0		2.0	2.0	-	-
Borrowings	1,310.7		1,310.7	645.4	218.1	447.2
Tax Equity (US)	708.6	75.9	632.7	-	-	632.7
Class B Minority (US)	63.5	63.5	0.0	-	-	-
Deferred Revenue (US)	442.9	41.3	401.7	-	-	401.7
Deferred Tax Liabilities	75.1		75.1	68.1	6.8	0.1
Interest Rate Derivative	97.3		97.3	33.2	18.5	45.6
Total Liabilities	2,750.8	182.3	2,568.5	766.7	249.6	1,552.2
Net Assets	683.8	-	683.8	601.4	(11.3)	93.6

10. Appendix B – Global Facility Key Terms

Global Facility – Key Terms



Repayment Terms

- Fully amortising facility; multi-currency; maturity 2022
- From FY11, cash sweep of cash flow of Global Facility borrower group

Financial Covenant

- From FY11 Net debt / EBITDA¹:
- Through June 2016: < 8.5 times
 - Covenant at 31 Dec 2010 met
- June 2016 to June 2019: < 6.0 times
- June 2019 to June 2022: < 3.0 times

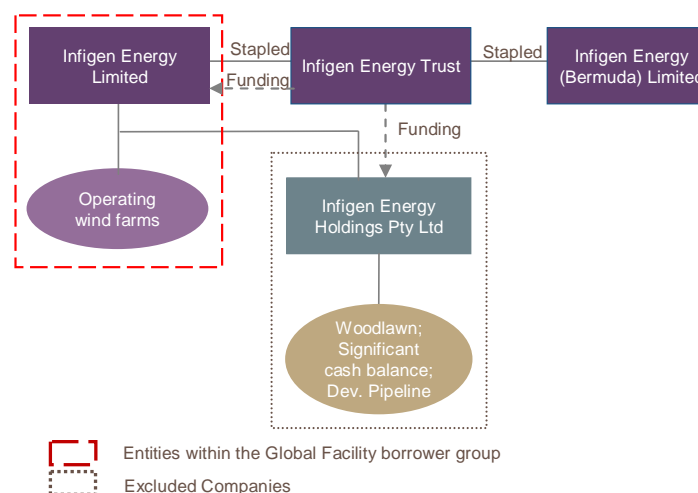
Review Events

- Would occur if IEL shares were removed from ASX or were unstapled from IET units/IEBL shares

Excluded Companies

- Infigen Energy Holdings Pty Limited (IEH) and its subsidiaries classified as excluded companies
- Cash balances of \$119.1m held by IEH
- Not subject to financial covenants or events of default applicable to the borrower group
- Lenders have no security over excluded companies

1. EBITDA includes US cash distributions



11. Appendix C - Institutional Equity Partnerships

Infigen holds interests in 12 limited liability companies (Institutional Equity Partnerships or IEPs), which, in turn, hold interests in 18 wind farm projects in the US.

The capital structure of each IEP comprises Class A membership interests and Class B membership interests.

11.1 Funding

Each IEP is funded on a stand-alone, non-recourse basis.

The long term equity funding is contributed by Class A members and Class B members in proportions which vary from project to project - depending on the project, Class A Members have contributed between 50% and 80% of initial capital and the Class B members have contributed the remainder.

Generally, holders of Class A membership interests are institutional investors.

Infigen holds Class B membership interests. Infigen's interest is in the range from 50% to 100% of total Class B membership interests.

11.2 Economic Interests

The membership interests in the IEPs have rights to two types of economic interests:

- Tax allocations (including taxable income/ loss and production tax credits (PTCs)); and
- Cash distributions.

The Class A and B members have varying entitlements to the economic interests depending on the stage of the wind farms as follows:

Membership Interest	<u>Stage 1:</u> Until the earlier of (i) Class B Capital repaid or (ii) a fixed date*	<u>Stage 2:</u> After Class B Capital repaid and until "Reallocation Date"	<u>Stage 3:</u> Post "Reallocation Date"
Class A	All taxable income/ loss and PTCs	All taxable income/ loss, PTCs and cash distributions	Depending on the IEP, between 5%-25% of taxable income/ loss, PTCs and cash distributions
Class B	All cash distributions	Nil	Depending on the IEP, between 75%-95% of taxable income/ loss, PTCs and cash distributions

* the fixed date is one that is, at the time that capital is initially contributed, expected to be later than the date by which the Class B initial capital is expected to be repaid

“**Reallocation Date**” is the point in time that Class A capital has been returned and a target return on the Class A capital has been achieved. The target returns range between 5.9% and 8.3% depending on the IEP and accumulates based on the outstanding Class A capital balance.

11.3 Accounting for IEPs

Under Australian equivalents to International Financial Reporting Standards (AIFRS), Infigen either controls, or jointly controls, the strategic and operating decisions of the IEPs. Infigen commenced this treatment in FY08 when, based on accounting standards, control was determined to have been attained.

Consequently, Infigen either consolidates, or proportionally consolidates, respective IEPs under AIFRS.

Infigen recognises assets and liabilities of the IEPs in its AIFRS financial statements based on the following proportions:

IEP	Relevant Wind Farms	IFN Class B Interest	Proportion Consolidated (AIFRS)
2003/2004			
Blue Canyon Windpower LLC	Blue Canyon	50%	50%
Caprock Wind LLC	Caprock	100%	100%
Crescent Ridge Holdings LLC	Crescent Ridge	75%	100% with 25% non-controlling interest
Eurus Combine Hills LLC	Combine Hills	50%	50%
Sweetwater Wind 1 LLC	Sweetwater 1	50%	50%
Sweetwater Wind 2 LLC	Sweetwater 2	50%	50%
2005			
JB Wind Holdings LLC	Bear Creek, Jersey Atlantic	59.3%	59.3%
Kumeyaay Holdings LLC	Kumeyaay	100%	100%
Sweetwater Wind 3 LLC	Sweetwater 3	50%	50%
2006			
Babcock & Brown Wind Portfolio Holdings 1 LLC	Allegheny, Aragonne. Buena Vista, GSG, Mendota	100%	100%
2007			
CCWE Holdings LLC	Cedar Creek	66.67%	100% with 33.33% non-controlling interest
Sweetwater 4-5 Holdings LLC	Sweetwater 4, Sweetwater 5	53%	53%

11.3.1 IEP Liabilities:

Class A Liability (AIFRS):

- Classified as a liability under AIFRS as (i) the IEPs have limited lives and (ii) the allocation of income earned is governed by contractual agreements over the life of the investment;
- The Class A liability is determined by discounting future tax allocations and cash distributions using the effective interest method:
 - The effective interest rate that is used to determine the liability was determined at the date that control was deemed to have been attained and is not subsequently adjusted;
 - Future tax allocations and cash distributions that are incorporated into the calculation of the Class A liability include those that accrue in each of the aforementioned three stages ie/ including those post the repayment of the Class A capital balance;
- The Class A liability is increased or decreased for the following:

Component	Increase/ Decrease to Class A Liability	Income/Expense
1. Value of PTCs	Decrease	Income
2. Tax (i)losses/(ii)gains (including tax depreciation)	(i) Decrease/(ii) Increase	(i) Income/ (ii) Expense
3. Cash distributions	Decrease	N/A
4. Allocation of return (Class A)	Increase	Expense
5. Movement in residual interest (Class A)	(i)Increase/ (ii)decrease	(i) Expense/ (ii) Income

Value of PTCs relates to the income stream that Class A members receive in the form of tax credits. All of Infigen's US wind farms receive one PTC for each megawatt hour of electricity produced for a period of ten years from the date of first commercial operation of the wind farm.

Tax losses/gains represents an estimate of taxable losses or gains accruing to Class A members during the period. Under US tax law a wind farm owner may depreciate the book value of its wind farms over an accelerated time frame. In the early years of operations this gives rise to significant tax losses as the accelerated tax depreciation is greater than the operating profit of the wind farm.

Cash distributions represent cash distributed to Class A members in Stages 2 and Stage 3.

Allocation of return (Class A) is the agreed target return on the capital balance of the Class A member.

The change in residual interest (Class A) reflects period on period changes in expectations of future tax allocations and cash flows.

Class A Capital Balance:

The Class A capital balance is different to the Class A liability as the former is the balance of initial capital contributed by Class A members, plus the targeted return (which is itself different to the effective interest rate), that is yet to be repaid to Class A members through tax allocations and/ or cash distributions at a given point in time.

The following provides a summary of Class A capital balances at 31 December 2010:

Asset Vintage	Capital Balance US\$ million
2003/2004	87
2005	102
2006	174
2007	260
Total	623

The Class A capital balance is reduced or increased for items 1 to 4 above, but there is no adjustment in relation to the residual interest (item 5 above);

11.4 Class B Liability (AIFRS):

- Relates to Cedar Creek and Crescent Ridge only;
- The Class B Liability is the equivalent of a non-controlling interest that is ordinarily recognised within equity. However, this item is classified as a liability under AIFRS because (i) the IEPs have limited lives and (ii) the allocation of income earned is governed by contractual agreements over the life of the investment.;
- Non-controlling interests are reduced for cash distributions and increased/ decreased for the minority's interest in the IEP's profit/ loss

11.5 Deferred Revenue:

- Represents the tax-effected difference between tax and accounting depreciation. This is similar to the accounting treatment of a deferred tax liability;
- Accumulates in the early years of the IEP and then reverses slowly over the remaining life of the investment;
- Does not form part of the Class A liability and is an accounting consequence of straight-lining tax depreciation over the life of the wind farm.

Whilst classified as liabilities in the financial statements it is important to note:

- Should future operational revenues from the US wind farm investments be insufficient, there is no contractual obligation on the Group to repay the liabilities.
- Institutional balances outstanding (Class A and Class B non-controlling interests) do not impact Infigen's lending covenants or interest cover ratios.
- There is no exit mechanism for institutional investors consequently there is no re-financing risk.