ASX RELEASE

Infigen Energy

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

www.infigenenergy.com

23 August 2013

APPENDIX 4E AND FY13 ANNUAL FINANCIAL REPORT

Attached are the following reports relating to Infigen Energy (ASX: IFN):

- Appendix 4E – Preliminary Final Report
- Infigen Energy Group Annual Financial Report for the year ended 30 June 2013
- Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2013

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For further information please contact:
Richard Farrell, Investor Relations Manager
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About Infigen Energy

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

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

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

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

INFIGEN ENERGY GROUP

APPENDIX 4E – Preliminary Final Report for the year ended 30 June 2013

Name of entity:	**Infigen Energy (ASX: IFN), a stapled entity comprising Infigen Energy Limited (ABN 39 105 051 616), Infigen Energy (Bermuda) Limited (ARBN 116 360 715) and Infigen Energy Trust (ARSN 116 244 118)**

Reporting period

Current Period:	1 July 2012 - 30 June 2013
Previous Corresponding Period:	1 July 2011 - 30 June 2012

Results for announcement to the market

	% Movement	2013 A$'000	2012 A$'000
Revenues from ordinary activities	6.8%	302,640	283,473
Loss from ordinary activities after tax attributable to members	(43%)	(79,975)	(55,877)
Loss for the period attributable to members	(43%)	(79,975)	(55,877)

Distributions

Distributions	Record date	Payment date	Amount per security	Franked amount per security
Final distribution	N/A	N/A	Nil	N/A
Interim distribution	N/A	N/A	Nil	N/A

A brief explanation of any of the figures reported above necessary to enable the figures to be understood:
Refer to the attached Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2013.

Financial statements
Refer to the attached consolidated financial statements for the year ended 30 June 2013.

Net tangible asset backing per unit

	30 June 2013	30 June 2012
Net tangible asset backing per stapled security	0.28 cents	0.27 cents

Control gained or lost over entities during the period
Capital Solar Farm Holdings Pty Ltd, Capital Solar Farm Pty Ltd and Renewable Energy Constructions Pty Ltd were incorporated in Australia on 26 October 2012. Georgia Sun I LLC and Rio Bravo Solar II LLC were formed on 16 May 2013 in the US. Two dormant Luxembourg entities, Infigen Energy Nor Holdings Sarl and Infigen Energy Gesa Holdings Sarl, were voluntarily liquidated in September 2012.

Details of associates and joint venture entities
The group invested $280,000 into existing wind and solar development joint ventures to provide funding for their operations. The additional investments did not result in any change to the Group's ownership level in these interests.

Accounting standards used by foreign entities
Refer to Note 1 "Statement of Accounting Policies" of the attached consolidated financial statements for the year ended 30 June 2013.

Commentary on results and Outlook
Refer to the attached Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2013.

Audit / review of accounts upon which this report is based and Qualification of audit / review
This report is based on accounts which have been audited. This auditor has issued an un-qualified opinion on the financial statements for the Infigen Energy group for the year ended 30 June 2013.

INFIGEN ENERGY LIMITED

ABN 39 105 051 616

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

TOGETHER WITH THE DIRECTORS' REPORT

Infigen Energy Limited

Annual Financial Report for the year ended 30 June 2013

Contents

Corporate Structure

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

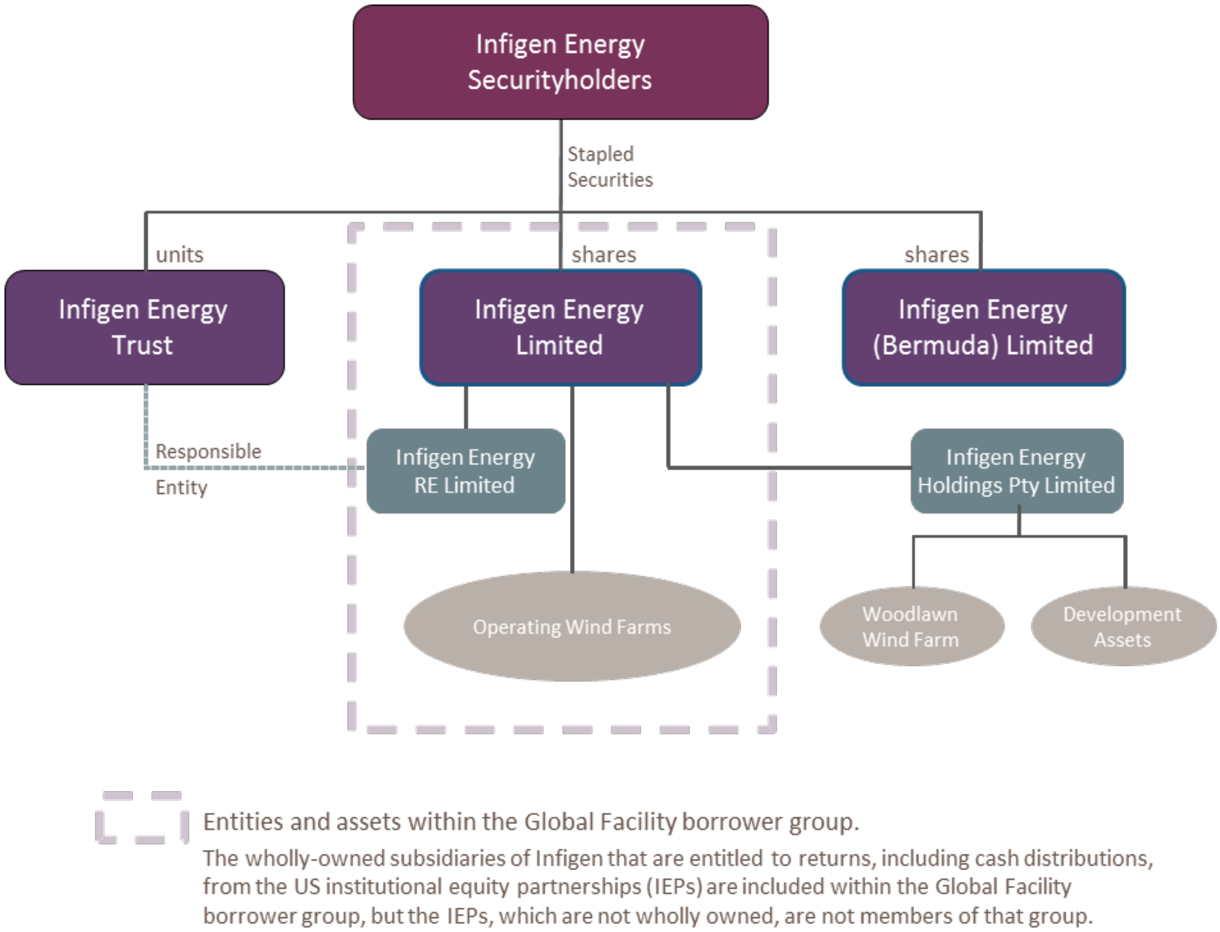
- Infigen Energy Limited (**IEL**), a public company incorporated in Australia;
- Infigen Energy Trust (**IET**), a managed investment scheme registered in Australia;
- Infigen Energy (Bermuda) Limited (**IEBL**), a company incorporated in Bermuda; and
- the subsidiary entities of IEL and IET.

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

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

The current stapled structure of the Infigen Energy group was established immediately prior to listing on the Australian Securities Exchange in 2005 and currently cannot be materially simplified due to Infigen's corporate debt facility (**Global Facility**). IEBL was established and included in the Infigen's stapled structure in 2005 to provide flexibility regarding potential investment ownership structures. IEBL has not been utilised for that purpose since it was established and Infigen aims to wind-up this entity when it is feasible to do so.

The following diagram represents the structure of the Infigen Energy group, including the entities and assets within the Global Facility borrower group.



Directors' Report

In respect of the year ended 30 June 2013, the Directors submit the following report for the Infigen Energy group (Infigen).

Directors

The following people were Directors of Infigen Energy Limited (IEL), Infigen Energy (Bermuda) Limited (IEBL) and Infigen Energy RE Limited (IERL) in its capacity as responsible entity of the Infigen Energy Trust (IET), during the whole of the financial year and up to the date of this report:

- Michael Hutchinson
- Philip Green
- Fiona Harris
- Ross Rolfe AO
- Miles George

Further Information on Directors

The particulars of the Directors of Infigen at or since the end of the financial year and up to the date of the Directors' Report are set out below.

Name	*Particulars*
Michael Hutchinson **Non-Executive Chairman of IEL, IEBL and IERL** *Appointed to IEL, IEBL and IERL on 18 June 2009* *Chairman of the Nomination & Remuneration Committee*	Mike was appointed an independent non-executive director of Infigen Energy in June 2009 and subsequently elected Chairman in November 2010. He is also Chairman of the Nomination & Remuneration Committee. Mike was formerly an international transport engineering consultant and has extensive experience in the transport and communications sectors, including as a senior official with the Australian Government. Mike is currently an independent non-executive director of the Australian Infrastructure Fund Ltd and Leighton Holdings Limited. Mike has previously been an independent non-executive director of EPIC Energy Holdings Ltd, Hastings Funds Management Ltd, Westpac Funds Management Ltd, Pacific Hydro Ltd, OTC Ltd, HiTech Group Australia Ltd, the Australian Postal Corporation and the Australian Graduate School of Management Ltd.
Fiona Harris **Non-Executive Director of IEL, IEBL and IERL** *Appointed to IEL, IEBL and IERL on 21 June 2011* *Chairman of the Audit, Risk & Compliance Committee* *Member of the Nomination & Remuneration Committee*	Fiona was appointed as an independent non-executive director of Infigen Energy in June 2011 and is currently Chairman of the Audit, Risk & Compliance Committee. Fiona is also a member of the Nomination & Remuneration Committee. Fiona has been a professional non-executive director for the past 18 years, during which time she has been a director of organisations across a variety of industry sectors, including utilities, financial services, resources and property, and been involved in a range of corporate transactions. Fiona spent 14 years with KPMG, working in Perth, San Francisco and Sydney, and specialising in financial services and superannuation. Fiona was also involved in capital raisings, due diligence, IPOs, capital structuring of transactions and litigation support. Fiona is currently Chairman of Barrington Consulting Group and a director of Aurora Oil & Gas Limited, BWP Trust, Sundance Resources Limited and Oil Search Limited. Prior directorships of listed companies in the past 3 years are Altona Mining Limited and Territory Resources Limited. Fiona holds a Bachelor of Commerce degree and is a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.

Name	*Particulars*
<u>Philip Green</u> **Non-Executive Director of IEL, IEBL and IERL** *Appointed to IEL, IEBL and IERL on 18 November 2010* *Member of the Audit, Risk & Compliance Committee*	Philip was appointed a non-executive director of Infigen Energy in November 2010 and is a member of the Audit, Risk & Compliance Committee. Philip is a Partner of The Children's Investment Fund Management (UK) LLP (TCI), a substantial securityholder of Infigen Energy. Philip joined TCI in 2007 and his responsibilities include TCI's global utility, renewable energy and infrastructure investments. Prior to joining TCI, Philip led European Utilities equity research at Goldman Sachs, Merrill Lynch and Lehman Brothers over a 12 year period. Philip is a UK Chartered Accountant (ACA) and has a Bachelor of Science (Hons) in Geotechnical Engineering.
<u>Ross Rolfe AO</u> **Non-Executive Director of IEL, IEBL and IERL** *Appointed to IEL, IEBL and IERL on 9 September 2011* *Member of the Audit, Risk & Compliance Committee* *Member of the Nomination & Remuneration Committee*	Ross was appointed an independent non-executive director of Infigen Energy in September 2011. Ross is a member of the Audit, Risk & Compliance Committee and the Nomination & Remuneration Committee. Ross has broad experience in the Australian energy and infrastructure sectors in senior management, government and strategic roles. In August 2008 Ross was appointed to the position of Chief Executive Officer of Alinta Energy. Ross completed a capital restructuring of the business and stepped down from the CEO and MD role in April 2011. Prior to that appointment, Ross held the position of Director General of a range of Queensland Government Departments, including Premier and Cabinet, State Development, and Environment & Heritage, as well as the position of Co-ordinator General. Ross was also the Chief Executive Officer of Stanwell Corporation, one of Queensland's largest energy generation companies from 2001 until 2005. Ross is currently a Chairman of WDS Limited and Chairman of CS Energy, a government owned generation company based in Queensland, as well as a non-executive director of CMI Limited. Ross also holds a senior executive role at Lend Lease.
<u>Miles George</u> **Executive Director of IEL, IEBL and IERL** *Appointed to IEL, IEBL and IERL on 1 January 2009*	Miles is the Managing Director of Infigen Energy and has over 20 years' experience in business development, investment, financing and management roles in the infrastructure and energy sectors in Australia, the US and Europe. Over the past 13 years Miles has been focused on development, investment, financing and management in the renewable energy industry. Miles undertook a leading role in the development of Infigen's first wind farm project at Lake Bonney in South Australia, commencing in 2000. In 2003 Miles jointly led the team which established the renewable energy business now known as Infigen Energy. In 2005 Miles jointly led the Initial Public Offer and listing of Infigen's business on the ASX. Following listing, Miles continued to work on the development, financing and management of Infigen's wind farm investments in Australia, the US and Europe. Miles was appointed as Managing Director of Infigen Energy in 2009. Miles holds degrees of Bachelor of Engineering and Master of Business Administration (Distinction) from the University of Melbourne.

Directors' Interests in IFN Stapled Securities

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code. IERL is the Responsible Entity of IET. The table below lists the current and former Directors of IEL, IEBL and IERL during the financial year as well as showing the relevant interests of those Directors in IFN stapled securities during the financial year.

Directors	Role	IFN Stapled Securities Held			
		Balance 1 July 2012	Acquired during the year	Sold during the year	Balance 30 June 2013
M Hutchinson	Independent Chairman	110,000	82,500	0	192,500
F Harris	Independent Non-Executive Director	100,000	0	0	100,000
P Green[1]	Non-Executive Director	0	0	0	0
R Rolfe	Independent Non-Executive Director	0	0	0	0
M George	Executive Director	650,000	0	0	650,000

[1] P Green is a Partner of The Children's Investment Fund Management (UK) LLP which has a substantial shareholding of IFN securities. Mr Green has advised Infigen that he does not have a relevant interest in those IFN securities.

Directors' Meetings

The number of Infigen Board meetings and meetings of standing Committees established by the Infigen Boards held during the year ended 30 June 2013, and the number of meetings attended by each Director, are set out below.

Directors	Board Meetings						Committee Meetings			
	IEL		IERL		IEBL		Audit, Risk & Compliance		IEL Nomination & Remuneration	
	A	B	A	B	A	B	A	B	A	B
M Hutchinson	13	13	8	8	9	9	n/a	n/a	6	6
F Harris	13	13	8	8	9	9	5	5	6	6
P Green	13	13	8	8	9	9	4	5	n/a	n/a
R Rolfe	13	13	8	8	9	9	5	5	6	6
M George	13	13	8	8	9	9	n/a	n/a	n/a	n/a

A = Number of meetings attended.
B = Number of meetings held during the year.

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

Company Secretaries

The names and particulars of the Company Secretaries of Infigen at or since the end of the financial year are set out below.

Name	Particulars
David Richardson **Company Secretary of IEL, IEBL and IERL** *Appointed 26 October 2005*	David is the Company Secretary of Infigen Energy and is responsible for the company secretarial, risk management, insurances, corporate compliance and internal audit functions. David joined Infigen Energy as Company Secretary in 2005. David was previously a Company Secretary within the AMP Group, including AMP Capital Investors, Financial Services and Insurance divisions, as well as prior financial services sector and regulator positions. David holds a Diploma of Law, Bachelor of Economics and a Graduate Diploma in Company Secretarial Practice. David is a Member of Chartered Secretaries Australia.
Catherine Gunning **Alternate Company Secretary of IEL, IEBL and IERL** *Appointed 18 June 2009*	Catherine is a Senior Corporate Counsel within Infigen Energy. Prior to joining Infigen in December 2005, Catherine was a Senior Associate in the Corporate & Commercial Department at Allens Arthur Robinson. Catherine also worked in London for private equity house NatWest Equity Partners (now Bridgepoint Capital Limited). Catherine has a Bachelor of Economics and a Bachelor of Laws, a Graduate Diploma in Applied Finance and Investment and is admitted as a legal practitioner of the Supreme Court of New South Wales.

Principal Activities

Infigen Energy is a specialist renewable energy business that develops, constructs, owns and operates energy generation assets.

Infigen currently has interests in 24 operating wind farms and a pipeline of wind and solar renewable energy developments in Australia and the United States. With a total installed capacity in excess of 1,600 MW (on an equity interest basis), the business currently generates over 4,500 GWh of renewable energy per year.

Infigen has six operating wind farms in Australia with a total installed capacity of 557 MW. Infigen's US business comprises 18 operating wind farms with a total installed capacity of 1,089 MW (on an equity interest basis).

Distributions

On 14 June 2011, Infigen advised that no FY11 final distribution would be paid and distributions would be suspended for FY12 and FY13. That initiative aimed to maximise the capital available to Infigen to repay debt and fund future opportunities.

As advised at Infigen's 2012 AGM, the sweeping of surplus cash flows from operating assets held within the Global Facility borrower group to repay debt, effectively serves to continue to preclude the payment of distributions to securityholders.

Further details regarding distributions are set out in Note 24 to the Financial Statements.

Review of Operations

Revenue and result

During the year ended 30 June 2013, Infigen recorded revenues from continuing operations of $302.6 million compared with $283.5 million in FY12, representing an increase of approximately 7%.

Infigen recorded a statutory net loss for FY13 of $80 million compared to a net loss for FY12 of $55.9 million. The FY13 result includes a non-cash impairment expense against the US Cash Generating Unit of $58.4 million. The underlying net loss, if the impairment expense is excluded, was a $34.3 million improvement to $21.6 million, compared to a net loss after tax of $55.9 million in the prior year.

Review of Operations (cont.)

US Business

Infigen has an operating capacity of 1,089 MW (on an equity interest basis) in the US comprising 18 wind farms. There was no change to Infigen's operating capacity in the US during FY13. Of the 18 wind farms, 14 have Power Purchase Agreements (PPAs) in place that account for 874 MW of the operating capacity, one of which (4 MW of capacity) is generating revenue both through a PPA and on a merchant basis. The four remaining US wind farms (215 MW) operate purely on a merchant basis.

Key achievements during the year included:

- settlement of the long standing disputes with Gamesa and negotiation and execution of 15 year warranty, service and maintenance agreements at Infigen sites with Gamesa turbines;
- improvements in Infigen's asset management systems, resulting in more effective supply chain management processes, work order management processes, site operations audits, and root cause analysis systems. These improvements have resulted in lower year over year operating costs and lower major component failure risks; and
- steady progress in the development of a solar business, with a healthy pipeline of development projects and the execution of two PPAs in California for a total of 40 MW that enhance the options available to generate further value from these projects.

Australian Business

Infigen has an operating capacity of 557 MW in Australia comprising six wind farms, namely the 89.1 MW Alinta wind farm in WA, the three Lake Bonney wind farms in SA with capacities of 80.5 MW, 159 MW and 39 MW respectively, and the 140.7 MW Capital and 48.3 MW Woodlawn wind farms in NSW. Infigen holds a 100% equity interest in each of its Australian wind farms. There was no change to Infigen's operating capacity in Australia during FY13.

Of Infigen's six operational wind farms in Australia, 55% of annual P50 production is currently contracted under medium and long term PPAs. One of these off-take agreements (a long term retail supply agreement) involves the majority of the capacity of the Capital wind farm being contracted to meet the energy demands of the Sydney Desalination Plant.

Key achievements during the year included:

- the identification and resolution of a scheduling error by the Australian Energy Market Operator (AEMO) resulting in compensated electricity revenue for the FY10 to FY12 periods. This is a demonstration of Infigen's in-house asset management capability and will also result in fewer constraints to the affected wind farms in future periods;
- following the expiration of their original warranties, Lake Bonney 2 & 3 wind farms transitioned to the previously announced Vestas maintenance contracts that will provide stable and predictable costs for a further five years; and
- wind farm costs of $32.6 million, being $1.4 million below the lower end of the guidance range of $34 to $37 million.

Further commentary regarding the Group's operating and financial performance for the year is included in the Management Discussion and Analysis of Financial and Operational Performance Report.

Changes in State of Affairs

During the year the development teams in the US and Australia continued to advance the key projects in the wind and solar PV development pipelines. A number of wind farm development projects in Australia are at an advanced stage in anticipation of improved market and investment conditions. A number of solar PV development projects in the US and Australia are also at advanced stages. A key area of focus for the development teams has been managing community, regulatory and other stakeholder relationships.

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

Subsequent Events

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

Future Developments

In FY14 production in the US is expected to improve with the return to service of a number of Gamesa turbines and improved availability for the Gamesa fleet. The Crescent Ridge wind farm (40.8 MW) PPA expired in June and that wind farm will be operated on a merchant basis with wholesale prices currently below the previous PPA price. However, average US prices are nonetheless expected to be only slightly below FY13 due to the highly contracted nature of Infigen's assets.

In Australia, Infigen expects an improvement in investment conditions following the Federal election and a favourable outcome from the scheduled further review of the Renewable Energy Target (RET) legislation in 2014. However, in the near term the regulatory environment continues to be challenging. Despite the favourable findings of the Climate Change Authority's review of the RET in late 2012, vested interests in the fossil fuel generation sector continue to lobby forcefully to reduce the RET. The upcoming Federal election has exacerbated the uncertainty to a point where the market for new renewable energy project development is very weak, and the appetite to contract with existing assets is poor. This has depressed the Large-scale Generation Certificate (LGC) spot price to low $30s levels. Average Australian prices are expected to be around the same as FY13 due to contract escalation and a higher carbon price, offset by lower LGC prices.

In FY14 the US and Australian businesses will benefit from a full year of savings from the cost reduction initiative undertaken in FY13, with the group on track to deliver the full $7 million cash savings benefit in FY14. US operating costs are forecast to be between US$73 million and US$76 million (including Infigen Asset Management costs), and Australian operating costs between $35 million and $37 million (including Energy Markets costs).

In FY14 the total cash flow that we expect to have available to distribute to Class A tax equity members, close out interest rate swaps, and repay the Global Facility will be approximately $80 million.

Environmental Regulations

To the best of the Directors' knowledge, Infigen has complied with all significant environmental regulations applicable to its operations.

Indemnification and Insurance of Officers

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

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

Proceedings on Behalf of Infigen

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

Former Partners of the Audit Firm

No current Directors or Officers of Infigen have been Partners of PricewaterhouseCoopers at a time when that firm has been the auditor of Infigen.

Non-Audit Services

Based on written advice of the Audit, Risk & Compliance Committee, the Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 9 to the Financial Statements.

Auditor's Independence Declaration

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

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

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

Rounding

IEL is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, amounts in the Directors' Report and the Financial Report are rounded to the nearest thousand dollars, unless otherwise indicated.

Remuneration Report

Dear Securityholder,

We are pleased to present the 2013 Remuneration Report.

Maintaining a capable, agile and motivated team has been critical in a year where we faced continued regulatory uncertainty and subdued market conditions.

Over the past four years we have attracted a talented and capable team in Australia and the USA. In determining that it remains in the securityholder interest to retain the USA assets, we have now embarked upon a process of harmonising the organisational culture and policy framework in both regions to maximise the potential for longer term collaboration and resource utilisation as “One Team”.

We have continued to exercise moderation in remuneration changes, while retaining relatively high levels of potential Long Term Incentive opportunities for key executives. These continue to reflect the current challenging and transitional nature of our business, and will be reviewed once those conditions are overcome.

The FY09 and FY10 equity-settled long term incentive payments have lapsed without vesting. The vesting hurdles were again not met. These had been the only grants that had provided for automatic vesting on change of control.

This year we have set out more information on the initiatives or goals (Key Performance Indicators, KPIs) that are used in determining Short Term Incentive (STI) payments. These KPIs focus on matters within management control or influence designed to create long term value effects.

This was the first year where STI payments were partially deferred, with the deferred element settled in securities rather than cash. These benefits are expected to vest for relevant employees with the issue of securities once a trading window is open following release of the FY13 annual results, provided an employee is not otherwise prevented from trading securities in accordance with the Securities Trading Policy.

The STI framework for FY14 has been further refined. Financial goals will now determine 80% of the Key Management Personnel (KMP) STI opportunity. The balance relates to specific short-term measures required of management. The Board retains discretion to vary STI payments based on material departures in personal or corporate achievements.

New clawback mechanisms now enable unvested Performance Rights or deferred STI to be forfeited in the event of materially adverse financial misstatements.

During the year an organisational restructure and cost reduction program was undertaken in Australia and the USA. This has led to the loss of a number of talented employees. One of the roles affected by this restructure was that of the Chief Operating Officer. Regrettably no alternative position could be found for Mr Geoff Dutaillis and his employment ended on 30 June 2013. Geoff diligently served out his notice period in the second half of FY13. On behalf of the Company I thank Geoff for his dedication, commitment and contribution to Infigen.

Yours faithfully

Mike Hutchinson
Chairman
Nomination & Remuneration Committee

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1. REMUNERATION REPORT – EXECUTIVE SUMMARY

The Nomination & Remuneration Committee has:

- reviewed executive and senior management salaries against market rates;
- monitored performance and the alignment of Key Performance Indicators (KPIs) to short term business objectives and priorities;
- made no change to director remuneration other than implementing a minor change deferred from FY12;
- restructured the FY14 Short Term Incentive (STI) plan and determined KPIs for FY14;
- reviewed the leadership structure and succession plans; and
- approved the establishment of the Infigen Employee Equity Trust and outsourced administration to Link Market Services Limited.

Significant matters to note for director, executive and senior management FY13 remuneration are:

- remuneration of KMP was increased during the year by around 2.9%;
- there was some realignment of relativities following the organisation restructure and cost reduction initiative;
- no Long Term Incentive (LTI) vested; and
- at least 50% of the KMP STI was deferred for 12 months.

2. REMUNERATION FRAMEWORK

Infigen's remuneration framework aims to ensure remuneration:

- is commensurate with contributions, positions and responsibilities;
- is fair and reasonable relative to market benchmarks;
- is linked with Infigen's strategic goals and business performance;
- rewards the delivery of consistently high performance;
- attracts and retains high performing individuals; and
- is aligned with the interests of securityholders.

3. REMUNERATION OF SENIOR MANAGEMENT

The remuneration framework for KMP comprises three components:

- fixed pay;
- Short Term Incentive, which is a variable payment linked to achieving specified performance measured over a 12 month period; and
- Long Term Incentive, which is payment linked to meeting specified performance hurdles over a 3 or 4 year period.

Remuneration is benchmarked by external advisers, Guerdon Associates, against industry peers within the utilities, generation and infrastructure sectors.

3.1 *Fixed Pay*

Fixed pay is cash salary and benefits, including superannuation. Infigen does not presently offer remuneration packaging other than superannuation salary sacrifice.

Temporary deferred fixed pay amounts were introduced in FY11 for some executives in conjunction with recruitment or retention requirements. This resulted in some deferred cash payments being made in February 2012, and further payments to two senior managers in February 2013. No deferred fixed pay amounts were introduced in FY12 or FY13.

Adjustments to fixed pay in FY13 reflected an average 2.9% market rate adjustment for KMP.

3.2 *Short Term Incentives*

STI is an at-risk performance-related component of remuneration. STIs are subject to the achievement of key performance indicators (KPIs). KPIs are set annually and reviewed during the year. KPIs are aligned with overall strategy, budget, and individual objectives and accountabilities.

The long life, capital intensive nature of Infigen's assets with their associated high financing costs and depreciation charges result in expected statutory accounting losses for a significant portion of the asset life. The depreciation element is non-cash and the assets continue to generate strong cash flows. Consequently the Board has determined that it is appropriate and desirable to motivate and reward the KMP to focus on delivering stable and predictable results by delivering annual improvements in operating efficiency (maximising production at lowest cost) to deliver cash flow outcomes. These objectives are complementary to the medium term goals of achieving a more sustainable capital structure and profitable business growth, leading to scope for a resumption of distributions.

The maximum STI opportunity for each KMP is determined as part of their recruitment, promotion, and annual job-related challenges.

The Board determines the aggregate amount of STI payments, the KPIs for the CEO, the amount of the CEO's STI payment, and reviews proposed KPIs and STI payments for KMP.

In setting the aggregate amount of the STI pool, the Board has regard to any need to balance the results of "bottom up" scoring of annual KPIs with the overall short-term performance of the business, and – if applicable – any relevant adverse safety and risk outcomes. This assessment also has regard to the opportunities for management influence on business outcomes, and those matters (such as wind speeds and energy market pricing) that are not subject to short term management influence.

KMP financial goal outcomes determined 60% of the FY13 STI opportunity. Strategic and operational goal outcomes determined 40%. Management initiatives, including the organisation review and cost reduction initiative in FY13, have helped provide greater control of future operating costs. The STI components for FY14 will increase the financial goals from 60/40 to 80/20, increasing the focus on cost containment and cash conversion.

We have set out in Table 1 a description of the management initiatives that were included within the FY13 KPIs used to determine the short-term incentive payments. Each KPI is weighted as a percentage of the total STI opportunity and includes an assessment criterion or hurdle. KPI outcome measurements associated with quantitative measures, including budget achievement, are scaled progressively around stretch targets.

3.3 *TABLE 1: FY13 Alignment of Strategic Objectives and Short-term Metrics*

Strategic Objectives	Short Term metrics	Achievement
Improve asset Performance	Operating cost below budget Quantifiable measures to reduce revenue volatility Site availability > 95%	Operating costs below budget and lower guidance Reorganisation and cost reduction initiative saving $7m pa from FY14 Reduced future cost risk via Gamesa warranty and maintenance agreement Quantified revenue benefits of effective hedging and constraint strategies Site Availability USA - 95.3%, AUS 96.8%
Develop and provide growth options for the business	Prudently advance the development pipeline Pursue new customers and other energy markets opportunities	Advanced permits and option value of wind development pipeline Commenced construction of Capital Solar Demonstration plant Advanced permits and secured PPAs for two US solar projects
Deleverage & address capital constraints	Global Facility debt repayment above budget Identify, evaluate and pursue commercial options to resolve capital constraints	Global Facility debt repayment above budget and guidance Explored potential USA asset sale Commenced market testing for Capital wind farm
Maintain a capable, agile and motivated team	Improve Safety & Sustainability Employee retention and staff engagement	LTIFR = 1.2 TRIR = 11 Staff engagement program AGSM leadership development program

To illustrate how individual STI payments are determined we have included in Table 2 the CEO's FY13 KPI assessment. The resulting STI payment awarded to the CEO is illustrated in Table 3.

3.4 *TABLE 2: CEO FY13 Short Term Incentive Performance*

Measure	Weighting as a % of Total Opportunity	Achievement as a % of Total Opportunity
Operating Costs	25%	23.5%
Debt Amortisation	20%	16.2%
Earnings Volatility	15%	7.5%
Personal Business Goals	40%	20.4%
Total	**100%**	**67.6%**

STI payments include a 12 month partial deferral condition. At least 50% of individual STI amounts exceeding a threshold (initially $50,000) are deferred and paid in IFN securities. Payment of the deferred STI is subject to continued employment. The deferred payment may be forfeited if there is a materially adverse financial restatement.

The deferral conditions for the FY14 deferred STI include a new clawback mechanism that complements the LTI clawback provision. The new provision enables forfeiture of some or all unvested STI and/or LTI Performance Rights if a previously vested LTI grant was associated with a materially adverse financial misstatement.

From FY12 a total of $834,060 in STI entitlements were deferred in the form of 3,786,020 performance rights at a security value of $0.2203. It is expected that 2,727,462 securities will be issued by Infigen in the relevant trading window following the release of the FY13 annual results with the balance being cash settled at the equivalent market value upon vesting. It is not intended to clawback any of these securities. Since recipients of these securities will incur an associated taxation liability, there may be some sales of securities to fund the tax liability. Any such sales are, of course, subject to Infigen's securities trading policy and insider trading laws.

3.5 *Long Term Incentives*

KMP and senior managers in positions that directly affect the long term value of Infigen securities may be eligible for LTIs. LTIs are awarded as future rights to acquire IFN securities. The rights may vest after 3 or 4 years, subject to performance hurdles.

The Managing Director's grant is subject to securityholder approval.

The number of rights granted is based on the LTI value, divided by the reference price for IFN securities. This is the volume weighted average ASX market closing price in the last five trading days of the prior financial year.

LTI grants comprise two equal tranches, each subject to a different performance test. Vesting of each tranche is contingent on achieving the relevant performance hurdle.

The two performance hurdles are (1) Relative Total Shareholder Return (TSR) and (2) a financial performance test. The financial performance test is a test of the cumulative growth in the ratio of earnings before interest, taxes, depreciation and amortisation (EBITDA) to capital base.

	Performance Rights
Tranche 1	Relative TSR
Tranche 2	EBITDA

Both hurdles are measured over a 3 year period. The three year performance period of the FY13 grant is 1 July 2012 to 30 June 2015. In the event that no performance rights vest after the initial 3 year performance period then the LTI grant will be subject to a single re-test on 30 June 2016, after which all unvested rights will lapse.

During the year the Nomination & Remuneration Committee reconsidered the re-testing provision. Given that Infigen's LTI scheme is presently structured around the current challenging and transitional nature of our business, it was decided to retain the re-test to motivate and reward outcomes even if they span more than the initial 3 year period. The committee also reviewed the two-tranche structure of LTIs and the vesting conditions and decided on no change.

TSR performance condition: TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for any portion of the Tranche 1 performance rights to vest, the TSR of IFN must outperform that of the median company in the S&P/ASX 200 (excluding financial services and the materials/resources sector).

Tranche 1 performance rights will vest progressively as follows:

Infigen Energy's TSR performance compared to the relevant peer group	**FY11 Grant** **Percentage of Tranche 1 Performance Rights that vest**	**FY12 & 13 Grant** **Percentage of Tranche 1 Performance Rights that vest**
0 to 49th percentile	Nil	Nil
50th percentile	50% - 98% of the Tranche 1 Performance Rights will vest (i.e. for every percentile increase between 50% and 74% an additional 2% of the Tranche 1 Performance Rights will vest)	25% of the Tranche 1 Performance Rights will vest
51st to 75th percentile		27% - 75% (i.e. for every percentile increase between 51% and 75% an additional 2% of the Tranche 1 Performance Rights will vest)
76th to 95th percentile	100%	76.25% - 100% (i.e. for every percentile increase between 76% and 95% an additional 1.25% of the Tranche 1 Performance Rights will vest)

EBITDA performance condition: the annual target will be a specified percentage increase in the ratio of EBITDA to capital base over the year. The Capital Base will be measured as prior year net assets less derivative valuations, plus current year's earnings and net debt, normalised for foreign exchange. Both the EBITDA and Capital Base will be measured on a proportionately consolidated basis to reflect IFN's economic interest in all investments.

The annual target for FY13 was set to reflect the performance expectations of Infigen's business and prevailing market conditions. The annual target for each subsequent financial year will be established by the Board based on stretch budgets no later than the time of the release of Infigen's annual financial results for the preceding financial year.

The prospective targets are set with reference to Infigen's annual budgets. They remain confidential to Infigen. However each year's target, and the performance against that target are disclosed retrospectively.

The EBITDA performance condition rewards management in sustaining and delivering capital efficiency performance over an extended period.

Relevant metrics for the last three financial year periods are provided in the table below.

		30 June 2011	30 June 2012	30 June 2013
Closing security price	(cents)	0.35	0.225	0.251
EBITDA[1]	(AUD'000)	145,569	140,500	160,445
Capital Base[2]	(AUD'000)	1,589,945	1,656,177	1,591,793
EBITDA to Capital Base	(%)	9.16	8.48	10.08
Target	(%)	11.29	9.26	9.40

[1] Calculated at Infigen Group economic interest EBITDA (as per segment information note 2 of the consolidated financial statements) normalised for foreign exchange at the rate used to determine the target.

[2] As per the Capital base definition above with FY13 normalised for impairment.

Based on performance to FY13, the FY11 cumulative EBITDA performance condition target has not been met and is now in re-test. The cumulative effect of the FY12 and FY13 LTI grants are currently on target for the EBITDA performance condition target to vest.

Tranche 2 performance rights in FY12 and FY13 will vest progressively in comparison to FY11 which were subject to cliff vesting at 100% as shown in the table below:

Infigen Energy's EBITDA performance	FY11 Grant Percentage of Tranche 2 Performance Rights that vest	FY12 & 13 Grant Percentage of Tranche 2 Performance Rights that vest
0% < 90%	Nil	Nil
90% ≤ 110% of the cumulative target	Cliff vesting at 100% (i.e.100% will vest if the target achieved).	5% to 100% (i.e. for every 1% increase between 90 and 110% of target an additional 5% of the Tranche 2 Performance Rights will vest).

Equity Plan rules: Performance rights and options are governed by the rules of the Infigen Energy Equity Plan (the Plan) that was approved by securityholders in 2009. The Plan provided that the Board may exercise discretion to accelerate the vesting of any performance rights or options awarded in the FY13 grant in the event of a change in control of Infigen. In exercising its discretion the Board will have regard to performance and the nature of the relevant transaction. It is currently unlikely that the Board would accelerate vesting of any performance rights that were otherwise unlikely to vest in the ordinary course of business. There are now no outstanding LTI grants that provide automatic vesting on change of control.

The Plan participants are prohibited from hedging their exposure to Infigen's security price associated with the Plan.

3.6 *Separation benefits*

The Board will continue to limit any future separation benefits to a maximum of 12 months fixed remuneration in all foreseeable circumstances.

4. INFIGEN ENERGY – KMP REMUNERATION DETAILS

The following persons were the KMP of the Infigen Energy group during the financial year:

M George	Chief Executive Officer
G Dutaillis	Chief Operating Officer (*No longer a KMP as at 30 June 2013*)
C Baveystock	Chief Financial Officer
B Hopwood	Executive General Manager Corporate Finance
S Taylor	Executive General Manager Operations - Australia
S Wright	General Counsel
C Carson	CEO USA

4.1 *TABLE 3: Cash based remuneration received by KMP*

The following table summarises the cash based and at-risk remuneration KMP received in FY13. The only cash remuneration received in FY13 was in the form of salary, superannuation, non-deferred STI and retention payments.

KMP	Year	Cash Based Remuneration							At-Risk Remuneration	
		Salary ($)	Maximum STI Oppor-tunity[6]	Cash STI Awarded for the period ($)	Retention ($)	Super-annuation ($)	Equity vested during the year ($)	Total Actual Remun-eration received ($)	LTI Opportunity Granted in the Year[2]	Equity Deferred STI[3,4] Awarded for the Period
M George	FY13	585,530	500,000	169,000	-	16,470	-	771,000	354,854	169,000
	FY12	569,300	702,000	158,175	-	15,755	-	743,230	158,634	237,262
G Dutaillis	FY13	380,530	320,000	205,056	-	16,470	-	602,056	144,244	-
	FY12	370,000	370,000	89,096	-	15,755	-	474,851	80,129	133,644
C Baveystock	FY13	324,530	153,000	59,058	81,133	16,470	-	481,191	103,612	59,058
	FY12	315,000	199,000	63,750	78,750	15,755	-	473,255	53,600	63,750
B Hopwood	FY13	324,530	184,000	65,504	-	16,470	-	406,504	82,619	65,504
	FY12	315,000	199,000	58,615	150,000	15,755	-	539,370	53,600	58,615
S Taylor	FY13	340,530	154,000	50,000	-	16,470	-	407,000	103,612	48,437
	FY12	331,000	199,000	64,178	50,000	15,755	-	460,933	53,600	64,178
S Wright	FY13	324,530	150,000	55,650	-	16,470	-	341,000	48,081	55,650
	FY12	282,733	199,000	59,899	128,750	15,755	-	487,137	-	59,899
C Carson[5]	FY13	279,242	279,242	109,882	122,047	8,524	-	519,695	-	109,882
	FY12	268,558	269,500	77,875	-	4,043	-	350,476	-	77,875
Totals	**FY13**	**2,559,422**	**1,740,242**	**714,150**	**203,179**	**107,344**	**-**	**3,528,445**	**837,021**	**507,531**
	FY12	**2,451,591**	**2,137,500**	**571,588**	**407,500**	**98,573**	**-**	**3,529,252**	**399,563**	**695,223**

[1] The maximum STI Opportunity represents the total opportunity available to the KMP should they achieve 100% of the KPI objectives.

[2] This represents the fair market value of the LTI awarded in the form of a grant of performance rights under the Infigen Energy Equity Plan prior to amortisation.

[3] The deferred STI Payment is awarded in the form of a grant of performance rights under the Infigen Energy Equity Plan. The number of performance rights granted is determined by dividing the deferred amount by the value of a performance right using the VWAP of Infigen Energy stapled securities in the five trading days up to 30 June.

[4] The VWAP per security of the FY12 grant was $0.31939 and $0.2203 for the FY13 grant.

[5] The remuneration amounts reflect a conversion of $US into $AUD using an average rate of $1.0195 in FY12 and $1.0242 in FY13.

[6] The minimum STI Opportunity is zero.

4.2 *TABLE 4: Statutory Remuneration Data for the years ended 30 June 2013 with comparative period*

The Statutory Remuneration Data table below show the accounting expensed amounts that reflect a portion of possible future remuneration arising from prior and current year LTI grants. Tranche 1 of the FY09 LTI grant expired in FY13. No prior accruals required reversal for this outcome. The FY10 LTI grant expired on 30 June 2013.

KMP	Year	Short-term employee benefits					Post employ-ment benefits	Other long-term employee benefits	Share-based payments		
		Salary $	STI paid in current period $	Retention payment $	Non-monetary benefits $	Total of short-term employee benefits $	Super-annuation $	LSL accrual $	Equity settled[2] $	Cash settled $	Total $
M George	FY13	585,530	169,000	-	-	754,530	16,470	16,027	548,542	-	1,335,569
	FY12	569,300	158,175	-	-	727,475	15,755	11,006	-588,618	-	165,618
G Dutaillis[1]	FY13	380,530	205,056	-	-	585,586	16,470	-	-313,693	-	288,363
	FY12	370,000	89,096	-	-	459,096	15,755	12,018	-530,668	-	-43,799
C Baveystock	FY13	324,530	59,058	81,133	-	464,721	16,470	2,115	110,815	-	594,121
	FY12	315,000	63,750	78,750	-	457,500	15,755	974	47,603	-	521,832
B Hopwood	FY13	324,530	65,504	-	-	390,034	16,470	11,469	123,533	-	541,506
	FY12	315,000	58,615	150,000	-	523,615	15,755	10,962	-87,532	-	462,800
S Taylor	FY13	340,530	50,000	-	-	390,530	16,470	2,936	164,075	-	574,011
	FY12	331,000	64,178	50,000	-	445,178	15,755	2,112	92,523	-	555,568
S Wright	FY13	324,530	55,650	-	-	380,180	16,470	2,532	62,452	-	461,634
	FY12	282,733	59,899	128,750	-	471,382	15,755	2,281	-	-	489,418
C Carson[3]	FY13	279,242	109,882	122,047	-	511,171	8,524	-	-	78,199	597,893
	FY12	268,558	77,875	-	-	346,433	4,043	-	-	22,141	372,617
Total Remuneration	FY13	**2,559,422**	**714,150**	**203,180**	**-**	**3,476,752**	**107,344**	**35,079**	**695,724**	**78,199**	**4,393,097**
	FY12	**2,451,591**	**571,588**	**407,500**	**-**	**3,430,679**	**98,573**	**39,353**	**-1,066,692**	**22,141**	**2,524,054**

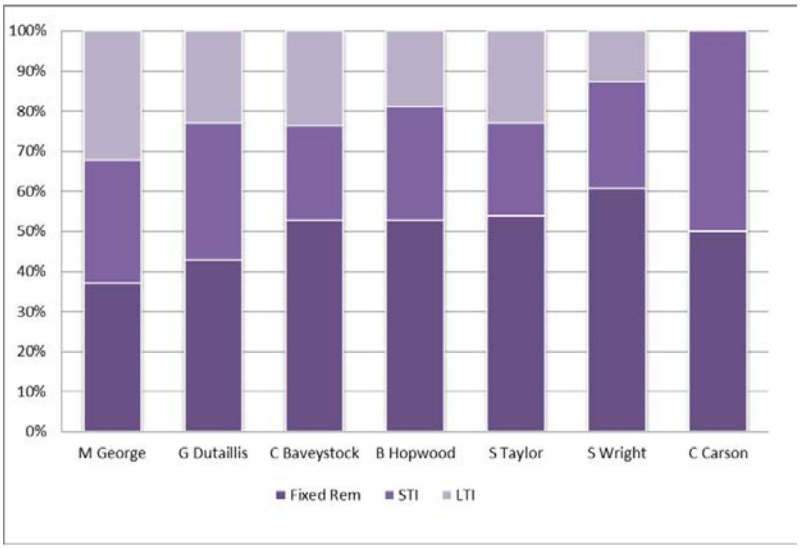
[1] G Dutaillis FY11 grant expired on 30 June 2013 as the Board did not exercise discretion to keep this grant in the Equity Plan during the retest period, resulting in a write back of prior period provisions. The FY12 & FY13 grants remain in the Equity Plan for the duration of the performance period in accordance with the Equity Plan rules.

[2] FY12 equity settled adjusted for Deferred STI granted in the period

[3] The remuneration amounts reflect a conversion into $AUD using an average rate of $1.0195 in FY12 and $1.0242 in FY13.

4.3 *TABLE 5: Remuneration Components as a Proportion of Total Remuneration*

The proportions of fixed remuneration to at-risk performance-based remuneration are decided on a case-by-case basis for each executive. The proportions for FY13 are set out below.



4.4 *TABLE 6: Value of Remuneration that may vest in future years*

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

The current market value is included to provide additional information to illustrate the difference in value of these LTI grants when comparing the accounting value and the current market value. The accounting value relies upon the value of the security at the time the grant was made. The accounting standards are used for the purpose of providing for the LTI liability within the financial statements.

KMP	Grant	Maximum value of remuneration which is subject to vesting in accordance with AASB 2 'Share Based Payments'					Current market value of remuneration which is subject to vesting (VWAP 5 trading days prior to 30 June 2013)				
		FY11 ($)	FY12 ($)	FY13 ($)	FY14 ($)	FY15 ($)	FY11 ($)	FY12 ($)	FY13 ($)	FY14 ($)	FY15 ($)
M George	FY11	$ 124,548	$ 166,977	$ 166,520			$ 55,086	$ 73,852	$ 73,650		
	FY12		$ 32,898	$ 74,038	$ 51,698			$ 47,752	$ 107,468	$ 75,041	
	FY13			$ 130,818	$ 112,018	$ 112,018			$ 220,094	$ 188,464	$ 188,464
	FY13[1]			$ 177,166	$ 60,096				$ 201,855	$ 68,471	
	Total	**$ 124,548**	**$ 199,875**	**$ 548,542**	**$ 223,812**	**$ 112,018**	**$ 55,086**	**$121,604**	**$ 603,067**	**$ 331,976**	**$ 188,464**
G Dutaillis[2]	FY09	$ -	$ -	-$ 429,124			$ -	$ -	$ -		
	FY11			-$ 225,968					$ -		
	FY12		$ 16,617	$ 63,512	$ -			$ 24,121	$ 92,189	$ -	
	FY13			$ 144,244	$ -	$ -			$ 242,682	$ -	$ -
	FY13[1]			$ 133,644	$ -				$ 152,268	$ -	
	Total	**$ -**	**$ 16,617**	**-$ 313,692**	**$ -**	**$ -**	**$ -**	**$ 24,121**	**$ 487,139**	**$ -**	**$ -**
C Baveystock	FY11	$ -	$ -	$ -			$ -	$ -	$ -		
	FY12		$ 11,116	$ 25,016	$ 17,468			$ 16,135	$ 36,312	$ 25,355	
	FY13			$ 38,197	$ 32,708	$ 32,708			$ 64,264	$ 55,029	$ 55,029
	FY13[1]			$ 47,603	$ 16,147				$ 54,236	$ 18,397	
	Total	**$ -**	**$ 11,116**	**$ 110,816**	**$ 66,323**	**$ 32,708**	**$ -**	**$ 16,135**	**$ 154,812**	**$ 98,781**	**$ 55,029**
B Hopwood	FY11	$ 18,168	$ 24,357	$ 24,290			$ 8,035	$ 10,773	$ 10,743		
	FY12		$ 11,116	$ 25,016	$ 17,468			$ 16,135	$ 36,312	$ 25,355	
	FY13			$ 30,458	$ 26,080	$ 26,080			$ 51,243	$ 43,879	$ 43,879
	FY13[1]			$ 43,769	$ 14,847				$ 49,868	$ 16,916	
	Total	**$ 18,168**	**$ 35,473**	**$ 123,533**	**$ 58,395**	**$ 26,080**	**$ 8,035**	**$ 26,908**	**$ 148,166**	**$ 86,150**	**$ 43,879**
S Taylor	FY11	$ 39,597	$ 53,086	$ 52,941			$ 17,513	$ 23,479	$ 23,415		
	FY12		$ 11,116	$ 25,016	$ 17,468			$ 16,135	$ 36,312	$ 25,355	
	FY13			$ 38,197	$ 32,708	$ 32,708			$ 64,264	$ 55,029	$ 55,029
	FY13[1]			$ 47,922	$ 16,256				$ 54,600	$ 18,521	
	Total	**$ 39,597**	**$ 64,201**	**$ 164,076**	**$ 66,431**	**$ 32,708**	**$ 17,513**	**$ 39,614**	**$ 178,591**	**$ 98,905**	**$ 55,029**
C Carson	FY11	$ 61	$ 22,202	$ 22,141			$ 44	$ 15,922	$ 15,878		
	FY12		$ -	$ -	$ -			$ -	$ -	$ -	
	FY13			$ -	$ -	$ -			$ -	$ -	$ -
	FY13[1]			$ 57,950	$ 19,657				$ 66,026	$ 22,396	
	Total	**$ 61**	**$ 22,202**	**$ 80,091**	**$ 19,657**	**$ -**	**$ 44**	**$ 15,922**	**$ 81,904**	**$ 22,396**	**$ -**
S Wright	FY11	$ -	$ -	$ -			$ -	$ -	$ -		
	FY12		$ -	$ -	$ -			$ -	$ -	$ -	
	FY13			$ 17,725	$ 15,178	$ 15,178			$ 29,822	$ 25,536	$ 25,536
	FY13[1]			$ 44,727	$ 15,172				$ 50,960	$ 17,286	
	Total	**$ -**	**$ -**	**$ 62,452**	**$ 30,350**	**$ 15,178**	**$ -**	**$ -**	**$ 80,782**	**$ 42,822**	**$ 25,536**

[1] FY13 Deferred STI.

[2] In accordance with accounting standards, provisions relating to lapsed LTI grants were reversed and all future year expenses were realised in FY13.

4.5 *Legacy Performance Rights*

Performance rights granted in prior years (FY11 and FY12) were granted in the same 2-tranche structure with the same performance hurdles.

No performance rights in relation to IFN securities vested or became exercisable in FY13. All performance rights held as at 30 June 2013 are unvested and are not exercisable.

Any performance rights which do not vest following the measurement of performance against the relevant conditions will be subject to a single re-test 4 years after the commencement of the relevant performance period. This will be 30 June 2014 for the FY11 grant (both tranches), 30 June 2015 for the FY12 grant (both tranches) and 30 June 2016 for the FY13 grant (both tranches). Any performance rights which do not vest after each single re-test period will then expire.

Tranche 1 of the FY09 grant expired following the re-test conducted on 31 December 2012 and the FY10 grant expired on 30 June 2013. The write-back in table 4 relates to the expiry of the FY10 grant.

4.6 *TABLE 7: Unvested Performance Rights*

The table below provides details of outstanding performance rights relating to IFN securities that have been granted to KMP (FY11, FY12 and FY13 grants). The performance rights are valued as at the grant date even though the grant was based on the VWAP of the five trading days up to 30 June in the year prior to the grant.

KMP	Grant	Granted number	Grant date	Value per performance right at grant date ($)	Value of performance rights granted at grant date ($)	Potential vesting dates		
						LTI Tranche 1	LTI Tranche 2	Deferred STI[3]
M George	FY11	807,128[4]	30-Sep-10	0.5675	458,045	30-Jun-14	30-Jun-14	
	FY12	917,374	18-Jan-12	0.173	158,706	30-Jun-14	30-Jun-14	
	FY13	2,378,575	26-Oct-12	0.149	354,408	30-Jun-15	30-Jun-15	
	FY12	1,076,995	26-Oct-12	0.22	236,939			15-Sep-13
G Dutaillis[1]	FY12	463,384	18-Jan-12	0.173	80,165	30-Jun-14	30-Jun-14	
	FY13	966,862	26-Oct-12	0.149	144,062	30-Jun-15	30-Jun-15	
	FY12	606,645	26-Oct-12	0.22	133,462			15-Sep-13
C Baveystock	FY12	309,966	18-Jan-12	0.173	53,624	30-Jun-14	30-Jun-14	
	FY13	694,508	26-Oct-12	0.149	103,482	30-Jun-15	30-Jun-15	
	FY12	289,377	26-Oct-12	0.22	63,663			15-Sep-13
B Hopwood	FY11	117,736[4]	30-Sep-10	0.5675	66,815	30-Jun-14	30-Jun-14	
	FY12	309,966	18-Jan-12	0.173	53,624	30-Jun-14	30-Jun-14	
	FY13	553,790	26-Oct-12	0.149	82,515	30-Jun-15	30-Jun-15	
	FY12	266,071	26-Oct-12	0.22	58,536			15-Sep-13
S Taylor	FY11	256,604[4]	30-Sep-10	0.5675	145,623	30-Jun-14	30-Jun-14	
	FY12	309,966	18-Jan-12	0.173	53,624	30-Jun-14	30-Jun-14	
	FY13	694,508	26-Oct-13	0.149	103,482	30-Jun-15	30-Jun-15	
	FY12	291,319	26-Oct-13	0.22	64,090			15-Sep-13
C Carson[2]	FY11	126,866[4]	29-Jun-11	0.35	44,403	30-Jun-14	30-Jun-14	
	FY12	352,279	26-Oct-12	0.22	77,501			15-Sep-13
S Wright	FY13	322,288	26-Oct-12	0.149	48,021	30-Jun-15	30-Jun-15	
	FY12	271,897	26-Oct-12	0.22	59,817			15-Sep-13

[1] G Dutaillis FY11 grant expired on 30 June 2013 as the Board did not exercise its discretion to keep this grant in the Equity Plan during the re-test period. The FY12 & FY13 grants remain in the Equity Plan for the duration of the performance period in accordance with the Equity Plan rules.

[2] Craig Carson participates in a shadow equity plan which is cash settled because he is a US resident.

[3] 15 September 2013 or earlier, subject to a trading window opening and the employee not being prevented from trading securities in accordance with the Securities Trading Policy.

[4] This grant has now entered the final re-test period.

4.7 *Legacy Options*

All options previously granted have expired. No further options have been granted.

5. KMP EMPLOYMENT CONTRACTS

The base salaries for KMP as at 30 June 2013 are as follows:

M George	$585,530
B Hopwood	$324,530
C Baveystock	$324,530
S Taylor	$340,530
S Wright	$324,530
C Carson	$286,000 USD

Employment contracts relating to the KMP contain the following conditions:

Duration of contract	• Open-ended
Notice period to terminate the contract	• For M George and S Taylor, their employment is able to be terminated by either party on 6 months' written notice. For B Hopwood, C Baveystock, C Carson and S Wright their employment is able to be terminated by either party on 3 months' written notice. Infigen may elect to pay an amount in lieu of completing the notice period, calculated on the base salary as at the termination date.
Termination payments provided under the contract	• Upon termination, any accrued but untaken annual and long-service (but not sickness or personal) leave entitlements, in accordance with applicable legislation, are payable. On redundancy a severance payment is made equivalent to 4 weeks base salary for each year of service (or part thereof), up to a maximum of 36 weeks.

6. REMUNERATION OF NON-EXECUTIVE DIRECTORS

Non-Executive Director fees are determined by the Infigen Boards within the aggregate amount approved by securityholders. The approved aggregate fee pool for IEL and IEBL is $1,000,000.

The fee paid to Directors varies with individual board and committee responsibilities. Non-Executive Director fees are reviewed periodically. Fees were not adjusted during the year and no change is proposed for FY14.

The 2012 review of Board fees by Guerdon Associates had recommended that the Chairman's fee be reset to remove additional fees for participation in committees. This led to a proposed fee of $250,000 which the Board, in the absence of the Chairman, accepted. The change was deferred to 1 July 2012 at the request of the Chairman, who continued to decline committee fees in the interim period.

Non-Executive Directors receive a cash fee for service inclusive of statutory superannuation. Non-Executive Directors do not receive any performance-based remuneration or retirement benefits other than statutory superannuation contributions.

6.1 *Board/Committee Fees*

Aggregate annual fees payable to Non-Executive Directors during the year ended 30 June 2013 are set out below.

Board / Committee	Role	Fee (pa)
Infigen Boards	Chairman	$250,000
	Non-Executive Director	$125,000
Infigen Audit, Risk & Compliance Committees	Chairman	$18,000
	Member	$9,000
IEL Nomination & Remuneration Committee	Chairman[1]	$12,000
	Member	$6,000

[1] The present Committee Chairman is also the Chairman of the Board and does not receive this fee.

6.2 *Remuneration of Non-Executive Directors for the year ended 30 June 2013 with comparative period*

The nature and amount of each element of fee payments to each Non-Executive Director of Infigen for the years ended 30 June 2012 and 2013 are set out in the table below.

Non-Executive Directors	Year	Short-term benefits	Post-employment benefits	Total
		Fees ($)	Superannuation ($)	($)
M Hutchinson	FY13	233,530	16,470	250,000
	FY12	209,225	15,775	225,000
P Green[1]	FY13	-	-	-
	FY12	-	-	-
F Harris	FY13	136,697	12,303	149,000
	FY12	137,045	12,313	149,358
R Rolfe	FY13	128,440	11,560	140,000
	FY12	102,310	9,305	111,615
D Clemson[2]	FY13	-	-	-
	FY12	49,743	4,477	54,220
Total Remuneration	**FY13**	**498,667**	**40,332**	**538,999**
	FY12	**498,323**	**41,870**	**540,193**

[1] P Green is a partner of The Children's Investment Fund Management LLP which is a substantial shareholder of the Infigen group. Since his appointment Mr Green has elected to receive no Director fees.

[2] D Clemson retired as a Non-Executive Director of IEL, IEBL and IERL on 11 November 2011.

7. REMUNERATION ADVISER

The Nomination & Remuneration Committee engaged the services of Guerdon Associates throughout FY13 to provide market data, review remuneration reporting, incentive plan design and measures, and advise on other miscellaneous matters.

The consultant provided no other services to Infigen during this period.

No advice was provided that falls within the definition of a remuneration recommendation of the Corporations Act 2001, Chapter 1, Part 1.2, Division 1, section 9B(1)(a) and (b).

To ensure the Nomination & Remuneration Committee is provided with advice and, as required, remuneration recommendations, free from undue influence by members of the Executive KMP to whom the recommendations may relate, the engagement of Guerdon Associates is based on an agreed set of protocols to be followed by Guerdon Associates, members of the Committee and members of Executive KMP.

The Board was satisfied that the advice received was free from the undue influence of the Executive KMP to whom the advice related because:

- Guerdon Associates was appointed by independent directors;
- Guerdon Associates did not provide services to management;
- reports with recommendations were only received by Non-Executive Directors; and
- the agreed protocols were followed.

This report is made in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors of IEL:

F Harris
Director

M George
Director

Sydney, 23 August 2013

Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Limited for the year ended 30 June 2013, I declare that to the best of my knowledge and belief, there have been:

a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

Darren Ross
Partner
PricewaterhouseCoopers

Sydney
23 August 2013

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Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
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Independent auditor's report to the members of Infigen Energy Limited

Report on the financial report

We have audited the accompanying financial report of Infigen Energy Limited (the company), which comprises the statement of financial position as at 30 June 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Infigen Energy Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with *International Financial Reporting Standards*.

Auditor's responsibility

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

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

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

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Infigen Energy Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the remuneration report included in pages 9 to 22 of the directors' report for the year ended 30 June 2013. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Infigen Energy Limited for the year ended 30 June 2013, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Darren Ross
Partner

Sydney
23 August 2013

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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Revenue from continuing operations	3	302,640	283,473
Income from institutional equity partnerships	4	78,786	63,554
Other income	4	4,471	11,468
Operating expenses		(115,854)	(114,954)
Corporate costs		(14,124)	(11,521)
Other expenses	5	(3,276)	(3,874)
Depreciation and amortisation expense	5	(137,888)	(140,125)
Impairment expense	5	(58,362)	-
Interest expense	5	(71,593)	(74,785)
Finance costs relating to institutional equity partnerships	5	(52,805)	(59,180)
Other finance costs	5	(16,362)	(11,772)
Share of net losses of associates accounted for using the equity method	13	(86)	(432)
Net loss before income tax benefit		**(84,453)**	**(58,148)**
Income tax benefit	7	4,478	2,271
Net loss for the year from continuing operations		**(79,975)**	**(55,877)**
Other comprehensive income / (loss)			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	21(a)	10,862	10,522
Changes in the fair value of cash flow hedges, net of tax	21(b)	26,408	(68,519)
Other comprehensive income / (loss) for the year, net of tax		37,270	(57,997)
Total comprehensive income / (loss) for the year, net of tax		**(42,705)**	**(113,874)**
Net loss for the year is attributable to stapled security holders as:			
Equity holders of the parent		(79,320)	(55,195)
Equity holders of the other stapled entities (non-controlling interests)		(655)	(682)
		(79,975)	**(55,877)**
Total comprehensive income / (loss) for the year is attributable to stapled security holders as:			
Equity holders of the parent		(42,050)	(113,192)
Equity holders of the other stapled entities (non-controlling interests)		(655)	(682)
		(42,705)	**(113,874)**
Earnings per share of the parent based on earnings from continuing operations attributable to the equity holders of the parent:			
Basic (cents per security)	23	(10.4)	(7.2)
Diluted (cents per security)	23	(10.4)	(7.2)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Current assets			
Cash and cash equivalents	34(a)	124,524	126,703
Trade and other receivables	10	44,182	39,944
Inventory	11	13,756	15,736
Derivative financial instruments	12	2,585	3,242
Total current assets		**185,047**	**185,625**
Non-current assets			
Receivables	10	5,513	8,590
Derivative financial instruments	12	438	579
Investment in associates	13	922	728
Property, plant and equipment	14	2,478,019	2,435,300
Deferred tax assets	7	46,503	48,359
Intangible assets	15	272,060	318,044
Total non-current assets		**2,803,455**	**2,811,600**
Total assets		**2,988,502**	**2,997,225**
Current liabilities			
Trade and other payables	16	36,561	40,005
Borrowings	17	31,164	56,000
Derivative financial instruments	12	52,187	42,578
Current tax liabilities	7	-	3,660
Provisions	18	2,795	3,449
Total current liabilities		**122,707**	**145,692**
Non-current liabilities			
Borrowings	17	1,028,879	1,013,214
Derivative financial instruments	12	102,520	148,575
Provisions	18	26,539	6,778
Total non-current liabilities		**1,157,938**	**1,168,567**
Institutional equity partnerships classified as liabilities	19	1,223,842	1,157,133
Total liabilities		**2,504,487**	**2,471,392**
Net assets		**484,015**	**525,833**
Equity holders of the parent			
Contributed equity	20	2,305	2,305
Reserves	21	(208,349)	(246,506)
Retained earnings	22	(47,495)	31,825
		(253,539)	**(212,376)**
Equity holders of the other stapled entities (non-controlling interests)			
Contributed equity	20	759,337	759,337
Reserves	21	-	-
Retained earnings	22	(21,783)	(21,128)
		737,554	**738,209**
Total equity		**484,015**	**525,833**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 June 2013

	Note	Attributable to equity holders of the parent					
		Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total equity of the parent $'000	Non-controlling interests $'000	Total equity $'000
Total equity at 1 July 2011		**2,305**	**(187,440)**	**87,020**	**(98,115)**	**738,891**	**640,776**
Net loss for the year		-	-	(55,195)	(55,195)	(682)	(55,877)
Changes in the fair value of cash flow hedges, net of tax	21(b)	-	(68,519)	-	(68,519)	-	(68,519)
Exchange differences on translation of foreign operations and movement in fair value	21(a)	-	10,522	-	10,522	-	10,522
Total comprehensive loss for the year		**-**	**(57,997)**	**(55,195)**	**(113,192)**	**(682)**	**(113,874)**
Transactions with owners in their capacity as owners:							
Recognition of share-based payments	21(d)	-	(1,069)	-	(1,069)	-	(1,069)
Total equity at 30 June 2012		**2,305**	**(246,506)**	**31,825**	**(212,376)**	**738,209**	**525,833**
Net loss for the year		-	-	(79,320)	(79,320)	(655)	(79,975)
Changes in the fair value of cash flow hedges, net of tax	21(b)	-	26,408	-	26,408	-	26,408
Exchange differences on translation of foreign operations and movement in fair value	21(a)	-	10,862	-	10,862	-	10,862
Total comprehensive loss for the year		**-**	**37,270**	**(79,320)**	**(42,050)**	**(655)**	**(42,705)**
Transactions with owners in their capacity as owners:							
Recognition of share-based payments	21(d)	-	887	-	887	-	887
Total equity at 30 June 2013		**2,305**	**(208,349)**	**(47,495)**	**(253,539)**	**737,554**	**484,015**

The above statements of changes in equity should be read in conjunction with the accompanying Notes to the Financial Statements.

CONSOLIDATED CASH FLOW STATEMENTS FOR THE YEAR ENDED 30 JUNE 2013

	Note	2013 $'000	2012 $'000
Cash flows from operating activities			
Loss for the period		(79,975)	(55,877)
Adjustments for:			
Net income from institutional equity partnerships		(25,981)	(4,374)
(Gain) / loss on revaluation for fair value through profit or loss financial assets – financial instruments		(1,832)	8,676
Share of loss in associates		86	432
Depreciation and amortisation of non-current assets		137,888	140,125
Impairment expense		58,362	-
Foreign exchange loss / (gain)		5,049	(8,468)
Amortisation of share based expense	21(d)	828	(1,154)
Amortisation of borrowing costs capitalised		1,492	1,621
Accretion of decommissioning & restoration provisions		2,744	-
(Decrease) / Increase in current tax liability		(1,920)	(688)
(Decrease) / Increase in deferred tax balances		(3,902)	(2,538)
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:			
(Increase) / decrease in assets:			
Current receivables and other current assets		937	362
Increase / (decrease) in liabilities:			
Current payables		3,903	(3,199)
Non-current payables		96	(109)
Net cash inflow from operating activities		**97,775**	**74,809**
Cash flows from investing activities			
Payments for property, plant and equipment		(11,042)	(27,481)
Proceeds on sale of property, plant and equipment		-	667
Payments for intangible assets		(10,070)	(7,571)
Payments for investments in controlled and jointly controlled entities		-	(1,061)
Payments for investments in associates		(281)	(155)
Net cash inflow / (outflow) from investing activities		**(21,393)**	**(35,601)**
Cash flows from financing activities			
Proceeds from borrowings	17(a)	-	22,258
Repayment of borrowings	17(a)	(59,069)	(214,930)
Distributions paid to institutional equity partners	19	(23,409)	(27,620)
Net cash outflow from financing activities		**(82,478)**	**(220,292)**
Net increase / (decrease) in cash and cash equivalents		(6,096)	(181,084)
Cash and cash equivalents at the beginning of the financial year		126,703	304,875
Effects of exchange rate changes on the balance of cash held in foreign currencies		3,917	2,912
Cash and cash equivalents at the end of the financial year	34(a)	**124,524**	**126,703**

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

1. Summary of accounting policies

The principal accounting policies adopted in the preparation of the consolidated financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

Stapled security

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

This financial report consists of the consolidated financial statements of IEL, which comprises IEL and its controlled entities, IET and its controlled entities and IEBL, together acting as Infigen.

Summarised financial information relating to the parent entity, Infigen Energy Limited, is presented in note 37.

a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board and the Corporations Act 2001. Infigen is a for-profit entity for the purpose of preparing the financial statements.

Compliance with IFRS

The consolidated financial report and parent entity information of IEL complies with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss, and as modified by reductions in carrying value of assets from impairment expenses.

b) Consolidated accounts

(i) Application of UIG 1013 Pre-date of Transition Stapling Arrangements and AASB Interpretation 1002 Post-date of Transition Stapling Arrangements

For the purpose of UIG 1013 and AASB Interpretation 1002, IEL was identified as the parent entity in relation to the pre-date of transition stapling with IET and the post-date of transition stapling with IEBL. In accordance with UIG 1013, the results and equity of IEL and of IET have been combined in the financial statements. However, since IEL had entered into both pre and post-date of transition stapling arrangements, the results and equity of IET and IEBL are both treated and disclosed as non-controlling interests under the principles established in AASB Interpretation 1002.

Summary of accounting policies (continued)

c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IEL as at 30 June 2013 and the results of all subsidiaries for the year then ended. IEL and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

The Group applies a policy of treating transactions with non-controlling interests as transactions with a shareholder. Purchases from non-controlling interests result in an acquisition reserve being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

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

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

(ii) Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control, under a contractual agreement, together with the other owners of the entity. They include certain institutional equity partnerships. The consolidated financial statements include the Group's proportionate share of the joint venture's assets and liabilities, revenues and expenses, from the date the joint control begins until it ceases.

(iii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its associates' post-acquisition profits or losses is recognised in the income statement, and its share of post-acquisition movements in reserves is recognised in reserves. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. Dividends receivable from associates are recognised in the parent entity's income statement, while in the consolidated financial statements they reduce the carrying amount of the investment.

Summary of accounting policies (continued)

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

d) Trade and other payables

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

e) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary. Acquisition-related costs are expensed as incurred.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any non-controlling interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(o)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified as either equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit and loss.

f) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Summary of accounting policies (continued)

g) Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets are capitalised as part of the cost of those assets. Other borrowing costs are expensed.

h) Assets under construction

Costs incurred in relation to assets under construction are deferred to future periods. Deferred costs are transferred to plant and equipment from the time the asset is held ready for use on a commercial basis. Revenue generated in advance of the asset being ready for use on a commercial basis is capitalised as a component of property, plant and equipment.

i) Property, plant and equipment

Wind turbines and associated plant, including equipment under finance lease, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The Group's policy is to provide for the future costs relating to the decommissioning of wind turbines and associated plant if the amounts are expected to result in an outflow of economic benefits. The cost of decommissioning wind turbines and associated plant are reviewed at the end of each annual reporting period.

Depreciation is provided on wind turbines and associated plant. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.

Depreciation on other assets is calculated using the straight-line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives.

Wind turbines and associated plant	25 years
Fixtures and fittings	10-20 years
Computer equipment	3-5 years

Summary of accounting policies (continued)

j) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts, interest rate caps, interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument; in which event the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the cash flows of highly probable forecast transactions (cash flow hedges) or hedges of net investments in foreign operations (net investment hedges).

At the inception of the hedging transaction the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within ‘finance costs’. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging overseas businesses is recognised in the income statement. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as depreciation in the case of fixed assets.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

(ii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses deferred in the foreign currency translation reserve are recognised immediately in the income statement when the foreign operation is partially disposed of or sold.

Summary of accounting policies (continued)

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

k) Goods and services tax (GST)

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

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

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

l) Segment reporting

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The Group has determined the operating segments based on reports reviewed by the Board of Directors of IEL that are used to make strategic decisions.

m) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

Summary of accounting policies (continued)

On consolidation, exchange differences arising from the translation of any net investment in foreign entities including balances of cash held in foreign currency, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences is recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

n) Income tax

Current tax

Current tax expense is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax expense is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, deferred tax assets and liabilities are not recognised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not recognised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to realise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company / Group intends to settle its current tax assets and liabilities on a net basis.

Summary of accounting policies (continued)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Under current Bermudian law, IEBL will not be subject to any income, withholding or capital gains taxes in Bermuda.

Current and deferred tax is determined with reference to the tax jurisdiction in which the relevant entity resides.

Tax consolidation

IEL and its wholly-owned Australian controlled entities have implemented the Australian tax consolidation legislation. The head entity, IEL, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred amounts, IEL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in Note 7.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

o) Intangible assets

(i) Project-related agreements and licences

Project-related agreements and licences include the following items:

- licences, permits and approvals to develop and operate a wind farm, including governmental authorisations, land rights and environmental consents;
- interconnection rights; and
- power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which are based on the lease term of the related wind farm.

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill on acquisition is separately disclosed in the balance sheet. Goodwill acquired in business combinations is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is amortised immediately in the income statement and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Summary of accounting policies (continued)

Goodwill is allocated to cash-generating units ("CGU") for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment.

(iii) Development assets

Development assets represent development costs incurred prior to commencement of construction for wind and solar farms. Development assets are not amortised, but are transferred to plant and equipment and depreciated from the time the asset is held ready for use on a commercial basis.

p) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Group as lessee

Assets held under finance leases are initially recognised at their fair value; or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are recognised in accordance with the Group's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the shorter of the lease term and estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Group as lessor

Refer to Note 1(u) for the accounting policy in respect of lease income from operating leases.

q) Impairment of assets

At each reporting date, the consolidated group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that the carrying values have been impaired.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group has estimated the recoverable amount of the CGU to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current

Summary of accounting policies (continued)

market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (CGU) is reduced to its recoverable amount.

An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (CGU) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (CGU) in prior years.

A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

r) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

s) Provisions

Provisions are recognised when the consolidated group has a present legal or constructive obligation as a result of past events, it is probable an outflow of resources will be required to settle the obligation, and the amount of the provision can be measured reliably. Provisions are not recognised for future operating losses.

The amount recognised as a provision is management’s best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

t) Distributions and dividends

Provision is made for the amount of any declared distribution or dividend which has been appropriately authorised on or before the end of the financial year and which is no longer at the discretion of the entity, but not distributed at balance date.

u) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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

Summary of accounting policies (continued)

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

Revenue is recognised for the major business activities as follows:

(i) Electricity sales

Product sales are generated from the sale of electricity generated from the Group's wind farms. Revenues from product sales are recognised on an accruals basis. Product sales revenue is only recognised when the significant risks and rewards of ownership of the products have passed to the buyer and the Group attains the right to be compensated.

(ii) Lease income

In accordance with UIG 4 Determining whether an Asset Contains a Lease, revenue that is generated under certain power purchase agreements, where the Group sells substantially all of the related electricity to one customer, is classified as lease income.

Lease income from operating leases is recognised in income on an accruals basis. Lease income is only recognised when the significant risks and rewards of ownership of the products have passed to the buyer and the Group attains the right to be compensated.

(iii) Large-scale Generation Certificates (LGCs) (formerly Renewable Energy Certificates (RECs))

In accordance with AASB 102 revenue from the sale of LGCs is recognised at fair value when they are generated. By recognising LGCs at fair value, income is recognised in the same period as the costs incurred. AASB102 requires LGCs held in inventory to be valued at the lower of cost and net realisable value at the end of each reporting period. Hence where the market value of LGCs falls, inventory is reduced and expense is recorded through the Statement of Comprehensive Income as a component of Operating expenses. Where the circumstances that caused the inventory to be written-down have changed, the write-down will be reversed. Upon sale, the difference between the sale price and the book value of the inventory is recorded through the Statement of Comprehensive Income as a component of revenue.

(iv) Production Tax Credits (PTCs)

PTCs are recognised as other income when generated by the underlying wind farm assets and used to settle the obligation to Class A institutional investors.

Summary of accounting policies (continued)

(v) Accelerated tax depreciation credits and operating tax gains/(losses)

The tax losses arising from accelerated tax depreciation result in benefits that are used to settle the obligation to Class A institutional investors. The associated benefits arising from accelerated tax depreciation are held on the balance sheet as a component of 'Institutional equity partnerships classified as liabilities' and recognised over the life of the wind farms to which they relate.

(vi) Government grants

Grants from government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

(vii) Other income

Interest income is recognised using the effective interest method. Dividend income is recognised when the right to receive payment is established. Revenue from rendering of services is recognised when services are provided.

v) Loans and receivables

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

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the income statement within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

w) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

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

x) Earnings per security / share

Basic earnings per security / share is calculated by dividing the profit attributable to equity holders of the Group, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year.

Diluted earnings per security / share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

Summary of accounting policies (continued)

y) Fair value estimation

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

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date. These instruments are included in level 2 (refer to Note 35).

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

z) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the balance date in which employees render the related service are recognised in respect of employees' services up to the balance date and are measured at the amounts expected to be paid when the liabilities are settled. The liability for annual leave and accumulating sick leave is recognised in payables. All other short-term employee benefit obligations are presented as provisions.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

The obligations are presented as current liabilities in the balance sheet if the entity does not have an unconditional right to defer settlement for at least twelve months after the balance date, regardless of when the actual settlement is expected to occur.

(iii) Share-based payments

Share-based compensation benefits are provided to certain executives via the Infigen Energy Equity Plan (Equity Plan). Information relating to the Equity Plan is set out in Note 25.

The fair value of performance rights/units granted under the Equity Plan is measured at grant date and is recognised as an employee benefit expense over the period during which the executives become unconditionally entitled to the performance rights/units, with a corresponding increase in equity.

(iv) Short term incentive plans

The Group recognises a liability and an expense for short term incentives and based on a formula that takes into consideration the performance of the Group for the corresponding period. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

Summary of accounting policies (continued)

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

aa) Institutional equity partnerships classified as liabilities

(i) Class A members

Initial contributions by Class A members into US partnerships are recognised at cost using the effective interest method. Class A carrying amounts are adjusted when actual cash flow differs from estimated cash flow. The adjustment is calculated by computing the present value of the actual difference using the original effective interest rate. The adjustment is recognised through income or expense in profit or loss. This difference represents the change in residual interest due to the Class A institutional investors.

(ii) Class B members

On consolidation of the US partnerships the Group's Class B membership interest and associated finance charge for the year is eliminated and any external Class B member balances remaining represent net assets of US partnerships attributable to non-controlling interests. Refer 1(c) for further details of the Group's accounting policy for consolidation.

bb) Rounding of amounts

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

Summary of accounting policies (continued)

cc) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2013 reporting periods. The Group's assessment of the effect of these new standards and interpretations is set out below.

(i) AASB 9 Financial Instruments and AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9, AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2012-6 Amendments to Australian Accounting Standards – Mandatory Effective Date of AASB 9 and Transition Disclosures (effective from 1 January 2015)

AASB 9 Financial Instruments addresses the classification and measurement of financial assets and financial liabilities. The standard is not applicable until 1 January 2015 but is available for early adoption. When adopted, it is likely to affect the Group's accounting for its financial assets since AASB 9 only permits the recognition of fair value gains and losses in other comprehensive income if they relate to equity investments that are not held for trading. Fair value gains and losses on available-for-sale debt investments, for example, will therefore have to be recognised directly in profit or loss. The Group has not yet decided when to adopt AASB 9 and has not assessed the effect.

(ii) AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities, revised AASB 127 Separate Financial Statements, AASB 128 Investments in Associates and Joint Ventures, AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards and AASB 2012-10 Amendments to Australian Accounting Standards – Transition Guidance and Other Amendments (effective 1 January 2013)

AASB 10 replaces all guidance on control and consolidation in AASB 127 Consolidated and Separate Financial Statements, and Interpretation 12 Consolidation – Special Purposes Entities. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However, the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns. Power is the current ability to direct the activities that significantly influence returns. Returns must vary and can be positive, negative or both. Control exists when the investor can use its power to affect the amount of its returns. There is also new guidance on participating and protective rights and on agent/principal relationships.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or a joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance for parties that participate in joint arrangements but do not share joint control.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 127 and AASB 128. Application of this standard by the group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of the ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept.

Summary of accounting policies (continued)

The Group will be required to change its accounting method for jointly controlled entities that are considered to be joint ventures under AASB 11, from the proportionate consolidation method of accounting to the equity method. The Group will adopt the new standards from their operative date. They will therefore be applied in the financial statements for the annual reporting period ending 30 June 2014.

Had the Group adopted the new rules in the current period, net loss after tax for the current period would have been approximately $3,813,000 higher than reported with a corresponding increase in retained losses in the balance sheet. The Group expects a similar impact on the profit in the 2014 financial year.

(iii) AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13 (effective 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has yet to determine which, if any, of its current measurement techniques will have to change as a result of the new guidance. It is therefore not possible to state the impact, if any, of the new rules on any of the amounts recognised in the financial statements. However, application of the new standard will impact the type of information disclosed in the notes to the financial statements. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

dd) Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial effect on the entity and that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Some of the estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

(i) Estimated useful economic life of wind turbines and associated plant
As disclosed in Note 1(i) the Group depreciates property, plant and equipment over 25 years. This period of depreciation is utilised for wind turbines and associated plant that have useful economic lives in excess of 25 years.

(ii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1. The recoverable amounts of CGUs have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 15 for details of these assumptions and the potential effect of changes to the assumptions.

(iii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Group is required to make assessments in relation to the recoverability of future tax losses which have been recognised as deferred tax assets.

(iv) Contingent liabilities

As disclosed in note 27, the Group has made estimates and assumptions in relation to its contingent liabilities. By their nature, the exact value of these contingent liabilities is uncertain and the Group has made estimates of their value based on the facts and circumstances known at the reporting date.

Summary of accounting policies (continued)

(v) Institutional Equity Partnerships

The Group has made estimates and assumptions in relation to Institutional equity partnerships classified as liabilities. These estimates are long term in nature, and where applicable are sourced from third party information. Where these estimates and assumptions are unable to be sourced from third parties, the Group has used its own estimates based on the information available at reporting date.

ee) Parent entity financial information

The financial information for the parent entity, Infigen Energy Limited, disclosed in note 37, has been prepared on the same basis as the consolidated financial statements, except as set out below.

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

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

(ii) Tax consolidation legislation

Infigen Energy Limited and its wholly-owned Australian controlled entities have implemented the Australian tax consolidation legislation.

The head entity, Infigen Energy Limited, and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right. In addition to its own current and deferred tax amounts, Infigen Energy Limited also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate Infigen Energy Limited for any current tax payable assumed and are compensated by Infigen Energy Limited for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to Infigen Energy Limited under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the head entity, which is issued as soon as practicable after the end of each financial year.

The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Financial guarantees

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

2. Segment information

a) Segment information provided to the Board of Directors

The Group has determined the operating segments based on the reports reviewed by the Board of Directors of IEL that are used to make strategic decisions.

The Board of Directors considers the business primarily from a geographic perspective and has identified two reportable segments. The reporting segments consist of the wind farm generation and asset management businesses held within each geographical area.

The segment information provided to the Board of Directors for the operating segments is as follows

	Australia $'000	US $'000	Total $'000
Year ended 30 June 2013			
Statutory revenue			302,640
Revenue - non-controlling interests			(16,538)
Segment revenue (economic interest basis)	146,316	139,786	286,102
Segment EBITDA from Operations (economic interest basis)	110,036	66,762	176,798
LGCs revaluation and other			(1,152)
Corporate costs			(14,124)
Development costs[1]			(3,281)
EBITDA (economic interest basis)			**158,241**
Year ended 30 June 2012			
Statutory revenue			283,473
Revenue - non-controlling interests			(16,896)
Segment revenue (economic interest basis)	125,804	140,773	266,577
Segment EBITDA from Operations (economic interest basis)	91,058	66,339	157,397
LGCs revaluation and other			(1,077)
Corporate costs			(11,521)
Development costs[1]			(4,306)
EBITDA (economic interest basis)			**140,493**

[1] Includes share of net losses of associates accounted for using the equity method

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA (Segment EBITDA).

This measurement basis (Segment EBITDA) excludes the effects of equity-settled share-based payments which are included in Corporate costs and unrealised gains/losses on financial instruments.

Segment EBITDA is calculated on an economic interest basis. The entity has a controlling interest in two US LLCs in which it owns more than 50% but less than 100% of the Class B interests. Under IFRS the Group fully

Segment information (continued)

consolidates the financial performance of these companies within its statutory results and recognises a non-controlling interest. Under economic interest basis, the non-controlling interest portion is not included in the results

b) Reconciliation of segment information to statutory information

Interest income and expenditure are not allocated to segments, as this type of activity is managed by the corporate treasury function as part of the cash position of the Group.

The Board of Directors review segment revenues on a proportional basis, reflective of the economic ownership held by the Group. A reconciliation of Segment EBITDA to operating profit before income tax and discontinued operations is provided as follows

	2013 $'000	2012 $'000
Segment EBITDA (economic interest basis)	158,241	140,493
Non-controlling interests proportionally consolidated for segment reporting	11,059	12,199
Income from institutional equity partnerships	78,786	63,554
Other income	4,471	11,468
Depreciation and amortisation expense	(137,888)	(140,125)
Impairment expense	(58,362)	-
Interest expense	(71,593)	(74,785)
Finance costs relating to institutional equity partnerships	(52,805)	(59,180)
Other finance costs	(16,362)	(11,772)
Net loss before income tax expense and discontinued operations	**(84,453)**	**(58,148)**

A summary of assets and liabilities by operating segment is provided as follows:

	Australia $'000	US $'000	Total $'000
As at 30 June 2013			
Current assets	148,756	36,291	185,047
Non-current assets	1,109,311	1,694,144	2,803,455
Total assets	**1,258,067**	**1,730,435**	**2,988,502**
Current liabilities	73,053	49,654	122,707
Non-current liabilities	778,508	379,430	1,157,938
Institutional equity partnerships classified as liabilities	-	1,223,842	1,223,842
Total liabilities	**851,561**	**1,652,926**	**2,504,487**
As at 30 June 2012			
Current assets	144,534	41,091	185,625
Non-current assets	1,161,781	1,649,819	2,811,600
Total assets	**1,306,315**	**1,690,910**	**2,997,225**
Current liabilities	104,318	41,374	145,692
Non-current liabilities	790,497	378,070	1,168,567
Institutional equity partnerships classified as liabilities	-	1,157,133	1,157,133
Total liabilities	**894,815**	**1,576,577**	**2,471,392**

3. Revenue

	2013 $'000	2012 $'000
From continuing operations		
Sale of energy and environmental products[1]	84,594	46,618
Lease of plant and equipment[2]	208,665	227,130
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	5,530	6,144
Asset management services	3,643	3,361
Grant revenue	208	220
	302,640	**283,473**

[1] Includes revenue from the sale of electricity and from the generation of environmental certificates. The Group generates environmental certificates (including LGCs) and sells them under contractual arrangements and on market.

[2] In accordance with UIG 4 Determining whether an Asset Contains a Lease, revenue that is generated under certain power purchase agreements, where the Group sells substantially all of the related electricity and environmental certificates to one customer, is classified as lease income. Refer Note 1(u) for further information

4. Other income

	2013 $'000	2012 $'000
From continuing operations:		
Income from institutional equity partnerships		
Value of production tax credits offset against Class A liability[1]	76,178	78,519
Value of tax benefits / (expenses) offset against Class A liability[1]	(7,316)	1,279
Tax benefits recognised / (deferred) during the period[1]	9,924	(16,244)
	78,786	**63,554**
Other income		
Interest income	2,390	3,000
Net foreign exchange gains	-	8,468
Fair value gains on financial instruments [2]	1,832	-
Other income	249	-
	4,471	**11,468**

[1] Refer Note 19 for further details.

[2] Included within fair value gains on financial instruments in the year ended 2013 is a gain of $1,832,000 relating to interest rate swaps and an FX Option which does not qualify for hedge accounting. Therefore the unrealised gain from its revaluation has been taken to the profit and loss.

5. Expenses

	2013 $'000	2012 $'000
From continuing operations:		
Loss before income tax has been arrived at after charging the following expenses:		
Other expenses:		
Development costs	3,276	3,874
	3,276	**3,874**
Depreciation and amortisation expense:		
Depreciation of property, plant and equipment (Note 14)	123,261	125,632
Amortisation of intangible assets (Note 15)	14,627	14,493
	137,888	**140,125**
Impairment expense:		
Impairment of goodwill (Note 15)	3,787	-
Impairment of project related agreements and licences (Note 15)	54,575	-
	58,362	**-**
Interest expense:		
Interest expense on borrowings	34,514	44,305
Interest expense on derivative financial instruments	37,079	30,480
	71,593	**74,785**
Finance costs relating to institutional equity partnerships:		
Allocation of return on outstanding Class A liability[1]	39,181	42,830
Movement in residual interest (Class A)[1]	10,580	8,924
Movement in non-controlling interest (Class B)[1]	3,044	7,426
	52,805	**59,180**
Other finance costs:		
Fair value losses on financial instruments [2]	-	8,676
Foreign exchange losses	9,078	-
Bank fees and loan amortisation costs	4,540	3,096
Recognition and unwinding of discount on decommissioning provisions	2,744	-
	16,362	**11,772**

[1] Refer Note 19 for further details.

[2] Included within fair value losses on financial instruments in the year ended 2012 is an expense of $5,924,354 relating to an interest rate swap which does not qualify for hedge accounting. Therefore the unrealised loss from its revaluation has been taken to the profit and loss.

6. Discontinued operations

Infigen did not dispose or discontinue any of its operations in the years ended 30 June 2013 and 30 June 2012.

7. Income taxes and deferred taxes

a) Income tax benefit

	2013 $'000	2012 $'000
Current tax	(723)	(15,320)
Deferred tax	(3,755)	13,049
	(4,478)	**(2,271)**
Income tax benefit is attributable to:		
Loss from continuing operations	(4,478)	(2,271)
Aggregate income tax benefit	**(4,478)**	**(2,271)**
Deferred income tax (benefit) / expense included in income tax benefit comprises:		
Decrease in deferred tax assets	1,374	2,990
Increase / (Decrease) in deferred tax liabilities	(5,129)	10,059
	(3,755)	**13,049**

b) Numerical reconciliation of income tax expense / (benefit) to prima facie tax payable:

	2013 $'000	2012 $'000
Loss from continuing operations before income tax (benefit) / expense	(84,453)	(58,148)
Income tax benefit calculated at 30% (2012: 30%)	(25,336)	(17,445)
Increase / (decrease) in tax benefit due to:		
Tax losses not recognised as an asset	4,802	11,147
Impairment expenses in relation to US assets	17,509	-
Unrealised foreign exchange movement	(2,123)	1,416
Sundry items	670	2,611
Income tax (benefit) / expense	**(4,478)**	**(2,271)**

c) Amounts recognised directly in equity

The following deferred amounts were not recognised in net profit or loss but charged directly to equity during the period:

	2013 $'000	2012 $'000
Deferred tax asset	(5,757)	15,598
Deferred tax liabilities	-	-
Net deferred tax	**(5,757)**	**15,598**

Income taxes and deferred taxes (continued)

d) Tax losses

	2013 $'000	2012 $'000
Unused tax losses for which no deferred tax asset has been recognised	453,832	372,910
Potential tax benefit @ 30%	**136,150**	**111,873**

e) Tax consolidation

IEL and its wholly-owned Australian resident entities have formed an Australian tax consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax consolidated group is IEL. The members of the tax consolidated group are identified in Note 29.

Entities within the tax consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, IEL and each of the entities in the tax consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax consolidated group.

The tax sharing agreement entered into between members of the tax consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

f) Current tax liabilities

	2013 $'000	2012 $'000
Income tax payable attributable to:		
Overseas entities in the Group	-	3,660
	-	**3,660**

Income taxes and deferred taxes (continued)

	Opening balance $'000	Charged to Income $'000	Charged to Equity $'000	Acquisitions / disposals $'000	Closing balance $'000
Year ended 30 June 2013					
Gross deferred tax assets:					
Unused revenue tax losses	83,803	1,031	-	-	84,834
Effect of hedge movements	32,450	(1,434)	(5,757)	-	25,259
Unrealised foreign exchange loss	7,614	(825)	-	-	6,789
	123,867	**(1,228)**	**(5,757)**	**-**	**116,882**
Gross deferred tax liabilities:					
Depreciation	(59,380)	396	-	-	(58,984)
Unrealised foreign exchange gains	(12,589)	5,007	-	-	(7,582)
Other	(3,539)	(274)	-	-	(3,813)
	(75,508)	**5,129**	**-**	**-**	**(70,379)**
Total deferred tax assets	**48,359**	**3,901**	**(5,757)**	**-**	**46,503**
Year ended 30 June 2012					
Gross deferred tax assets:					
Unused revenue tax losses	70,546	13,257	-	-	83,803
Effect of hedge movements	12,253	4,599	15,598	-	32,450
Unrealised foreign exchange loss	12,873	(5,259)	-	-	7,614
	95,672	**12,597**	**15,598**	**-**	**123,867**
Gross deferred tax liabilities:					
Depreciation	(50,182)	(9,198)	-	-	(59,380)
Unrealised foreign exchange gains	(12,500)	(89)	-	-	(12,589)
Other	(2,767)	(772)	-	-	(3,539)
	(65,449)	**(10,059)**	**-**	**-**	**(75,508)**
Total deferred tax assets	**30,223**	**2,538**	**15,598**	**-**	**48,359**

The group has assessed the expected taxable income to be generated in future periods and based on this assessment, temporary differences for deferred tax assets have been recognised to the extent that it is probable that they will be utilised.

	2013 $'000	2012 $'000
Deferred tax assets to be recovered within 12 months	-	-
Deferred tax assets to be recovered after more than 12 months	46,503	48,359
Total deferred tax assets	**46,503**	**48,359**

8. Key management personnel remuneration

a) Details of key management personnel

The following Directors were Key Management Personnel (KMP) of Infigen during the financial years ended 30 June 2013 and 30 June 2012:

- Michael Hutchinson – Non-Executive Chairman
- Miles George – Managing Director & Chief Executive Officer
- Philip Green – Non-Executive Director
- Fiona Harris – Non-Executive Director
- Ross Rolfe AO – Non-Executive Director

Other KMP of Infigen were:

Name	Role	2013	2012
G Dutaillis[1]	Chief Operating Officer	✓	✓
C Baveystock	Chief Financial Officer	✓	✓
B Hopwood	General Manager – Corporate Finance	✓	✓
S Taylor	Group General Manager - Australia	✓	✓
S Wright	General Counsel	✓	✓
C Carson	Chief Executive Officer – USA	✓	✓

[1] Employment ceased 30 June 2013

b) Key management personnel remuneration

The aggregate remuneration of KMP of Infigen for the years ended 30 June 2013 and 30 June 2012 is set out below:

	2013 $	2012 $
Short-term employee benefits[2]	3,975,419	3,928,999
Post-employment benefits (superannuation)	147,676	140,443
Other long-term benefits and equity-based incentive expense allocation[3]	1,464,002	956,223
Write-back prior years long-term share-based incentive expense allocation	(655,000)	(1,961,421)
Total	**4,932,097**	**3,064,244**

[2] Includes short-term incentives accrued in respect of the current period.

[3] Share-based incentive expense allocations are subject to performance rights and units vesting in the future. FY12 equity-based adjusted for Deferred STI granted in the period.

Key management personnel remuneration (continued)

c) Rights and performance units held over Infigen securities

Performance rights/units over Infigen securities were granted to certain KMP in the year ended 30 June 2009 under the Infigen Energy Equity Plan (Equity Plan). During the year ended 30 June 2013 Performance Rights and units were granted to KMP under the Equity Plan.

No performance rights/units over Infigen securities were vested or became exercisable in the years ended 30 June 2013 and 30 June 2012.

Performance rights/units held by KMP over Infigen securities over the period 1 July 2012 to 30 June 2013 are set out below. The expense recognised in relation to the performance rights/units under the Equity Plan is recorded within corporate costs.

Set out below are summaries of the number of performance rights and units granted to KMP:

	Balance at 30 June 2011	Granted	Other Changes[2]	Balance at 30 June 2012	Granted	Other Changes[2]	Balance at 30 June 2013
M George	1,920,053	917,374	(556,463)	**2,280,964**	3,455,570	(556,462)	**5,180,072**
G Dutaillis	976,903	463,384	(289,361)	**1,150,926**	1,573,507	(2,724,433)[3]	**-**
B Hopwood	291,352	309,966	(86,808)	**514,510**	819,861	(86,808)	**1,247,563**
C Baveystock	-	309,966	-	**309,966**	983,885	-	**1,293,851**
S Taylor	343,736[1]	309,966	-	**653,702**	985,827	(87,132)	**1,552,397**
S Wright	-	-	-	**-**	594,185	-	**594,185**
C Carson	126,866[1]	-	-	**126,866**	352,279	-	**479,145**

[1] Granted before becoming a KMP

[2] Represents forfeitures due to vesting conditions not met

[3] Employment ceased 30 June 2013

Refer to the table titled "Outstanding Performance Rights" in the Directors' report for further details of the balances held at 30 June 2013.

d) Loans from Infigen to key personnel and their personally related entities

No loans have been made by Infigen to KMP or their personally related parties during the years ended 30 June 2013 and 30 June 2012. There are no other transactions with KMP.

Key management personnel remuneration (continued)

e) Security holdings in Infigen

No Infigen securities were granted as remuneration to KMP during the years ended 30 June 2013 and 30 June 2012. Security holdings of KMPs, including their personally related parties, in Infigen securities over the period 1 July 2012 to 30 June 2013 are set out below.

	Balance at 30 June 2011	Acquired during 2012	Other changes	Balance at 30 June 2012	Acquired during 2013	Other changes	Balance at 30 June 2013
M Hutchinson	-	110,000	-	**110,000**	82,500	-	**192,500**
P Green[2]	-	-	-	**-**	-	-	**-**
F Harris	-	100,000	-	**100,000**	-	-	**100,000**
R Rolfe AO	-	-	-	**-**	-	-	**-**
D Clemson[1]	140,000	-	(140,000)	**N/A**	N/A	N/A	**N/A**
M George	500,000	150,000	-	**650,000**	-	-	**650,000**
G Dutaillis	641,820	100,000	-	**741,820**	-	-	**741,820**
C Baveystock	-	40,000	-	**40,000**	-	-	**40,000**
B Hopwood	10,000	-	-	**10,000**	-	-	**10,000**
S Taylor	5,917[3]	-	-	**5,917**	-	-	**5,917**
S Wright	-	-	-	**-**	-	-	**-**
C Carson	-	-	-	**-**	100,000	-	**100,000**

[1] Mr Clemson retied as a Director on 11 November 2011.

[2] Mr Green is a partner of The Children's Investment Fund Management (UK) LLP which has a substantial shareholding of Infigen securities. Mr Green has advised Infigen that he does not have a relevant interest in those Infigen securities.

[3] Granted before becoming a KMP.

9. Remuneration of auditors

During the year the following fees were paid or payable for services provided by the auditor of the parent entity its related practices and non-related audit firms:

	2013 $	2012 $
Audit services by:		
Auditors of the Company (PricewaterhouseCoopers)		
Australia		
Audit and review of the financial statements	755,000	900,691
Audit and review of subsidiaries' financial statements	90,000	174,309
Overseas		
Audit and review of subsidiaries' financial statements	405,830	486,432
	1,250,830	**1,561,432**
Other services by:		
Auditors of the Company (PricewaterhouseCoopers)		
Australia		
Taxation compliance and advisory services	73,500	70,000
Due diligence services	210,000	-
Overseas		
Taxation compliance and advisory services	1,280	-
Liquidation services	37,644	-
	322,424	**70,000**
Total remuneration of auditors	**1,573,254**	**1,631,432**

10. Trade and other receivables

	2013 $'000	2012 $'000
Current		
Trade receivables	30,229	29,621
Prepayments (Note 10(f))	12,449	8,834
Other receivables	1,504	1,489
	44,182	**39,944**
Non-current		
Amounts due from related parties - associates (Note 32(c))	764	1,348
Prepayments (Note 10(f))	4,749	7,242
	5,513	**8,590**

a) Past due but not impaired

There were no trade receivables that were past due but not impaired as at 30 June 2013 and 30 June 2012. Refer to Note 35(b) for more information.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

b) Impairment of trade receivables

There were no impaired trade receivables for the Group as at 30 June 2013 or 30 June 2012.

c) Other receivables

These amounts generally arise from transactions outside the usual operating activities of the Group.

d) Foreign exchange and interest rate risk

Information about the Group's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 35.

e) Fair value and credit risk

Due to the nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 35 for more information on the risk management policy of the Group and the credit quality of the Group's trade receivables.

f) Prepayments

Included within current prepayments is $12,449,000 (2012: $8,834,000) of prepaid operational expenses. Included within non-current prepayments is $4,749,000 (2012: $7,242,000) of prepaid operational expenses.

11. Inventory

	2013 $'000	2012 $'000
Environmental certificates	9,046	10,297
Spare parts	4,710	5,439
	13,756	**15,736**

12. Derivative financial instruments

	2013 $'000	2012 $'000
Current assets		
At fair value: Electricity option	49	-
At fair value: FX forward option	2,536	3,242
	2,585	**3,242**
Non-current assets		
At fair value: Interest rate cap	438	579
	438	**579**
Current liabilities		
At fair value: Interest rate swaps	52,187	35,732
At fair value: FX forward contract	-	6,846
	52,187	**42,578**
Non-current liabilities		
At fair value: Interest rate swaps	102,520	148,575
	102,520	**148,575**

Refer to Note 35 for further information.

13. Investments in associates

Year ended 30 June 2013

During the year, the Group invested $280,000 in existing solar and wind farm projects to provide additional funding for the continuing development activities in these projects. The increased investments in the existing development projects did not result in any change to the Group's ownership level in these interests.

Year ended 30 June 2012

During the year, the Group invested $395,000 in existing development projects to provide additional funding for continuing development activities in these projects. Of the amount invested during the year, $155,000 was in the form of cash payments. The increased investments in the existing development projects did not result in any change to the Group's ownership level in these interests.

Investment in associates (continued)

a) Movements in carrying amounts

	2013 $'000	2012 $'000
Carrying amount at the beginning of the financial year	728	765
Additions during the year	280	395
Share of net losses after income tax	(86)	(432)
Carrying amount at the end of the financial year	922	728

b) Summarised financial information of associates

The Group's share of the results of their associates and its aggregated assets (including goodwill) and liabilities are as follows:

	2013 $'000	2012 $'000
Assets	1,309	1,198
Liabilities	743	605
Revenues	-	-
Net loss after tax	(86)	(432)

c) Contingent liabilities of associates

There were no contingent liabilities relating to associates at the end of the financial year.

14. Property, plant and equipment

	Assets under construction $'000	Plant & Equipment $'000	Total $'000
At 30 June 2011			
Cost or fair value	96,332	2,779,082	2,875,414
Accumulated depreciation	-	(408,762)	(408,762)
Net book value	**96,332**	**2,370,320**	**2,466,652**
Year ended 30 June 2012			
Opening net book value	96,332	2,370,320	2,466,652
Additions[1]	20,264	7,073	27,337
Transfers	(116,596)	116,596	-
Disposals	-	(667)	(667)
Depreciation expense[1]	-	(125,632)	(125,632)
Net foreign currency exchange differences	-	67,610	67,610
Closing net book value	**-**	**2,435,300**	**2,435,300**
At 30 June 2012			
Cost or fair value[1]	-	2,980,377	2,980,377
Accumulated depreciation[1]	-	(545,077)	(545,077)
Net book value	**-**	**2,435,300**	**2,435,300**
Year ended 30 June 2013			
Opening net book value	-	2,435,300	2,435,300
Additions	-	11,042	11,042
Additions due to recognition of decommissioning assets	-	15,791	15,791
Transfers to intangible assets	-	(4,116)	(4,116)
Disposals	-	(2,376)	(2,376)
Depreciation expense	-	(123,261)	(123,261)
Net foreign currency exchange differences	-	145,639	145,639
Closing net book value	**-**	**2,478,019**	**2,478,019**
At 30 June 2013			
Cost or fair value	-	3,190,773	3,190,773
Accumulated depreciation	-	(712,754)	(712,754)
Net book value	**-**	**2,478,019**	**2,478,019**

[1] Includes the creation of decommissioning asset and corresponding depreciation

Assets under construction are deemed to be qualifying assets. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised as part of the cost of that asset.

15. Intangible assets

	Goodwill $'000	Development assets $'000	Project-related agreements and licences $'000	Total $'000
At 30 June 2011				
Cost	18,469	25,553	316,076	360,098
Accumulated amortisation and impairment	-	-	(43,639)	(43,639)
Net book value	**18,469**	**25,553**	**272,437**	**316,459**
Year ended 30 June 2012				
Opening net book value	18,469	25,553	272,437	316,459
Additions	-	5,918	1,653	7,571
Transfers	-	(6,063)	6,063	-
Amortisation expense [1]	-	-	(14,493)	(14,493)
Net foreign currency exchange differences	154	-	8,353	8,507
Closing net book value	**18,623**	**25,408**	**274,013**	**318,044**
At 30 June 2012				
Cost	18,623	25,408	333,323	377,354
Accumulated amortisation and impairment	-	-	(59,310)	(59,310)
Net book value	**18,623**	**25,408**	**274,013**	**318,044**
Year ended 30 June 2013				
Opening net book value	**18,623**	**25,408**	**274,013**	**318,044**
Additions	-	7,928	2,165	10,093
Transfers	-	(928)	928	-
Transfers from plant & equipment	-	-	4,116	4,116
Transfers to capitalised loan costs	-	-	(1,549)	(1,549)
Amortisation expense [1]	-	-	(14,627)	(14,627)
Impairment expense	(3,787)	-	(54,575)	(58,362)
Net foreign currency exchange differences	300	-	14,045	14,345
Closing net book value	**15,136**	**32,408**	**224,516**	**272,060**
At 30 June 2013				
Cost	15,136	32,408	361,175	408,719
Accumulated amortisation and impairment	-	-	(136,659)	(136,659)
Net book value	**15,136**	**32,408**	**224,516**	**272,060**

[1] Amortisation expense is included in the line item Depreciation and Amortisation Expense in the statement of comprehensive income.

Intangible assets (continued)

a) Impairment tests for cash-generating units containing goodwill and other intangible assets

For the purposes of impairment testing, goodwill is allocated to the Group's countries of operation which represent the lowest level within the Group at which goodwill is monitored for internal management purposes as follows:

	2013 $'000	2012 $'000
Australia	15,136	15,136
United States	-	3,487
Total goodwill	**15,136**	**18,623**

Changes in the carrying amount of goodwill for United States resulted from impairment expenses due to carrying values exceeding realisable values.

The recoverable amount of the CGU is determined based on value-in-use calculations. The calculations use cash flow projections based on financial projections approved by management covering the life of the wind farms.

Key assumptions for value-in-use calculations

The Group makes assumptions around expected wind resources, availability, prices, operating expenses, discount rates and gearing in calculating the value-in-use of its CGUs.

The Group uses production estimates to reflect the currently expected performance of the assets throughout the forecast period. The forecast period reflects the useful life of the assets held by each CGU as future cash flows over the forecast periods can be reliably estimated. Production is estimated by independent technical consultants on behalf of the Group for each wind farm.

Pricing assumptions are based on the contractual terms of power purchase agreements where applicable, and third party assessments of merchant electricity and environmental certificate prices over the forecast period.

In determining future cash flows for each CGU, the Group has adopted an equity risk premium of 4.7% to 5.2% for the United States CGU, and 5.1% to 5.6% for the Australian CGU to the cost of equity in addition to country specific risk premiums. This compares to an equity risk premiums of 6.0% to 6.5% adopted in 2012.

In performing value-in-use calculations for each CGU, the group has applied post-tax discount rates to discount the forecast future attributable post-tax cash flows. The equivalent pre-tax discount rates are disclosed below.

	Pre-tax discount rates	
	2013	2012
Australia	10.8% - 12.4%	8.3% - 9.1%
United States	8.8% - 10.0%	7.0% - 7.8%

The discount rates used reflect specific risks relating to the relevant countries in which they operate. For some wind farms with power purchase agreements, future growth rates are based on the contractual escalation provisions in the relevant jurisdiction. For wind farms subject to market prices, future growth rates are based on long term industry price expectations.

Impairment expense

The Group booked an impairment expense of AUD$58,362,000 (USD$55,000,000) in the current year (2012: nil) in relation to the US CGU. The impairment expense was made as a result of changes in assumptions resulting in

Intangible assets (continued)

lower levels of gearing available to each CGU and the higher discount rates shown above. No other classes of assets other than intangible assets were impaired.

The impairment expense was allocated firstly to the balance of goodwill, and then to the balance of licences relating to the US CGU. The impairment expense relating to goodwill was AUD$3,787,000 being the balance of goodwill relating to the US CGU at the end of the year, and the remainder of AUD$54,575,000 being allocated to the balance of licences attributable to the US CGU.

Following the impairment, yearly amortisation expenses in future periods will be lower as a result of the lower carrying value of intangible assets being amortised over the remaining life of the assets.

Sensitivity to changes in assumptions

After effecting the impairment of the US CGU, the carrying value has been reduced to equate to the recoverable amount as at 30 June 2013. Variations to the key assumptions used to determine the recoverable amount would result in a change in the assessed recoverable amount. If the variation in assumptions had a negative impact on recoverable amount it could indicate a requirement for additional impairment expenses.

The estimation of the recoverable amount of each CGU was tested for sensitivity using reasonably possible changes in key assumptions. These changes included decreases of up to 10% in gearing assumptions and increases in the equity discount rates of up to 1% with all other assumptions remaining constant.

The testing for sensitivity in changes to key assumptions also included the impact of varying future cash flows for increases and decreases of up to 10% in market prices, 5% in production, and 10% in operating costs.

It is estimated that adverse changes in these assumptions would have the following approximate impact on the carrying amount of the US CGU which was subject to impairment in the 2013 results. The amounts below represent the amount of additional impairment expense that would have been required after applying the adverse assumption changes listed below. It should be noted that each of the sensitivities below assumes that the specific assumption moves in isolation.

Sensitivity to adverse assumption changes to the US CGU	USD millions
10% decrease in gearing	<$10m
1% increase in discount rate	<$10m
10% decrease in market prices	$10m
5% decrease in production	$20m
10% increase in uncontracted operating costs	<$10m

None of these tests resulted in the carrying amount of the Australian CGU exceeding its recoverable amount.

b) Project-related agreements and licences

Project-related agreements and licences include the following items: licences, permits and approvals to develop and operate a wind farm, including governmental authorisations, land rights and environmental consents; interconnection rights; and power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment expenses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which are based on the expected life of the related wind farm. Details of key assumptions used for value-in-use calculations, impairment expenses and sensitivities to changes in assumptions of Project-related Agreements and Licences are outlined above.

Intangible assets (continued)

c) Development assets

Development assets represent the cost of licences and wind farm development costs incurred prior to commencement of construction for wind farms. When a wind farm is constructed, the development assets relating to that wind farm are capitalised with the cost of constructing wind farms upon completion. Development assets are not amortised but are reclassified and depreciated over the effective life of the eventuating asset as property, plant and equipment when they become ready for use.

16. Trade and other payables

	2013 $'000	2012 $'000
Current		
Trade payables and accruals	18,744	24,412
Goods and services and other taxes payable	5,742	6,077
Deferred income	6,595	6,575
Other [1]	5,480	2,941
	36,561	**40,005**

[1] Includes accrual for employee benefits and annual leave. The entire obligation for annual leave is presented as current because the Group does not have an unconditional right to defer payment.

17. Borrowings

	2013 $'000	2012 $'000
Current		
<u>Secured</u>		
At amortised cost:		
Global Facility (i)	30,082	54,466
Project finance debt – Woodlawn (ii)	1,082	1,534
	31,164	**56,000**
Non-current		
<u>Secured</u>		
At amortised cost:		
Global Facility (i)	987,815	970,206
Project finance debt – Woodlawn (ii)	50,780	51,862
Capitalised loan costs	(9,716)	(8,854)
	1,028,879	**1,013,214**
Total debt	**1,060,043**	**1,069,214**

Borrowings (continued)

a) Reconciliation of borrowings

	2013 $'000	2012 $'000
Opening balance	1,069,214	1,252,417
Debt repayments – German Sale	-	(154,264)
Debt repayments – Global Facility	(57,534)	(57,300)
Debt repayments – Woodlawn	(1,535)	(1,600)
Other financing repayments	-	(1,766)
Draw down from project financing – Woodlawn (ii)	-	22,258
Loan costs expensed / (capitalised)	1,199	2,393
Loan costs capitalised – transferred from intangible assets	(1,549)	-
Net foreign currency exchange differences	50,248	7,076
Closing balance	**1,060,043**	**1,069,214**

b) Borrowings by currency

The total value of funds that have been drawn down by currency, converted to Australian dollars (AUD) at the year end exchange rate, are presented in the following table:

	Total Borrowings (Local Curr '000)	Total Borrowings (AUD '000)
As at 30 June 2013		
Australian dollars (AUD) – Global facility	539,380	539,380
Australian dollars (AUD) – Woodlawn	51,862	51,862
Euro (EUR) – Global facility	77,485	109,211
US dollars (USD) – Global facility	342,532	369,306
Gross debt		**1,069,759**
Less capitalised loan costs		(9,716)
Total debt		**1,060,043**
As at 30 June 2012		
Australian dollars (AUD) – Global facility	539,380	539,380
Australian dollars (AUD) – Woodlawn	53,396	53,396
Euro (EUR) – Global facility	93,356	116,000
US dollars (USD) – Global facility	378,081	369,292
Gross debt		**1,078,068**
Less capitalised loan costs		(8,854)
Total debt		**1,069,214**

Borrowings (continued)

(i) Global Facility

The Group's corporate debt facility (the Global Facility) is a fully amortising, multi-currency facility that matures in 2022. The Global Facility is a syndicated facility among a group of Australian and international lenders.

The Global Facility delineates between those Infigen group entities that comprise the Global Facility borrower group (Borrower Group) and those Infigen group entities that are not within the Borrower Group. The latter are generally referred to as "Excluded Companies".

In broad terms, the Borrower Group comprises IEL and substantially all of its subsidiaries, with the exception that none of the following fall within the Borrower Group:

- IET or IEBL
- Infigen Energy Holdings Pty Limited and its subsidiaries, which primarily include the Group's Australian development pipeline project entities, the Group's interests in US development opportunities and the cash balances of Excluded Companies
- Woodlawn Wind Pty Limited (which owns Woodlawn wind farm)
- the US wind farm entities and the institutional equity partnerships which own those US wind farm entities

For clarity, the wholly-owned subsidiaries of IEL that are entitled to returns, including cash distributions, from the US wind farm entities, or institutional equity partnerships (refer Note 19), are included within the Borrower Group.

Excluded Companies

Excluded Companies:

- are not entitled to borrow under the Global Facility;
- must deal with companies within the Global Facility on arm's length terms; and
- are not subject to, or the subject of, the representations, covenants or events of default applicable to the Borrower Group.

Amounts outstanding under the Global Facility

The amounts outstanding under the Global Facility are in Euro, United States dollars and Australian dollars. The base currency of the Global Facility is the Euro.

Principal repayments under the Global Facility

Subsequent to 30 June 2010 and for the remaining term of the Global Facility (expiring December 2022), all surplus cash flows of the Borrower Group, after taking account of working capital requirements, are used to make repayments under the Global Facility on a semi-annual basis (Cash Sweep). The net disposal proceeds of any disposals by Borrower Group entities must also be applied to make repayments under the Global Facility.

During the year ended 30 June 2013 repayments of $57,534,000 (2012: $57,300,000) were made.

Interest payments

The Group pays interest each six months based on Euribor (Euro drawings), BBSY (Australian dollar) or LIBOR (United States dollar), plus a margin. It is the Group's policy and a requirement of the Global Facility to use financial instruments to fix the interest rate for a portion of the borrowings (refer Note 35).

Borrowings (continued)

Financial covenants

During the period of the Cash Sweep, the only financial covenant that applies under the Global Facility is a leverage ratio covenant. This covenant is based on the results of each twelve month period ending 30 June or 31 December and is as follows:

- Through to June 2016: not more than 8.5 times;
- July 2016 to June 2019: not more than 6.0 times;
- July 2019 to expiry of facility (December 2022): not more than 3.0 times.

The leverage ratio is determined by taking the quotient of Net Debt and EBITDA of entities that are within the Borrower Group. EBITDA represents the consolidated earnings of the Borrower Group entities before finance charges, unrealised gains or losses on financial instruments and material items of an unusual or non-recurring nature. The calculation of EBITDA from US wind farm operations is specifically defined under the Global Facility as cash distributions to Infigen for the leverage ratio purposes. Distributions to Infigen, from the US wind farm entities, can vary materially from the US reported EBITDA as a result of Institutional Equity Partnerships (Refer to Note 19).

Review events

A review event would occur if the shares of IEL were removed from the official list of the Australian Securities Exchange or were unstapled from units of IET and shares of IEBL. Such an event would require assessment of the effect on the Global Facility and, if necessary, agreement of an action plan.

Security

The Global Facility has no asset level security, however, each borrower under the Global Facility is a guarantor of the facilities. In addition, lenders have first ranking security over the issued share capital of, or other ownership interest in:

- the borrowers (other than Infigen Energy Limited); and
- the direct subsidiaries of the borrowers, which are holding entities of each operating wind farm in Infigen's portfolio (other than Woodlawn wind farm).

Global Facility lenders have no security over Excluded Companies.

(ii) Project finance facility – Woodlawn Wind Pty Ltd

Woodlawn Wind Pty Ltd, the Infigen entity that owns the Woodlawn wind farm, is the borrower under an AUD $55 million project finance facility that matures in September 2014. The lender is Westpac Banking Corporation.

Principal repayments under the Project finance facility

The borrower is required to make debt repayments on a quarterly basis. During the year ended 30 June 2013 repayments of $1,534,700 (2012: $1,600,000) were made.

Interest payments

Interest is payable quarterly based on BBSY (Australian dollar) plus a margin. Interest obligations have been hedged at a fixed rate of 4.48% plus the margin for the period to maturity in September 2014.

Security

The lender under the Project Finance facility has security over the shares in, and assets and undertaking of Woodlawn Wind Pty Ltd.

18. Provisions

	2013 $'000	2012 $'000
Current		
Employee benefits [1]	2,795	3,449
	2,795	**3,449**
Non-current		
Employee benefits [1]	451	354
Decommission and restoration[2]	26,088	6,424
	26,539	**6,778**
	29,334	**10,227**

[1] The current provision for employee benefits represents provision for short term incentives and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances.

[2] The decommission and restoration provision represents estimates of future expenditure relating to dismantling and removing of wind turbines and associated plant, and restoration of wind farm site.

A reconciliation of the carrying amounts of provisions is set out below:

	Decommissioning and restoration $'000	Employee benefits $'000	Total $'000
Year ended 30 June 2012			
Opening balance of provision at the start of the year	**6,881**	**3,712**	**10,593**
Provision recognised during the year	-	91	91
Effect of movements in foreign exchange rates	(457)	-	(457)
Carrying amount at the end of the year	**6,424**	**3,803**	**10,227**
Year ended 30 June 2013			
Carrying amount at start of the year	**6,424**	**3,803**	**10,227**
Provision reversed the year	-	(557)	(557)
Provision recognised due to change in discount rates	15,791	-	15,791
Recognition and unwinding of discount	2,744	-	2,744
Effect of movements in foreign exchange rates	1,129	-	1,129
Carrying amount at the end of the year	**26,088**	**3,246**	**29,334**

19. Institutional equity partnerships classified as liabilities

Nature of institutional equity partnerships

Infigen is a Class B member in twelve (12) US limited liability companies (LLCs) that directly or indirectly own the US wind farms. The Group owns between 50% and 100% of the Class B membership interests in these LLCs. Each of these LLCs also has one or more Class A members (institutional investors), and where the Group does not own 100% of the Class B interests, one or more other Class B members. These LLCs are referred to as institutional equity partnerships (IEPs).

The Group's relationship with the Class A institutional investors and other Class B members is established through a LLC operating agreement. That operating agreement contains rules by which the cash flows and tax benefits, including Production Tax Credits (PTCs) and accelerated depreciation, generated by the wind farms are allocated between the Class A and Class B members during the life of the wind farms.

The Class A institutional investors purchase their partnership interests for an upfront cash payment. This payment is fixed so that the investors, from the date that they purchase their interest, anticipate earning an agreed targeted internal rate of return by the end of the ten-year period over which PTCs are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTCs, allocated taxable income or loss and cash distributions.

Pursuant to the allocation rules specified in the LLC operating agreement, all operating cash flow is allocated to the Class B members until the earlier of a fixed date, or when the Class B members recover the amount of invested Class B capital. This is expected to occur between five to ten years from the initial closing date. Thereafter, all operating cash flow is allocated to the Class A institutional investors until they receive the targeted internal rate of return (the 'Reallocation Date').

Prior to the Reallocation Date, a significant part of the tax income and benefits generated by the partnerships are allocated to the Class A institutional investors, with any remaining benefits allocated to the Class B members.

After the Reallocation Date, the Class A institutional investors retain a non-controlling interest for the duration of their membership in the LLC. The Group also has an option to purchase the Class A institutional investors' residual interests at fair market value.

Recognition of institutional equity partnerships

The Group either controls or jointly controls the strategic and operating decisions of institutional equity partnerships. Notes 29 and 36 provide further details of controlled and jointly controlled partnerships.

Classification of institutional equity partnerships

Class A institutional investors' and Class B members' investments in institutional equity partnership structures are classified as liabilities in the financial statements of the Group as the partnerships have limited lives and the allocation of income earned is governed by contractual agreements over the life of the investment. The following should be noted:

- Should future operational revenues from the US wind farms be insufficient, there is no contractual obligation on the Group to repay the liabilities.
- Balances outstanding (Class A institutional investors and Class B non-controlling members) do not impact the Group's lending covenants.
- There is no exit mechanism by which investors can require repayment of their remaining capital and consequently there is no re-financing risk for each of the LLCs.

Institutional equity partnerships classified as liabilities (continued)

The following table includes the components of institutional equity partnerships classified as liabilities: Class A member liabilities; non-controlling interests relating to Class B members and deferred revenue.

	Class A members		Class B members		Total	
	2013 $'000	2012 $'000	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Components of institutional equity partnerships:						
At 1 July	632,309	645,965	52,057	54,451	684,366	700,416
Distributions / financing	(15,141)	(15,228)	(8,268)	(12,392)	(23,409)	(27,620)
Value of production tax credits offset against Class A liability	(76,178)	(78,519)	-	-	(76,178)	(78,519)
Value of tax expenses (benefits) allocated against Class A liability	7,316	(1,279)	-	-	7,316	(1,279)
Allocation of return on outstanding Class A liability	39,181	42,830	-	-	39,181	42,830
Movement in residual interest (Class A)	10,580	8,924	-	-	10,580	8,924
Non-controlling interest (Class B)			3,044	7,426	3,044	7,426
Foreign exchange loss / (gain)	62,817	29,616	5,056	2,572	67,873	32,188
At 30 June	**660,884**	**632,309**	**51,889**	**52,057**	**712,773**	**684,366**
Deferred benefits:						
At 1 July					472,767	436,560
Deferred tax benefits recognised in profit and loss during the period					(9,924)	16,244
Foreign exchange loss / (gain)					48,226	19,963
At 30 June					**511,069**	**472,767**
					1,223,842	**1,157,133**

20. Contributed equity

	2013 No. '000	2013 $'000	2012 No. '000	2012 $'000
Fully paid stapled securities/shares				
Opening balance	762,266	761,642	762,266	761,642
Capital distribution	-	-	-	-
Closing balance	**762,266**	**761,642**	**762,266**	**761,642**

	2013 $'000	2012 $'000
Attributable to:		
Equity holders of the parent	2,305	2,305
Equity holders of the other stapled securities (non-controlling interests)	759,337	759,337
	761,642	**761,642**

Stapled securities entitle the holder to participate in dividends from IEL and IEBL and in distributions from IET. The holder is entitled to participate in the proceeds on winding up of the stapled entities in proportion to the number of and amounts paid on the securities held.

21. Reserves

	2013 $'000	2012 $'000
Foreign currency translation	(39,610)	(50,472)
Hedging	(124,656)	(151,064)
Acquisition	(47,675)	(47,675)
Share-based payment	3,592	2,705
	(208,349)	**(246,506)**
Attributable to:		
Equity holders of the parent	(208,349)	(246,506)
Equity holders of the other stapled securities (non-controlling interests)	-	-
	(208,349)	**(246,506)**

a) Foreign currency translation reserve

	2013 $'000	2012 $'000
Balance at beginning of financial year	(50,472)	(60,994)
Movements increasing / (decreasing) recognised:		
Translation of foreign operations	10,862	10,522
	10,862	10,522
Balance at end of financial year	**(39,610)**	**(50,472)**

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(m). The reserve is recognised in profit and loss when the net investment is disposed of.

b) Hedging reserve

	2013 $'000	2012 $'000
Balance at beginning of financial year	(151,064)	(82,545)
Movement increasing / (decreasing) recognised:		
Interest rate swaps	32,165	(84,117)
Deferred tax arising on hedges	(5,757)	15,598
	26,408	(68,519)
Balance at end of financial year	**(124,656)**	**(151,064)**

The hedging reserve is used to record movements on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(j). Amounts are recognised in profit and loss when the associated hedged transaction settles.

Reserves (continued)

c) Acquisition reserve

	2013 $'000	2012 $'000
Balance at the beginning and end of the financial year	**(47,675)**	**(47,675)**

The acquisition reserve relates to the acquisition of non-controlling interests in entities over which Infigen Energy already exerted control. Therefore, the acquisition of these non-controlling interests did not result in a change of control but was an acquisition of the minority shareholders.

These transactions are treated as transactions between owners of the Group. The difference between the purchase consideration and the amount, by which the non-controlling interest is adjusted, has been recognised in the acquisition reserve.

d) Share-based payment reserve

	2013 $'000	2012 $'000
Balance at beginning of financial year	2,705	3,774
Share-based payments expense[1] / (benefit)	887	(1,069)
Balance at end of financial year	**3,592**	**2,705**

[1] The share-based payments reserve is used to recognise the fair value of performance rights/units issued to employees but not exercised. Refer Note 25 for further detail.

22. Retained earnings

	2013 $'000	2012 $'000
Balance at beginning of financial year	10,697	66,574
Net loss attributable to stapled security holders	(79,975)	(55,877)
Balance at end of financial year	**(69,278)**	**10,697**
Attributable to:		
Equity holders of the parent	(47,495)	31,825
Equity holders of the other stapled securities (non-controlling interests)	(21,783)	(21,128)
	(69,278)	**10,697**

23. Earnings per security / share

	2013 Cents per security	2012 Cents per security
a) Basic and diluted earnings per stapled security / parent entity share:		
Parent entity share		
From continuing operations	(10.4)	(7.2)
From discontinued operations	-	-
Total basic and diluted earnings per share[1]	**(10.4)**	**(7.2)**
Stapled security		
From continuing operations	(10.5)	(7.3)
From discontinued operations	-	-
Total basic and diluted earnings per security[1]	**(10.5)**	**(7.3)**

[1] The number of performance rights/units outstanding have not been included in the calculation of diluted EPS as they are anti-dilutive. Refer to Note 25 for the number of performance rights/units outstanding.

b) Reconciliation of earnings used in calculating earnings per security / share

The earnings and weighted average number of securities / shares used in the calculation of basic and diluted earnings per security / share are as follows:

	2013 $'000	2012 $'000
Earnings attributable to the parent entity shareholders		
From continuing operations	(79,320)	(55,195)
From discontinued operations	-	-
Total earnings attributable to the parent entity shareholders	**(79,320)**	**(55,195)**
Earnings attributable to the stapled security holders		
From continuing operations	(79,975)	(55,877)
From discontinued operations	-	-
Total earnings attributable to the stapled security holders	**(79,975)**	**(55,877)**

c) Weighted average number of shares used as the denominator

	2013 No.'000	2012 No.'000
Weighted average number of securities/shares for the purposes of basic earnings per security / share	762,266	762,266
Weighted average number of securities/shares for the purposes of diluted earnings per security / share	762,266	762,266

24. Distributions paid

Ordinary securities

Following consideration by the Board of Directors in 2012 and as advised by the Chairman of the Board of Directors at the 2012 Annual General Meeting, the requirement to make debt repayments using surplus cash flow from operating assets held within the Group's Global Facility Borrower Group effectively serves to continue to preclude the payment of distributions to security holders.

Final and interim distributions in respect of the 2012 and 2013 years were nil cents per stapled security.

Franking credits

The parent entity has franking credits of $6,228,093 for the year ended 30 June 2013 (2012: $6,228,093).

25. Share-based payments

a) Long Term Incentive (LTI) - Employee equity plan

LTI Equity Plan arrangements for the FY11, FY12 & FY13 grants
Senior Managers have received a long-term incentive award under the Infigen Energy Equity Plan ("Equity plan") that encompass the Senior Manager's long term incentive award for FY11, FY12 and FY13.

Performance conditions of awards granted under the LTI Equity Plan

- FY11 plan participants received 100% performance rights or units in two tranches of equal value **(Tranche 1** and **Tranche 2).**
- In FY12 plan participants received 100% performance rights or units in two tranches of equal value **(Tranche 1** and **Tranche 2).**
- In FY13 plan participants received 100% performance rights or units in two tranches of equal value **(Tranche 1** and **Tranche 2).**

The measures used to determine performance and the subsequent vesting of performance rights/units are, Total Shareholder Return (TSR) and a financial performance (EBITDA) test. The vesting of Tranche 1 of the performance rights/units is subject to the TSR condition, while Tranche 2 of the performance rights/units are subject to the Operational Performance condition. The Operational Performance condition is determined by an earnings before interest, taxes, depreciation and amortisation (EBITDA) test.

Share based payments (continued)

		Performance rights	Performance units	Period
2011	Tranche 1	TSR condition	TSR condition	30 September 2010 - 30 June 2013
	Tranche 2	Operational Performance condition	Operational Performance condition	30 September 2010 - 30 June 2013
2012	Tranche 1	TSR condition	TSR condition	1 July 2011 - 30 June 2014
	Tranche 2	Operational Performance condition	Operational Performance condition	1 July 2011 - 30 June 2014
2013	Tranche 1	TSR condition	TSR condition	1 July 2013 - 30 June 2015
	Tranche 2	Operational Performance condition	Operational Performance condition	1 July 2013 - 30 June 2015

- TSR condition (applicable to Tranche 1 performance rights or units): TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the Tranche 1 performance rights to vest, the TSR of Infigen will be compared to companies in the S&P/ASX 200 (excluding financial services and the materials/resources sectors). For the purpose of calculating the TSR measurement, the security prices of each company in the S&P/ASX 200 (as modified above) and of Infigen will be averaged over the 30 trading days preceding the start and end date of the performance period.

The percentage of the Tranche 1 performance rights that vest under the LTI plans are as follows:

Infigen Energy's TSR performance compared to the relevant peer group	FY11 Grant Percentage of Tranche 1 Performance Rights that vest	FY12 & 13 Grant Percentage of Tranche 1 Performance Rights that vest
0 to 49th percentile	Nil	Nil
50th percentile	50% -98% of the Tranche 1 Performance Rights will vest (i.e. for every percentile increase between 50% and 74% an additional 2% of the Tranche 1 Performance Rights will vest)	25% of the Tranche 1 Performance Rights will vest
51st to 75th percentile		27% - 75% (i.e. for every percentile increase between 51% and 75% an additional 2% of the Tranche 1 Performance Rights will vest)
76th to 95th percentile	100%	76.25% - 100% (i.e. for every percentile increase between 76% and 95% an additional 1.25% of the Tranche 1 Performance Rights will vest)
96th to 100th percentile	100%	100%

Share based payments (continued)

Operational Performance condition (applicable to Tranche 2 performance rights/units): the vesting of the Tranche 2 performance rights or units is subject to an Operational Performance condition.

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

Set out below are summaries of **performance rights** that have been granted under the LTI plan:

Deemed grant date	Balance at start of the year Number	Granted during the year Number	Lapsed during the year Number	Balance at end of the year Number
30 Sept 2010 (FY11 plan)	1,943,172	-	(398,182)	1,544,990
22 Dec 2011 (FY12 plan)	2,608,098	-	-	2,608,098
15 Nov 2012 (FY13 plan)	-	5,610,531	-	5,610,531
Total	**4,551,270**	**5,610,531**	**(398,182)**	**9,763,619**
29 June 2011 (FY11 plan)	126,866	-	-	126,866
Total	**126,866**	**-**	**-**	**126,866**
Grand Total	**4,678,136**	**5,610,531**	**(398,182)**	**9,890,485**

Fair value of performance rights granted under the LTI plan

		Grant date	Performance rights	Performance units
2011	**Tranche 1**	30 September 2010/29 June 2011	0.439	0.19
	Tranche 2	30 September 2010/29 June 2011	0.696	0.23
2012	**Tranche 1**	22 December 2011	0.091	N/A
	Tranche 2	22 December 2011	0.255	N/A
2013	**Tranche 1**	15 November 2012	0.078	N/A
	Tranche 2	15 November 2012	0.220	N/A

The fair values of performance rights/units at grant date are determined using market prices and a model that takes into account the exercise price, the term of the performance right/unit and the security price at grant date.

Share based payments (continued)

The model inputs for performance rights/units granted include:

- Performance rights/units are granted for no consideration and vest in accordance with the TSR condition and the Operational Performance condition outlined above for Tranche 1 and Tranche 2, respectively. Performance rights/units have a nil exercise price and vest automatically as stapled securities for rights and as cash for units.
- *Grant dates:* 30 September 2010 (FY11 rights plan); 29 June 2011 (FY11 unit plan); 22 December 2011 (FY12 plan); 15 November 2012 (FY13 plan).
- *Security price at grant date:* $0.735 (FY11 rights plan), $0.35 (FY11 unit plan), $0.255 (FY12 plan), $0.22 (FY13 plan).

Where performance rights/units are issued to employees of subsidiaries within the Group, the expense in relation to these performance rights, is recognised by the relevant entity with the corresponding increase in stapled securities.

b) Deferred short term incentive granted as performance rights (Deferred STI)

- In FY12 Senior Management received at least 50% of their short term incentive allocation as performance rights**,** Deferred STI
- The Deferred STI vests over 2 years and has a forfeiture condition relating to continued employment.
- The Deferred STI is recognised as a Share Based Payment expense over the 2 year vesting period
- The grant date for the Deferred STI was 15 November 2012
- The number of units issued under the Deferred STI was 3,786,020
- The security price at grant date for the Deferred STI was $0.22
- The expense recognised in FY13 relating to the Deferred STI was $622,802

c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2013 $'000	2012 $'000
Performance rights, units issued under the plans – current year	860	807
Deferred STI – issued as performance rights	623	-
Write-back prior years long-term share-based incentive expense allocation	(655)	(1,961)
	828	**(1,154)**

26. Commitments for expenditure

a) Capital expenditure commitments

	2013 $'000	2012 $'000
Capital expenditure commitments	**524**	**1,690**

Capital expenditure commitments in the year ended 30 June 2013 related to capital spare parts and solar energy projects. Capital expenditure commitments in year ended 30 June 2012 include commitment arrangements relating to IT projects and solar energy projects.

b) Lease commitments

Non-cancellable operating lease commitments are disclosed in Note 28 to the financial statements.

c) Other expenditure commitments

	2013 $'000	2012 $'000
Repairs and maintenance	**303,566**	**70,426**

Other expenditure commitments relate to contractual obligations for future repairs and maintenance of the wind plant and equipment which have not been recognised as a liability. During the current period, agreements were executed which extended the contractual obligations for future.

27. Contingent liabilities

Contingent liabilities

	2013 $'000	2012 $'000
Letters of credit	41,754	42,151
	41,754	**42,151**

Letters of credit generally relate to wind farm construction, operations and decommissioning and represent the maximum exposure. No liability was recognised by the parent entity of the Group in relation to these letters of credit, as their combined fair value is immaterial.

Deed of Cross Guarantee

Under the terms of ASIC Class Order 98/1418 (as amended by Class Order 98/2017) certain wholly-owned controlled entities are granted relief from the requirement to prepare audited financial reports. Infigen Energy Limited has entered into an approved deed of indemnity for the cross-guarantee of liabilities with those controlled entities (refer to note 30).

28. Leases

Operating leases

The Group leases land for its wind farms under non-cancellable operating leases expiring within 20 to 55 years. The leases have varying terms, escalation clauses and renewal rights.

	2013 $'000	2012 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than 1 year	8,766	8,010
Later than 1 year and not later than 5 years	33,994	31,114
Later than 5 years	131,685	124,473
	174,445	**163,597**

29. Subsidiaries

	Name of entity	Country of incorporation	Ownership interest 2013 %	2012 %
	Parent entity			
*	Infigen Energy Limited	Australia		
	Other stapled entities			
	Infigen Energy (Bermuda) Limited	Bermuda		
	Infigen Energy Trust	Australia		
	Subsidiaries of the parent and other stapled entities			
	Allegheny Ridge Wind Farm LLC	USA	100%	100%
	Aragonne Wind LLC	USA	100%	100%
	Aragonne Wind Investments LLC	USA	100%	100%
*	Bodangora Wind Farm Pty Ltd	Australia	100%	100%
	Blue Canyon 1 Member LLC	USA	100%	100%
	Buena Vista Energy LLC	USA	100%	100%
*	Capital East Solar Pty Limited	Australia	100%	100%
*	Capital Solar Farm Pty Limited	Australia	100%	-
*	Capital Solar Farm Holdings Pty Limited	Australia	100%	-
*	Capital Wind Farm 2 Pty Limited	Australia	100%	100%
*#	Capital Wind Farm Holdings Pty Limited	Australia	100%	100%
*	Capital Wind Farm (BB) Trust	Australia	100%	100%
	Caprock Wind LLC	USA	100%[1]	100%[1]
	Caprock Wind Investments LLC	USA	100%	100%
	Caprock Wind Member LLC	USA	100%	100%
	CCWE Holdings LLC	USA	67%[1]	67%[1]
	Cedar Creek Wind Energy LLC	USA	67%	67%
	Cedar Creek Wind 1 Member LLC	USA	100%	100%
*	Cherry Tree Wind Farm Pty Ltd	Australia	100%	100%
	Combine Hills 1 Member LLC	USA	100%	100%
	Crescent Ridge Holdings LLC	USA	75%[1]	75%[1]
	Crescent Ridge LLC	USA	75%	75%
*	CS CWF Trust	Australia	100%	100%
	CS Walkaway Trust	Australia	100%	100%
*	Flyers Creek Wind Farm Pty Ltd	Australia	100%	100%
*	Forsayth Wind Farm Pty Limited	Australia	100%	100%
	GSG LLC	USA	100%	100%
	IFN Crescent Ridge LLC	USA	100%	100%
	Infigen Energy Management Holdings LLC	USA	100%	100%
*	Infigen Energy Europe Pty Limited	Australia	100%	100%
*	Infigen Energy Europe 2 Pty Limited	Australia	100%	100%
*	Infigen Energy Europe 3 Pty Limited	Australia	100%	100%
*	Infigen Energy Europe 4 Pty Limited	Australia	100%	100%
*	Infigen Energy Europe 5 Pty Limited	Australia	100%	100%
*	Infigen Energy Germany Holdings Pty Limited	Australia	100%	100%
*	Infigen Energy Germany Holdings 2 Pty Limited	Australia	100%	100%
*	Infigen Energy Germany Holdings 3 Pty Limited	Australia	100%	100%

Subsidiaries (continued)

	Name of entity	Country of incorporation	Ownership interest 2013 %	Ownership interest 2012 %
^^	Infigen Energy Verwaltungs GmbH	Germany	100%	100%
^	Infigen Energy (Niederrhein) Limited	UK	100%	100%
^	Infigen Energy (Eifel) Ltd	UK	100%	100%
^^	Infigen Energy GmbH	Germany	100%	100%
	Infigen Energy Holdings Sarl	Luxembourg	100%	100%
	Infigen Energy Germany Holdings Sarl	Luxembourg	100%	100%
	Infigen Energy Vest Holdings Sarl	Luxembourg	100%	100%
	Infigen Energy US LLC	USA	100%	100%
*	Infigen Energy T Services Pty Limited	Australia	100%	100%
*	Infigen Energy Custodian Services Pty Limited	Australia	100%	100%
*	Infigen Energy Development Holdings Pty Limited	Australia	100%	100%
*	Infigen Energy Development Pty Ltd	Australia	100%	100%
*	Infigen Energy Services Holdings Pty Limited	Australia	100%	100%
*	Infigen Energy Services Pty Limited	Australia	100%	100%
*	Infigen Energy RE Limited	Australia	100%	100%
*	Infigen Energy Investments Pty Limited	Australia	100%	100%
*	Infigen Energy Markets Pty Limited	Australia	100%	100%
*	Infigen Energy US Partnership	USA	100%	100%
	Infigen Energy US Corporation	USA	100%	100%
*	Infigen Energy (US) Pty Limited	Australia	100%	100%
*	Infigen Energy (US) 2 Pty Limited	Australia	100%	100%
*	Infigen Energy Finance (Australia) Pty Limited	Australia	100%	100%
*	Infigen Energy Finance (Germany) Pty Limited	Australia	100%	100%
	Infigen Energy Finance (Lux) SARL	Luxembourg	100%	100%
	Infigen Energy (Malta) Limited	Malta	100%	100%
*	Infigen Energy Holdings Pty Limited	Australia	100%	100%
*	Infigen Energy Niederrhein Pty Limited	Australia	100%	100%
	Infigen Asset Management LLC	USA	100%	100%
	Infigen Management Services LLC	USA	100%	100%
	Kumeyaay Holdings LLC	USA	100%[1]	100%[1]
	Kumeyaay Wind LLC	USA	100%	100%
	Kumeyaay Wind Member LLC	USA	100%	100%
*	Lake Bonney Wind Power Pty Limited	Australia	100%	100%
*	Lake Bonney Wind Power 2 Pty Limited	Australia	100%	100%
*	Lake Bonney Wind Power 3 Pty Limited	Australia	100%	100%
*#	Lake Bonney Holdings Pty Limited	Australia	100%	100%
*	Lake Bonney 2 Holdings Pty Limited	Australia	100%	100%
	Mendota Hills LLC	USA	100%	100%
*	NPP LB2 LLC	USA	100%	100%
*	NPP Projects I LLC	USA	100%	100%
*	NPP Projects V LLC	USA	100%	100%
*	NPP Walkaway Pty Limited	Australia	100%	100%
*	NPP Walkaway Trust	Australia	100%	100%
*	Renewable Energy Constructions Pty Limited	Australia	100%	-

Subsidiaries (continued)

	Name of entity	Country of incorporation	Ownership interest 2013 %	2012 %
*#	Renewable Power Ventures Pty Ltd	Australia	100%	100%
	RPV Investment Trust	Australia	100%	100%
	Sweetwater 1 Member LLC	USA	100%	100%
	Sweetwater 2 Member LLC	USA	100%	100%
	Sweetwater 3 Member LLC	USA	100%	100%
	Sweetwater 4-5 Member LLC	USA	100%	100%
*#	Walkaway Wind Power Pty Limited	Australia	100%	100%
*	Walkaway (BB) Pty Limited	Australia	100%	100%
	Walkaway (BB) Trust	Australia	100%	100%
*	Walkaway (OS) Pty Limited	Australia	100%	100%
*	Woakwine Wind Farm Pty Ltd	Australia	100%	100%
	Wind Park Jersey Member LLC	USA	100%	100%
	Wind Portfolio I Member LLC	USA	100%	100%
	Wind Portfolio Holdings I LLC	USA	100%[1]	100%[1]
*	Woodlawn Wind Pty Ltd	Australia	100%	100%
*	Woodlawn Wind Holdings Pty Limited	Australia	100%	-
*#	WWP Holdings Pty Limited	Australia	100%	100%
	BBWP Holdings (Bermuda) Limited	Bermuda	100%	100%
*	Infigen Energy US Holdings Pty Limited	Australia	100%	100%
	Infigen Energy US Development LLC	USA	100%	100%
	Infigen Energy Solar One LLC	USA	100%	100%
	Pumpjack Solar I LLC	USA	100%[2]	100%[2]
	Wildwood Solar I LLC	USA	100%[2]	100%[2]
	Rio Bravo Solar I LLC	USA	100%[2]	100%[2]
	Limestone Solar I LLC	USA	100%[2]	100%[2]
	Mesquite Solar I LLC	USA	100%[2]	100%[2]
	Rio Bravo Solar II LLC	USA	100%[2]	-
	Wildwood Solar II LLC	USA	100%[2]	100%[2]
	Tortolita Solar I LLC	USA	100%[2]	100%[2]
	Mexia Solar I LLC	USA	100%[2]	100%[2]
	Sandy Hills Solar I LLC	USA	100%[2]	100%[2]
	Mustang Solar I LLC	USA	100%[2]	100%[2]
	Georgia Sun I LLC	USA	100%[2]	-

* Denotes a member of the IEL tax consolidated group.

[1] Class B Member interest.

[2] Equity member interest.

Entered into a class order 98/1418 and related deed of cross guarantee with Infigen Energy Limited removing the requirement for the preparation of separate financial statements (refer note 30).

^ Placed into voluntary liquidation during 2012.

^^ Placed into voluntary liquidation during 2013.

30. Deed of cross guarantee

Set out below is a consolidated statement of comprehensive income statement and balance sheet, comprising Infigen Energy Limited and its controlled entities which are parties to the Deed of Cross Guarantee (refer note 29), after eliminating all transactions between parties to the Deed.

The Deed of Cross Guarantee was executed on 18 June 2012.

Consolidated statement of comprehensive income

	2013 $'000	2012 $'000
Revenue from continuing operations	75,991	62,502
Other income	-	3,331
Operating expenses	(12,462)	(11,820)
Depreciation and amortisation expense	(20,574)	(21,667)
Interest expense	(23,850)	(26,453)
Other finance costs	(24,158)	(367)
Net profit before income tax	**(5,053)**	**5,526**
Income tax expense	(2,823)	(3,319)
Net profit after income tax	**(7,876)**	**2,207**
Net profit for the year	**(7,876)**	**2,207**
Other comprehensive income – movements through equity		
Changes in the fair value of cash flow hedges, net of tax	2,402	(2,402)
Total comprehensive loss for the year, net of tax	**(5,474)**	**(195)**

Deed of cross guarantee (continued)

a) Consolidated balance sheet

	2013 $'000	2012 $'000
Current assets		
Trade and other receivables	15,875	15,365
Derivative financial asset	-	3,241
Inventory	3,008	469
Total current assets	**18,883**	**19,075**
Non-current assets		
Receivables	785,039	757,740
Shares in controlled entities	33,589	33,589
Property, plant and equipment	415,508	433,151
Deferred tax assets	51,298	39,767
Intangible assets	64,090	64,304
Total non-current assets	**1,349,524**	**1,328,551**
Total assets	**1,368,407**	**1,347,626**
Current liabilities		
Trade and other payables	7,447	13,696
Derivative financial instruments	-	6,847
Total current liabilities	**7,447**	**20,543**
Non-current liabilities		
Payables	1,349,230	1,312,940
Provisions	3,762	702
Total non-current liabilities	**1,352,992**	**1,313,642**
Total liabilities	**1,360,439**	**1,334,185**
Net assets	**7,968**	**13,441**
Equity		
Contributed equity	2,305	2,305
Reserves	(23,005)	(25,407)
Retained earnings	28,668	36,543
Total equity	**7,968**	**13,441**

31. Acquisition of businesses

Year ended 30 June 2013

There were no businesses acquired by the Group during the year ended 30 June 2013.

Year ended 30 June 2012

(i) Transaction with Pioneer Green Solar

In February 2012, the Group completed a transaction with renewable energy project developer Pioneer Green Solar (Pioneer) in relation to the ownership of certain solar development projects in the United States. Under the terms of the transaction, the Group acquired 100% of the equity interests in a number of solar development projects.

As full consideration for the acquisition of equity interests in the solar development project entities, the Group paid USD 650,000 (AUD 606,000) in cash to Pioneer Green Solar in February 2012.

32. Related party disclosures

a) Equity interests in related parties

Details of the percentage ownership held in subsidiaries are disclosed in Note 29 to the financial statements.

b) Key management personnel disclosures

Details of key management personnel remuneration are disclosed in Note 8 to the financial statements.

c) Other related party transactions

At the year end the Group was owed an amount of $764,000 (2012: $1,348,000) from various associated entities.

d) Parent entities

The parent entity in the Group is IEL. The ultimate Australian parent entity is IEL. The ultimate parent entity is IEL.

33. Subsequent events

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

34. Notes to the cash flow statements

a) Reconciliation of cash and cash equivalents

For the purposes of the cash flow statements cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:

	2013 $'000	2012 $'000
Cash and cash equivalents	**124,524**	**126,703**

b) Restricted cash balances

As at 30 June 2013 $17,264,125 (2012: $18,474,457) of cash is held in escrow in relation to payments retained by the Group under turbine supply and wind farm construction contracts, as well as the decommissioning of certain sites.

35. Financial risk management

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

The principal financial instruments that give rise to these risks comprise cash, receivables, payables and interest bearing debt.

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

Financial risk management (continued)

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

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to manage potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments to hedge certain risk exposures. In line with the Group's treasury policy derivatives are exclusively used for risk management purposes, not as trading or other speculative instruments.

a) Market risks

(i) Interest rate risks

The Group's income and operating cash flows are exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by fixing a portion of the floating rate borrowings, by use of interest rate derivatives. During 2013 and 2012, the Group's borrowings at variable rates were denominated in Australian Dollars, US Dollars and Euros.

A high percentage of the face value of debt in each of the relevant currencies is hedged using interest rate derivatives. The table below shows a breakdown of the Group's interest rate debt and interest rate derivative positions.

In undertaking this strategy the Group is willing to forgo a percentage of the potential economic benefit that would arise in a falling interest rate environment, in order to partially protect against downside risks of increasing interest rates and to secure a greater level of predictability for cash flows.

Under interest rate derivative contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair values of interest rate derivatives are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate derivative contracts outstanding as at reporting date:

Outstanding pay fixed / receive floating interest rate swaps

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2013 %	2012 %	2013 $'000	2012 $'000	2013 $'000	2012 $'000
Fixed swap – AUD - GF	6.76	6.77	488,732	531,685	(83,281)	(83,594)
Fixed swap – AUD - Woodlawn	4.48	4.48	41,551	42,348	(913)	(1,111)
Fixed swap – Euro - GF	4.93	4.93	112,755	98,961	(20,486)	(20,365)
Fixed swap – US dollar - GF	5.29	5.29	316,165	301,210	(50,027)	(79,237)
			959,203	**974,204**	**(154,707)**	**(184,307)**

Financial risk management (continued)

Bank debt as at balance date

The table below details the total amount of debt and breakdown of fixed and floating debt the Group held at 30 June 2013.

The Global Facility debt is denominated in AUD, USD and EUR and the debt is re-priced every 6 months.

- AUD debt is priced using the 6 month BBSW rate plus the defined facility margin.
- EUR debt is priced using the 6 month Euribor rate plus the defined facility margin.
- USD debt is priced using the 6 month Libor rate plus the defined facility margin.

The Woodlawn Project finance debt is re-priced quarterly using the 3 month BBSY (AUD) rate plus the defined facility margin.

The current floating rate debt detailed in the table below is not inclusive of the facility margin. The current average interest rate, pre-margin across all facilities, is 5.97% (2012: 6.15%)

The current average margin across all facilities is 114 basis points (2012: 111 basis points).

Floating rate debt

	Floating debt		Debt principal amount	
	2013 %	2012 %	2013 $'000	2012 $'000
AUD debt – GF	2.89	3.44	50,647	7,695
AUD debt – Woodlawn	2.82	3.56	10,311	10,171
EUR debt – GF	0.34	0.86	(3,545)	17,039
USD debt – GF	0.42	0.73	53,143	68,958
			110,556	**103,863**

Debt fixed by interest rate derivatives

	Debt fixed by derivatives		Debt principal amount		% of debt hedged	
	2013 %	2012 %	2013 $'000	2012 $'000	2013 %	2012 %
AUD debt – GF	6.76	6.77	488,732	531,685	91	99
AUD debt – Woodlawn	4.48	4.48	41,551	42,348	80	81
EUR debt – GF	4.93	4.93	112,755	98,961	103	85
USD debt – GF	5.29	5.29	316,165	301,210	86	81
			959,203	**974,204**	**88**	**90**
Total debt	**5.97**	**6.15**	**1,069,759**	**1,078,067**		

Financial risk management (continued)

The table below shows the maturity profile of the interest rate swaps and interest rate caps as of 30 June 2013 and 30 June 2012.

	Fair value AUD$'000	Undiscounted fair value AUD$'000	Up to 12 months AUD$'000	1 to 5 years AUD$'000	After 5 years AUD$'000
2013					
AUD swaps GF	(83,281)	(91,499)	(21,272)	(53,883)	(16,344)
AUD swap Woodlawn	(913)	(931)	(362)	(569)	-
EUR swaps GF	(20,486)	(21,212)	(5,164)	(10,034)	(6,014)
USD swaps GF	(50,027)	(51,604)	(26,550)	(23,047)	(2,007)
AUD interest rate caps	438	552	-	188	364
	(154,269)	**(164,694)**	**(53,348)**	**(87,345)**	**(24,001)**
2012					
AUD swaps GF	(83,196)	(94,769)	(17,676)	(51,339)	(25,754)
AUD swap Woodlawn	(1,111)	(1,154)	(225)	(929)	-
EUR swaps GF	(20,365)	(21,155)	(4,084)	(10,361)	(6,710)
USD swaps GF	(79,237)	(82,790)	(14,176)	(47,509)	(21,105)
AUD interest rate caps	579	723	-	297	426
	(183,330)	**(199,145)**	**(36,161)**	**(109,841)**	**(53,143)**

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2013, a net gain of $1,832,343 was recorded (2012: $8,675,342 net loss) and included in finance costs.

Financial risk management (continued)

Sensitivity

The sensitivity to interest rate movement of net result before tax and equity has been determined based on the exposure to interest rates at the reporting date. A sensitivity of 100 basis points has been selected across the 3 currencies to which the Group is exposed to floating rate debt: AUD, EUR, and USD. The 100 basis points sensitivity is reasonable as it is deemed to be flat across the yield curve.

			AUD +100 bps	AUD -100 bps	EUR +100 bps	EUR -100 bps	USD +100 bps	USD -100 bps
2013								
AUD $'000								
Effect on income statement								
Cash	AUD	48,276	483	(483)				
	EUR	21,893			219	-		
	USD	54,355					544	-
		124,524						
Borrowings	AUD	539,380	(506)	506				
	EUR	109,211			(35)	12		
	USD	369,306					(531)	224
Woodlawn	AUD	51,862	(103)	103				
Capitalised loan cost	AUD	(9,716)	-	-				
		1,060,043						
Derivatives – interest rate swaps	AUD	488,732	2,654	(2,654)				
	EUR	112,755			208	(208)		
	USD	316,165						
Woodlawn	AUD	41,551						
Derivatives – interest rate cap	AUD	39,998	376	(212)				
Total income statement			**2,904**	**(2,740)**	**392**	**(196)**	**13**	**224**
Effect on hedge reserve								
Derivatives – interest rate swaps	AUD	488,732	21,553	(21,553)				
	EUR	112,755			6,207	(6,207)		
	USD	316,165					19,412	(19,412)
Woodlawn	AUD	41,551	502	(502)				
Total hedge reserve			**22,055**	**(22,055)**	**6,207**	**(6,207)**	**19,412**	**(19,412)**
Total effect on equity			**24,959**	**(24,795)**	**6,599**	**(6,403)**	**19,425**	**(19,188)**

Financial risk management (continued)

			AUD +100 bps	AUD -100 bps	EUR +100 bps	EUR -100 bps	USD +100 bps	USD -100 bps
2012								
AUD $'000								
Effect on income statement								
Cash	AUD	50,722	507	(507)				
	EUR	19,521			195	(13)		
	USD	56,460					564	(67)
		126,703						
Borrowings	AUD	539,380	(53)	53				
	EUR	116,000			(174)	174		
	USD	370,169					(703)	352
Woodlawn	AUD	52,519	(100)	100				
Capitalised loan cost	AUD	(8,854)	-	-				
		1,069,214						
Derivatives – interest rate swaps	AUD	531,685	3,200	(3,200)				
	EUR	98,961			-	-		
	USD	301,210					-	-
Woodlawn	AUD	42,348	-	-				
Derivatives – interest rate cap	AUD	42,348	331	(195)				
Total income statement			**3,885**	**(3,749)**	**21**	**161**	**(139)**	**285**
Effect on hedge reserve								
Derivatives – interest rate swaps	AUD	531,685	11,901	(11,901)				
	EUR	98,961			3,581	(3,581)		
	USD	301,210					11,881	(11,881)
Woodlawn	AUD	42,348	896	(896)				
Total hedge reserve			**12,797**	**(12,797)**	**3,581**	**(3,581)**	**11,881**	**(11,881)**
Total effect on equity			**16,682**	**(16,546)**	**3,602**	**(3,420)**	**11,742**	**(11,596)**

The effect on the Group's net result is largely due to the Group's exposure to interest rates on its non-hedged variable rate borrowings. The effect on hedge reserve is due to the effective portion of the change in fair value of derivatives that are designated as cash flow hedges.

Financial risk management (continued)

(ii) Foreign exchange risk

Operational FX risk

The Group has wind farm operations in Australia and the US.

The Group generates AUD and USD revenue from these operations. The Group is exposed to a decline in value of USD versus the AUD, decreasing the value of AUD equivalent revenue from its US wind farm operations.

Equity FX risk

The Group has an investment in its US wind farms that exceeds the value of its external USD debt. The Group is exposed to a decline in value of USD versus the AUD, decreasing the AUD equivalent value of its investment in the US wind farms.

EUR debt FX risk

The Group has a residual EUR77m (EUR93m FY12) debt position from its previous investments in Spain, France and Germany. This legacy EUR debt is not offset with any operational EUR assets. The Group is exposed to a decline in value of AUD versus the EUR, increasing the AUD equivalent value of its EUR debt.

The Group has partially hedged this EUR77m exposure with:

- Prepayments of EUR15m of EUR debt in the period
- EUR 15.5m cash holdings as an FX Call option
- The table below splits out the P&L and equity movements of this exposure

	EUR Exposure	Market value – FX Derivatives	FX Gain / Loss Movement FY13	Gain taken to P&L FY13	Gain Equity – Hedge Accounted FY13
	EUR€'000	AUD$'000	AUD$'000	AUD$'000	AUD$'000
2013					
EUR GF Debt	(93,356)	-	(16,097)	(16,097)	-
EUR Repayment	15,871	-	2,736	2,736	-
USD FX Call Option	-	2,536	2,536	-	2,536
Cash	15,533	-	2,678	2,678	-
	(61,952)	2,536	(8,147)	(10,683)	2,536
2012					
EUR GF Debt	(93,356)	-	11,016	11,016	-
EUR FWD FX	30,000	(6,846)	(6,846)	(3,414)	(3,432)
EUR FWD Cover	-	3,242	3,242	3,242	-
Cash	15,780	-	(1,862)	(1,862)	-
	(47,576)	**(3,604)**	**5,550**	**8,982**	**(3,432)**

Financial risk management (continued)

FX Hedging Summary

	FX Hedging Base $'000	Maturity	FX Rate at inception	Spot FX Rate	Market Value Financial Asset/(Liability) AUD$'000
2013					
USD Call Option	USD 25,000	November 13	1.0170	0.9275	AUD 2,536
2012					
EUR FX FWD	EUR 30,000	March 13	0.7028	0.8079	AUD (6,846)
EUR FWD Cover	-	March 13	0.7395	0.8079	AUD 3,241
	EUR 30,000				**AUD (3,605)**

The Group has a multi-currency corporate debt facility and where practicable aims to ensure the majority of its debt and expenses are denominated in the same currency as the associated revenue and investments. The Group's balance sheet exposure to foreign currency risk at the reporting date is shown below. This represents the EUR and USD assets and liabilities the Group holds in AUD functional currency.

	2013		2012	
Foreign currency (AUD'000)	EUR	USD	EUR	USD
Cash	21,546	40,013	19,161	40,520
Trade receivables	-	-	-	-
Short term intercompany loans	24,499	2,710	(10,156)	5,383
FX Forward Contracts	-	26,954	37,110	-
Net investment in foreign operations	20,679	296,896	18,149	266,440
Trade payables	(768)	(158)	(14)	(295)
Bank loans	(96,970)	(27,429)	(92,369)	(37,547)
Total exposure (foreign currency'000)	**(31,014)**	**338,986**	**(28,119)**	**274,501**

Sensitivity

The following table details the Group's pre-tax sensitivity to a 10 percent change in the AUD against the USD and the EUR, with all other variables held constant, as at the reporting date, for its unhedged foreign exchange exposure.

Financial risk management (continued)

A sensitivity of 10 percent has been selected as this is determined to be a reasonable measure for assessing the effect of exchange rate movements.

Consolidated AUD'000	**AUD/EUR + 10 %**	**AUD/EUR - 10%**	**AUD/USD + 10%**	**AUD/USD - 10%**
2013				
Income statement	5,169	(5,169)	(4,209)	4,209
Foreign currency translation reserve	(2,068)	2,068	(29,690)	29,690
2012				
Income statement	4,627	(4,627)	(806)	806
Foreign currency translation reserve	(1,814)	1,814	(26,644)	26,644

(iii) Electricity and environmental certificates (including LGC) price risks

The Group has wind farm operations in Australia and the US and sells electricity and environmental certificates to utility companies, an industrial customer and to wholesale markets in the regions it operates.

The financial risk to the Group is that a decrease in the electricity or environmental certificate price reduces revenue earned.

To mitigate the financial risks of electricity and environmental certificate prices falling, the Group has entered into power purchase agreements and green product purchase agreements to partially contract the sale price of the electricity and environmental certificates it produces.

In undertaking this strategy of contracting a percentage of its electricity and environmental certificate sales, the Group is willing to forgo a percentage of the potential economic benefit that would arise in an increasing electricity and environmental certificate price environment, to protect against downside risks of decreasing electricity and environmental certificate prices; thereby securing a greater level of predictability of cash flows.

Sensitivity

The following table details the Group's pre-tax sensitivity to a 10 percent change in the electricity and environmental certificate price, with all other variables held constant as at the reporting date, for its exposure to the electricity market.

A sensitivity of 10 percent has been selected given the current level of electricity and environmental certificate prices and the volatility observed on an historic basis and market expectations for future movement.

Consolidated **AUD $'000**	**Electricity/LGC Price +10%**	**Electricity/LGC Price -10%**
2013		
Income statement	6,911	(6,911)
2012		
Income statement	5,110	(5,110)

Financial risk management (continued)

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to customers. The Group's exposure is continuously monitored and the aggregate value of transactions is spread among creditworthy counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Infigen as a wind generator generally sells electricity to large utility companies that operate in the regions Infigen has wind farms. The utility companies are situated in Australia and in many different states of the US. No one utility company or other off take counterparty represents a significant portion of the total accounts receivable balance.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit ratings assigned by international credit-rating agencies at above investment grade. The carrying amount of financial assets, recorded in the financial statements, represents the Group's maximum exposure to credit risk.

Consolidated	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2013				
Bank deposits	123,114	1,409	-	Credit Rating Investment Grade
Trade receivables	30,222	-	-	Spread geographically with large utility companies
Other current receivables	1,504	-	-	Sale settlement period
Amounts due from related parties (associates)	771	-	-	Loan to associated entities
2012				
Bank deposits	125,466	1,237	-	Credit Rating Investment Grade
Trade receivables	29,622	-	-	Spread geographically generally with large utility companies
Other current receivables	1,482	-	-	Sale Settlement period
Amounts due from related parties (associates)	722	627	-	Loan to associated entities

c) Liquidity risks

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

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

The tables include forecast contractual repayments under the Global Facility and the Project Finance Facility. From 1 July 2010 the Global Facility terms provide that net cash flows from the companies included in the Global

Financial risk management (continued)

Facility borrower group be applied to repay amounts outstanding under the Global Facility. Woodlawn Wind Pty Ltd, an Excluded Company for the purposes of the Global Facility, is the holder of project finance debt.

For interest rate swaps and interest rate caps, the cash flows have been estimated using forward interest rates applicable at the reporting date.

	Up to 12 months $'000	1 to 5 years $'000	After 5 years $'000	Total contractual cash flows $'000
2013				
Global Facility debt	30,082	280,327	707,489	**1,017,898**
Project finance debt - Woodlawn	1,082	50,780	-	**51,862**
Interest rate swap payable - GF	52,986	86,965	24,365	**164,316**
Interest rate swap payable - Woodlawn	362	569	-	**931**
Interest rate cap receivable	-	(188)	(364)	**(552)**
FX and other options	2,585	-	-	**2,585**
Current payables	36,561	-	-	**36,561**
2012				
Global Facility debt	54,466	249,256	721,827	**1,025,549**
Project finance debt - Woodlawn	1,534	50,985	-	**52,519**
Interest rate swap payable - GF	35,936	109,209	53,573	**198,718**
Interest rate swap payable - Woodlawn	1,153	225	929	**2,307**
Interest rate cap receivable	(723)	-	(297)	**(1,020)**
Covered Forward FX Contract	3,605	-	-	**3,605**
Current payables	41,234	-	-	**41,234**

d) Fair value measurements

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

From 1 July 2009, the Group adopted the amendment to AASB 7 Financial Instruments: Disclosures which requires disclosure of fair value measurements by level of the following fair value measurement hierarchy:

a) quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
b) inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices) (level 2); and
c) inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

The following tables present the Group's assets and liabilities measured and recognised at fair value at 30 June 2013.

Financial risk management (continued)

	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
2013				
Assets				
FX Option	-	2,585	-	2,585
Interest rate cap – Woodlawn	-	438	-	438
Total assets	**-**	**3,023**	**-**	**3,023**
Liabilities				
Interest rate swaps – Global Facility	-	153,793	-	153,793
Interest rate swaps – Woodlawn	-	913	-	913
Total liabilities		**154,706**	-	**154,706**
2012				
Assets				
EUR FX Forward Cover option	-	3,242	-	3,242
Interest rate cap – Woodlawn	-	579	-	579
Total assets	**-**	**3,821**	**-**	**3,821**
Liabilities				
EUR FX Forward Contract	-	6,846	-	6,846
Interest rate swaps – Global Facility	-	183,196	-	183,196
Interest rate swaps – Woodlawn	-	1,111	-	1,111
Total liabilities	**-**	**191,153**	**-**	**191,153**

e) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, so that it can continue to generate value for securityholders and benefits for other stakeholders and to maintain an appropriate capital structure to minimise the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of distributions or dividends paid to securityholders, return capital to securityholders, buy back existing securities or issue new securities or sell assets.

The capital structure of the Group consists of debt finance facilities as listed in Note 17, and equity, comprising issued capital, reserves and retained earnings as listed in Notes 20, 21 and 22. The Directors review the capital structure, and as part of this review, consider the cost of capital and the risks and rewards associated with each class of capital.

Through the year to 30 June 2013, the Group has had to maintain the following ratio in regards to compliance with its Global Facility:

Leverage ratio – Net Debt / EBITDA[1]

The Group has maintained this ratio during and at the end of the year.

[1] Refer to Note 17(i) – Financial Covenants.

36. Interests in joint ventures

Interests in the following institutional equity partnerships in the US are accounted for in the consolidated financial statements as joint venture partnerships and are proportionately consolidated based on Infigen's Class B interest.

Institutional equity partnership	Related wind farms	Class B Interest held by Infigen (30 June 2011 and 30 June 2012)
Sweetwater Wind 1 LLC	Sweetwater 1	50%
Sweetwater Wind 2 LLC	Sweetwater 2	50%
Sweetwater Wind 3 LLC	Sweetwater 3	50%
Blue Canyon Windpower LLC	Blue Canyon	50%
Eurus Combine Hills 1 LLC	Combine Hills	50%
Sweetwater Wind 4-5 Holdings LLC	Sweetwater 4, Sweetwater 5	53%
JB Wind Holdings LLC	Jersey Atlantic, Bear Creek	59.3%

Further information relating to these institutional equity partnerships is set out below:

	2013 $'000	2012 $'000
Share of institutional equity partnerships' assets and liabilities		
Current assets	10,316	10,442
Non-current assets	466,915	429,100
Total assets	**477,231**	**439,542**
Current liabilities	2,795	4,099
Non-current liabilities	373,835	355,702
Total liabilities	**376,630**	**359,801**
Net assets	**100,601**	**79,741**
Share of institutional equity partnerships' revenues and expenses		
Revenues	69,133	63,799
Expenses	(42,951)	(69,291)
Profit before tax	**26,182**	**(5,492)**

37. Parent entity financial information

a) Summary financial information

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

	2013 $'000	2012 $'000
Current assets	705,911	920,531
Total assets	826,336	1,026,648
Current liabilities	831,212	1,014,297
Total liabilities	834,807	1,017,978
Shareholders' equity		
Issued capital	2,305	2,305
Retained earnings	(10,775)	6,365
	(8,470)	**8,670**
Profit for the year	**(19,543)**	**466**
Total comprehensive income	**(19,543)**	**466**

Due to the stapled structure of IEL, IET and IEBL, the summary financial information of the parent entity shows a net current liability. When combined with the other stapled entities, the parent has positive net current assets and net total assets.

b) Guarantees entered into by the parent entity

IEL has provided a guarantee over a lease in favour of American Fund US Investments LP in relation to its Dallas office which was executed on 26 June 2009. A performance guarantee dated 31 March 2010 has also been provided by IEL in relation to a contract to supply energy. The fair value of these guarantees is immaterial.

c) Contingent liabilities of the parent entity

As at the end of the period, IEL did not have any contingent liabilities that it would expect to have a material impact on its financial statements.

d) Contractual commitments for the acquisition of property, plant or equipment

As at 30 June 2013, the parent entity had no contractual commitments for the acquisition of property, plant or equipment (30 June 2012 – $nil).

e) Deed of Cross Guarantee

The parent entity has entered into a Deed of Cross Guarantee with the effect that the company guarantees debts in respect of certain of its subsidiaries. Further details of the Deed of Cross Guarantee and the subsidiaries subject to the deed, are disclosed in notes 29 and 30.

DIRECTORS' DECLARATION

In the opinion of the Directors of Infigen Energy Limited ('IEL'):

a) the financial statements and notes set out on pages 27 to 102 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2013 and of its performance for the financial year ended on that date; and

b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Note 1(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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

This declaration is made in accordance with a resolution of the Directors pursuant to section 295(5) of the *Corporations Act 2001.*

On behalf of the Directors of IEL:

F Harris
Director

M George
Director

Sydney, 23 August 2013

Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2013

23 August 2013

All figures in this report relate to businesses of the Infigen Energy Group ("Infigen" or "the Group"), 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 year ended 30 June 2013 compared with the year ended 30 June 2012 ("prior year" or "prior corresponding period") except where otherwise stated.

As required by the International Financial Reporting Standards' (IFRS) accounting standards, Infigen consolidates 100% of all controlled entities within its result. The results discussed in 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 column due to rounding of individual components. Period on period changes on a percentage basis are presented as favourable (positive) or unfavourable (negative). Period on period changes to items measured on a percentage basis are presented as percentage point changes ("ppts").

No representation, warranty or other assurance is made or given by or on behalf of Infigen Energy that any projection, forecast, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved.

1 Overview

1.1 Financial Performance

The performance of the business during the year was solid primarily due to 7% or $19.5 million revenue growth, underpinned by higher wholesale electricity prices in Australia and the United States (US), and higher production and compensated revenue in Australia. Operating costs were flat year on year notwithstanding the additional costs associated with Woodlawn wind farm's first full year of operation. Both the US and Australia recorded wind farm operating costs below the lower end of the guidance ranges previously advised to the market.

Other costs were broadly in line with the prior corresponding period (pcp) with the exception of corporate costs, which were up $2.6 million to $14.1 million as expected due to the non-recurrence of incentive write-backs booked in the pcp. At an underlying level corporate costs included a net $0.7 million reduction realised as part of the previously announced cost review.

As a result Infigen has delivered Earnings Before Interest Tax, Depreciation and Amortisation (EBITDA) growth of 13% to $158.2 million and a 36% increase in net operating cash flow to $84.2 million. Infigen repaid $57.5 million of Global Facility debt (ahead of its $55 million guidance), directed $13.9 million in cash towards reducing liabilities to Class A tax equity members and repaid $1.5 million of its Woodlawn project finance facility.

Infigen reported a $34.3 million improvement to its net loss after tax and before impairment of $21.6 million compared with a net loss after tax of $55.9 million in the prior year.

Infigen's Statutory Loss for the year of $80 million included a non-cash impairment expense of $58.4 million related to its US Cash Generating Unit (US CGU). A higher discount rate and a lower gearing assumption were primarily responsible for the lower book valuation outcome for the US CGU.

Accounting losses arise as Infigen's business is capital intensive with high gearing through the earlier years of the asset lives. This gives rise to high straight line depreciation and higher initial interest expenses, which reduce as the debt is repaid over time. Infigen believes its net operating cash flow or EBITDA is a more pertinent measure of the financial performance of its operations. Further details are provided in Section 2.

1.2 Distributions

Following consideration by the Board in late 2012 and as advised by the Chairman of the Board at the 2012 Annual General Meeting, the sweeping of surplus cash flow from operating assets held within the Global Facility Borrower Group to repay debt, effectively serves to continue to preclude the payment of distributions to securityholders.

1.3 Safety

Infigen's first priority is the safety of our people and the communities in which we operate. Our goal is zero lost time incidents and injuries. Infigen's safety performance as measured on a rolling 12 month lost time injury frequency rate (LTIFR) was steady at 1.2 at 30 June 2013.

Infigen recorded one lost time injury in each of FY12 and FY13.

Infigen's total recordable injury rate (TRIR) fell from 15.1 to 11.0 over the same period.

2 Review of Financial Performance

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

Year ended ($M unless otherwise indicated)	30 June 2013	30 June 2012	Change %
Revenue	302.6	283.5	7
EBITDA	169.5	152.7	11
Depreciation and amortisation	(137.9)	(140.1)	2
Impairment	(58.4)	-	n.m.
EBIT	(26.7)	12.6	(312)
Net borrowing costs	(76.5)	(75.0)	(2)
FX and interest rate swap revaluations	(7.2)	(0.1)	n.m.
Net Income from IEPs	26.0	4.4	494
Loss before tax	(84.5)	(58.1)	(45)
Income tax	4.5	2.3	96
Net loss after tax	(80.0)	(55.9)	(43)
Net operating cash flow	97.8	74.8	31
Capital expenditure[1]	21.4	35.6	(40)
Operating cash flow per security[2] (cps)	12.8	9.8	31
Earnings per security (cps) [3]	(10.5)	(7.3)	(43)

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 ($M unless otherwise indicated)	30 June 2013	30 June 2012	Change %
Debt	1,060	1,069	1
Cash	125	127	(2)
Net debt	936	943	1
Class A liability	713	684	(4)
Securityholders' equity	484	526	(8)
Book Gearing	65.9%	64.2%	(1.7) ppts[4]
EBITDA/(Net debt + Equity)	11.9%	10.4%	1.5 ppts
Net assets per security ($)	0.63	0.69	(9)
Net tangible assets per security ($)	0.28	0.27	-

[1] Represents the cash outflow in relation to capital expenditure.
[2] Calculated using securities on issue at end of year.
[3] Calculated using weighted average issued securities.
[4] ppts = percentage points.

2.1 Reconciliation of Statutory Accounts to Economic Interest

Infigen has a controlling interest in two wind farm entities in the US in which it owns more than 50% but less than 100% of Class B interests[5]. Under IFRS Infigen fully consolidates the financial performance of these wind farm entities within its statutory results and eliminates the net profit or loss related to the non-controlling interest through "Net income from IEPs" line item.

Infigen believes it is more useful to review the performance of the business from an economic interest perspective and has therefore provided reconciliation between the economic and statutory presentation for the key Profit and Loss line items below.

Following this section all figures will reference "Economic Interest" unless specifically stated otherwise.

Year ended 30 June 2013 ($M)	Statutory	Non-controlling Interest	Economic Interest
Revenue	302.6	(16.5)	286.1
Operating EBITDA	188.1	(11.3)	176.8
Other costs and income	(18.6)	-	(18.6)
EBITDA	169.5	(11.3)	158.2
Depreciation and amortisation	(137.9)	7.6	(130.3)
Impairment	(58.4)	-	(58.4)
EBIT	(26.7)	(3.7)	(30.4)
Net borrowing costs	(76.5)	0.4	(76.1)
FX and interest rate revaluations	(7.2)	-	(7.2)
Net income from IEPs	26.0	3.3	29.3
Loss before tax	(84.5)	-	(84.5)
Income tax	4.5	-	4.5
Net loss	(80.0)	-	(80.0)

Year ended 30 June 2012 ($M)	Statutory	Non-controlling Interest	Economic Interest
Revenue	283.5	(16.9)	266.6
Operating EBITDA	169.6	(12.2)	157.4
Other costs and income	(16.9)	-	(16.9)
EBITDA	152.7	(12.2)	140.5
Depreciation and amortisation	(140.1)	7.5	(132.6)
EBIT	12.6	(4.7)	7.9
Net borrowing costs	(75.0)	(0.1)	(75.1)
FX and interest rate revaluations	(0.1)	-	(0.1)
Net income from IEPs	4.4	4.8	9.2
Loss before tax	(58.1)	-	(58.1)
Income tax	2.3	-	2.3
Net loss	(55.9)	-	(55.9)

[5] Infigen also has a number of joint ventures where its Class B membership interests range from 53% to 59% (joint control). These membership interests are included in both statutory and economic presentations using the same proportional ownership method of consolidation.

2.2 Review of statement of income

Year ended ($M unless otherwise indicated)	30 June 2013	30 June 2012	Change %
Revenue	286.1	266.6	7
Operating EBITDA	176.8	157.4	12
Development costs	(3.3)	(4.3)	23
Revaluation costs & Gain on disposal	(1.2)	(1.1)	(9)
Corporate costs	(14.1)	(11.5)	(23)
EBITDA	158.2	140.5	13
Depreciation and amortisation	(130.3)	(132.6)	2
Impairment	(58.4)	-	n.m.
EBIT	(30.4)	7.9	(484)
Net borrowing costs	(76.1)	(75.1)	(1)
FX and interest rate revaluations	(7.2)	(0.1)	n.m.
Net income from IEPs	29.3	9.2	219
Loss before tax	(84.5)	(58.1)	(45)
Income tax	4.5	2.3	96
Net loss after tax	(80.0)	(55.9)	(43)

Foreign exchange rates	30 June 2013	30 June 2012	Change %
AUD:USD (average rate)	1.0242	1.0195	0.5
AUD:EUR (average rate)	0.7941	0.7681	3.4
AUD:USD (closing rate)	0.9275	1.0238	(9)
AUD:EUR (closing rate)	0.7095	0.8084	(12)

Revenue was $286.1 million, up 7% or $19.5 million reflecting higher revenue in Australia slightly offset by marginally lower revenue in the US. In Australia, revenue increased $20.5 million to $146.3 million as a result of higher average prices (+$13.6 million), higher production (+$6.8 million), and higher compensated revenue (+$2.5 million) partially offset by an unfavourable marginal loss factor (MLF) movement (-$2.4 million). In the US, revenue decreased 1% or US$1.0 million to US$142.9 million[6] reflecting lower production (-US$1.9 million) and lower REC prices (-US$1.4 million), partially offset by higher compensated revenue (+US$0.9 million) and higher average electricity prices (+US$1.4 million).

Operating Earnings Before Interest, Tax, Depreciation and Amortisation (**Operating EBITDA**) was $176.8 million, up 12% or $19.4 million. This was primarily due to:

- Australia: a 21% or $18.9 million increase in operating EBITDA to $110 million reflecting higher revenue, partially offset by higher costs largely attributable to a full year of operating cost for Woodlawn; and
- US: a US$0.1 million increase in operating EBITDA to US$68.1 million and a $0.4 million FX benefit as a result of the appreciation of the Australian Dollar (AUD) against the US Dollar (USD).

Development costs expensed were $3.3 million, down 23% or $1.0 million. The decrease is primarily attributable to the increased capitalisation of development activity in the US in relation to two advanced projects and lower development expenses in Australia. During the year $9.5 million of costs relating to current development projects were capitalised. Further details are provided in Section 3.

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[6] Includes asset management revenue related to third party Infigen Asset Management (IAM) activity.

Environmental certificate **revaluation costs** were $1.3 million reflecting the revaluation to market price of the 224,000 LGCs that were held in inventory at 30 June 2013. A **gain on disposal** of $0.2 million was recognised in relation to a US turbine during the period.

Corporate costs of $14.1 million, including net savings from the organisational restructure of $0.7 million, were up 23% or $2.6 million. The increase was primarily due to larger write-backs of non-cash Long Term Incentive (LTI) provisions, other employee benefit provisions and miscellaneous items in the prior year.

EBITDA was $158.2 million, up 13% or $17.7 million reflecting higher operating EBITDA and lower development costs partially offset by higher corporate costs.

Depreciation and amortisation expense of $130.3 million was 2% lower than $132.6 million in the prior year. An **impairment** expense of $58.4 million related to the US CGU was recognised following adverse movements in the Group's discount rate and gearing assumption.

Earnings Before Interest and Tax (**EBIT**) for the year of negative $30.4 million, was an adverse movement of $38.3 million.

Net borrowing costs were $76.1 million, up 1% or $1.0 million. Interest costs reduced by $3.5 million due to lower debt levels offset by amortisation of decommissioning costs ($2.6 million), higher amortisation of loan fees ($1.4 million) and lower interest income ($0.6 million) due to lower interest rates.

Year ended ($M)	**30 June 2013**	**30 June 2012**	**Change %**
Interest expense	(71.6)	(75.1)	15
Bank fees & amortisation of loan costs	(4.3)	(2.9)	(32)
Amortisation of decommissioning costs	(2.6)	-	(100)
Total Borrowing costs	**(78.5)**	**(78.0)**	**(1)**
Interest income	2.4	3.0	(20)
Net borrowing costs	**(76.1)**	**(75.1)**	**(1)**
FX (loss)/ gain	(9.1)	8.5	(207)
Derivative revaluation	1.8	(8.7)	121

The **foreign exchange loss** of $9.1 million was due to the depreciation of the AUD and revaluation on the USD and EUR debt held by an Australian company within the Group at 30 June 2013. The **derivative revaluation** benefit of $1.8 million reflects a step down in the notional value of the interest rate swaps and increase in value of an FX option over the period.

Net income from US IEPs[7] was $29.3 million, up 219% or $20.1 million compared with $9.2 million in the pcp. Further details are included in Section 10. For an explanation of the structure of IEPs (including accounting treatment) refer to Appendix B of the Management Discussion and Analysis for the year ended 30 June 2012 published on 30 August 2012.

Income tax benefit of $4.5 million was $2.2 million higher than the prior year. The tax benefit is attributable to the accounting loss in the Australian business. The accounting loss in the Australian business was lower in FY13, but the tax benefit is higher than the pcp due to the downward move in FX.

Infigen Energy reported a **net loss after tax** for the year of $80 million, an unfavourable movement of $24.1 million compared with the prior year.

[7] Institutional Equity Partnerships.

3 Cash Flow

3.1 Cash movement

Cash at 30 June 2013 was $124 million, 2% or $2 million lower than 30 June 2012. The cash balance at 30 June 2013 comprises $19 million held by entities within the Global Facility Borrower Group[8] with $105 million ($97 million at 30 June 2012) held by entities outside of that group ('Excluded Companies').

Cash inflows for the year were $84.2 million of net operating cash flow and $7.7 million in non-realised FX gains on cash balances held in USD and EUR due to the depreciation of the AUD.

Cash outflows were $59.1 million for debt repayments (refer to Section 4.1), $13.9 million distributions to US IEP Class A members and $20.5 million for construction, development, property plant and equipment (PP&E).

Expenditure on PP&E and development included $5.9 million in Australia for development pipeline activity, Capital East solar PV demonstration plant and wind farm project including communications and SCADA upgrades and balance of plant enhancements. $1.6 million was invested in corporate IT systems. In the US payments of $8.9 million for wind farm capex primarily related to the turbine replacement at Allegheny Ridge and $4.1 million related to the development of two solar projects in California for which PPAs have been secured.

The movement in cash held by the Excluded Companies is due to the net cash flow from the Woodlawn wind farm (+$4.5 million), LGC sales (+$8.3m), construction costs and capitalised and expensed development costs (-$14.3 million), and interest income and FX movements (+$9.5 million).

3.2 Net Operating Cash Flow

Year ended ($M)	30 June 2013	30 June 2012	Change %
Operating EBITDA	176.8	157.4	12
Corporate & development costs & other	(18.6)	(16.9)	(10)
Movement in working capital & non-cash items	(2.0)	(2.2)	8
Net financing costs and taxes paid	(72.1)	(76.2)	5
Net Operating Cash Flow	**84.2**	**62.1**	**36**
Distributions paid (Class A)	(15.1)	(15.2)	-
Non-controlling interests			
Distributions[9] paid (Class A & Class B)	23.4	27.6	(15)
Movement in working capital	5.3	0.3	1,667
Operating Cash Flow (Statutory)	**97.8**	**74.8**	**31**

Net operating cash flow after tax and financing costs was $84.2 million 36% or $22.1 million higher than the pcp due to higher EBITDA (+$19.4 million), lower net financing costs and tax paid (+$4.1 million) and working capital improvements (+$0.2 million) partially offset by higher corporate, development and other costs (-$0.5 million).

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[8] Infigen's borrowings include a multi-currency Global Facility secured by Infigen's interests in all of its operational wind farms except Woodlawn - 'the Borrower Group'.

[9] Distributions paid to IEPs are classified as financing cash flows reflecting their treatment as debt-like instruments.

4 Capital Management

4.1 Debt

Total debt[10] (including capitalised loan costs) was $1,060 million at 30 June 2013 comprising $1,008 million of Global Facility debt and $51.9 million of Woodlawn project finance debt. This was $9.2 million lower than the pcp due to $57.5 million and $1.5 million being applied to repayment of the Global Facility and Woodlawn project finance facility respectively, offset by a $50.1 million FX related increase following the depreciation of the AUD against the USD and EUR. The average margin on the debt was 114 basis points. Infigen has in place interest rate hedges for the majority of its debt.

Infigen expects that under reasonable operating conditions and market assumptions it will continue to satisfy the Global Facility leverage ratio covenant in conformity with the terms of the facility. Foreign exchange (FX) risk becomes increasingly relevant as the operating cash flow from Infigen's US assets is progressively reallocated to the Class A members. If adverse business conditions or significant further adverse FX movements were to place pressure on future covenant compliance, Infigen has available mitigants and remedies that it may use to avoid or cure a potential failure to satisfy the Global Facility leverage ratio covenant test in any particular testing period. This could involve utilising a portion of the liquid assets that Infigen currently holds outside the Global Facility Borrower Group to support the satisfaction of the Global Facility leverage ratio covenant test as required. Infigen has cash balances held in foreign currencies for the purpose of hedging against adverse FX movements. FX movements that have occurred over the course of the last few months have resulted in significant unrealised FX gains in relation to those balances, which could be crystallised and applied for this purpose.

The Global Facility leverage ratio covenant was met at 30 June 2013.

4.2 Net debt

The net debt for the consolidated entity (economic interest) decreased from $943 million at 30 June 2012 to $936 million at 30 June 2013. The net movement of $7 million was primarily due to:

- net operating cash flow (+$84.2 million);
- unrealised adverse FX movement (-$42.8 million);
- capital expenditure (-$20.5 million); and
- distributions to Class A tax equity members (-$13.9 million).

4.3 Equity

Total equity decreased 8% from $525.8 million at 30 June 2012 to $484.0 million at 30 June 2013. The decrease of $41.8 million is attributable to:

- the net loss for the period (-$80.0 million);
- a change in the fair value of interest rate hedges (+$26.4 million);
- exchange difference on the translation of foreign operations and movement in fair value of net investments (+$10.9 million); and net increase in the share based payments reserve (+$0.9 million).

The number of securities on issues (762,265,972) did not change during the year.

[10] A description of Infigen's Global Facility and project finance debt is available in note 17 to the financial statements.

4.4 Gearing

The following table provides a comparison of Infigen's book gearing (economic interest) at 30 June 2012 and 30 June 2013. The change reflects the movements in net debt and equity described above.

As at ($M)	30 June 2013	30 June 2012	Change %
Net Debt	936	943	1
Total Equity	484	526	(8)
Book Gearing	**65.9%**	**64.2%**	**(1.7) ppts**
US IEP Tax Equity[11]	589	565	(4)
Total Gearing	**75.9%**	**74.1%**	**(1.8) ppts**

A balance sheet by country is provided in Appendix A.

[11] Refer to Appendix B.

5 Operational Performance Review

5.1 Business overview

In the US, Infigen has an operating capacity of 1,089 MW (Class B interest) comprising 18 wind farms; 14 of these have PPAs that account for 874 MW of the operating capacity, one of which (4 MW of capacity) generates revenue both through a PPA and on a merchant basis. The four remaining wind farms (215 MW) operate purely on a merchant basis.

All of Infigen's US wind farms generate Production Tax Credits (PTCs) for 10 years from the date of first commercial operation. PTCs are worth US$23 per MWh for the 2013 calendar year. Each wind farm is entitled to one PTC 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 liability to the Class A Institutional Equity Partner. This is accounted for in the "Other income" line item in Infigen's statutory accounts. Further information on Infigen's US Institutional Equity Partnerships in provided in Appendix B.

In Australia, Infigen has an operating capacity of 557 MW comprising six wind farms, namely the 89.1 MW Alinta wind farm in WA, the three 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 and 48.3 MW Woodlawn wind farms in NSW. Infigen holds a 100% equity interest in each of its Australian wind farms.

Infigen sells the output from its Australian wind farms through 'run of plant' PPAs and LGC sales agreements, retail supply agreements and on a merchant basis (wholesale electricity and LGC markets). Output from the Lake Bonney 1 and Alinta wind farms is sold under contracts. The majority of the capacity of the Capital wind farm is contracted to meet demand from the Sydney Desalination Plant under long term retail supply agreements, while a small component of the output is sold on a merchant basis. Output from the Lake Bonney 2 & 3 and the Woodlawn wind farms is sold on a merchant basis. Of Infigen's six operational Australian wind farms 54% of annual P50 production is currently contracted under medium and long term agreements.

5.2 United States

Year ended	30 June 2013	30 June 2012	Change	Change %
Operating Capacity (MW)	1,089	1,089	-	-
Production (GWh)	3,089	3,136	(47)	(2)
P50 Production (GWh)	3,313	3,313	-	-

US Business	30 June 2013	30 June 2012	Change	Change %
Total Revenue (US$M)	142.9	143.9	(1.0)	(1)
Operating costs (US$M)	(74.8)	(75.9)	(1.1)	1
Operating EBITDA (US$M)	68.1	68.0	0.1	-
EBITDA margin	47.7%	47.8%		(0.1) ppt
Average price (US$/MWh)	45.0	44.7	0.3	1
Operating costs (US$/MWh)	24.18	24.20	(0.02)	1
PTCs (US$M)	71.1	72.5	1.4	(2)
EBITDA margin inc PTCs	*65.0%*	*64.9%*		*0.1 ppt*

US Business Translation to AUD				
Revenue (A$M)	139.8	140.8	(1.0)	(1)
Operating EBITDA (A$M)	66.8	66.3	0.5	1

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).

Key achievements in the US region during the year included:

- Settlement of the long standing dispute with Gamesa and negotiation and execution of 15 year warranty, service and maintenance agreements at Infigen sites with Gamesa turbines;
- Improvements in Infigen's asset management systems, resulting in more effective supply chain management processes, work order management processes, site operations audits, and root cause analysis systems. These improvements have resulted in lower year over year operating costs and lower major component failure risks.
- Steady progress in the development of a solar business, with a healthy pipeline of development projects and the execution of two power purchase agreements in California for a total of 40 MW that enhance the options available to generate further value from these projects.

5.2.1 Production

Year ended	30 June 2013	30 June 2012	Change
Operating Capacity (MW)	1,089	1,089	-
Capacity Factor	32.4%	32.8%	(0.4) ppt
Turbine Availability	96.1%	96.1%	-
Site Availability[12]	95.3%	95.3%	-
Production (GWh)	3,089	3,136	(47)

Site and turbine availability of 95.3% and 96.1%, respectively, were in line with the prior year. Production decreased 47 GWh or 2% to 3,089 GWh due to Gamesa blade failures (-27 GWh), lower average wind speeds (-19 GWh), and weather and network related curtailments (-35

[12] Excludes downtime related to Gamesa equipment failure that resulted in some turbines being temporarily decommissioned pending resolution of disputes. Including these would result in FY13 site availability of 94.9% compared to 94.5% in the pcp.

GWh) partially offset by improved site availability and timing of turbine maintenance during low wind periods (+34 GWh).

Lower production at GSG, Allegheny, and Bear Creek (-27 GWh) due to Gamesa blade failures, lower wind speeds at the Illinois (Crescent, GSG, Mendota), West Coast (Combine Hills, Buena Vista, Kumeyaay) and Rocky Mountain (Cedar, Caprock, Aragonne) sites (-65 GWh), blade icing at Allegheny and Bear Creek (-23 GWh) and network constraints at Crescent Ridge (-12 GWh) were partially offset by higher wind speeds at the South Central (Sweetwaters and Blue Canyon) and Northeast (Allegheny, Bear Creek, Jersey Atlantic) sites (+46 GWh), higher production at Aragonne (+22 GWh) as a result of electrical equipment upgrades in FY12 and favourable timing of turbine maintenance at a number of sites during low wind periods (+12 GWh).

Lost production due to Gamesa blade failures is not expected to recur as a result of the 15 year Warranty and Maintenance Agreements entered into with Gamesa, which covers component failures and availability.

Infigen is working with the grid operators to reduce future network curtailments.

5.2.2 Price

Approximately 80% of Infigen's US capacity is contracted for a weighted average duration of 11.5 years. The capacity contracted and the PPA expiry dates are provided in the following table.

Wind Farm	Equity MW with PPA	PPA End Date
Sweetwater 2	45.8	Feb-17
Buena Vista	38	Apr-17
Sweetwater 3[13]	16.9	Dec-17
Blue Canyon	37.1	Jan-23
Cedar Creek	200.3	Nov-27
Combine Hills	20.5	Dec-27
Sweetwater 1	18.8	Dec-23
Caprock	80	Dec-24
Sweetwater 3[13]	50.6	Dec-25
Kumeyaay	50	Dec-25
Bear Creek	14.2	Mar-26
Aragonne Mesa	90	Dec-26
Sweetwater 4	127.6	May-27
Jersey Atlantic	2.2	Mar-26
Allegheny Ridge	80	Dec-29
Total	872.0	

The simple average electricity price (total wind farm revenue divided by total production) realised of US$45/MWh was 1% higher compared to US$44.70/MWh in the pcp. This was due to the receipt of higher compensated revenue related to prior periods (see Section 5.2.3), higher realised wholesale electricity prices from most merchant wind farms, and PPA price escalators, partially offset by lower realised REC prices.

[13] Note there are two PPAs related to the Sweetwater 3 wind farm.

The PJM and ERCOT time weighted average (TWA) and dispatch weighted average (DWA) prices for the year are outlined below.

Time weighted average

Period (US$/MWh)	FY13	FY12	Change %
PJM-AECO (Jersey Atlantic)	38.26	36.74	4
PJM-CE (GSG & Mendota)	31.59	29.35	8
ERCOT-W (Sweetwater 5)	29.55	25.71	15

Dispatch weighted average

Period (US$/MWh)	FY13	FY12	Change %
PJM-AECO (Jersey Atlantic)	30.14	39.99	(25)
PJM-CE (GSG & Mendota)	25.57	22.18	15
ERCOT-W (Sweetwater 5)	21.08	16.18	30

Infigen's merchant dispatch weighted average price was 21%, 20% and 29% less than the time weighted average price in the PJM-AECO, PJM-CE and ERCOT-W markets respectively during the period. Typically wind speeds are greater in the shoulder months and at nights, which correspond with lower wholesale price periods and largely accounts for this discount.

5.2.3 Revenue

Revenue decreased 1% or US$1.0 million to US$142.9 million[14] reflecting lower production described above (-US$1.9 million) and lower REC prices (-US$1.4 million), partially offset by higher average electricity prices (+US$1.4 million) and higher compensated revenue (+US$0.9 million). Compensated revenue was predominantly attributable to insurance proceeds.

REC revenue decreased $1.6m primarily driven by a large drop in REC pricing in the PJM market partially offset by a slight increase in REC pricing in the ERCOT market. The PJM REC market has since shown improved strength due to the risk of the PTC incentive expiring again and the possibility of some state renewable power standards increasing. The ERCOT REC market is currently trading at similar levels to FY13.

5.2.4 Operating costs

Total operating costs decreased 1% or US$1.1 million to US$74.8 million and primarily reflects:

- Lower turbine component failure costs as a result of predictive and preventive maintenance measures partially offset by higher fixed costs associated with extended warranty agreements; and
- Lower balance of plant partially offset by higher other direct costs.

Year ended (US$M)	30 June 2013	30 June 2012	Change	Change %
Asset management[15]	15.9	15.7	(0.2)	(1)
Turbine O&M	33.1	34.2	1.1	3
Balance of plant	6.9	7.2	0.3	4
Other direct costs	18.9	18.8	(0.1)	(1)
Total operating costs	**74.8**	**75.9**	**1.1**	**1**

[14] Includes asset management revenue related to third party IAM activity.
[15] Includes asset management costs related to third party IAM activity.

On 17 June 2013 Infigen announced the execution of 15 year Warranty and Maintenance Agreements with Gamesa to cover approximately 276 MW or 25% of Infigen's US installed capacity (on an equity interest basis) across five wind farms (Kumeyaay, Allegheny Ridge, GSG, Bear Creek and Mendota). Under the agreements, Gamesa will provide warranties, turbine maintenance services and replacement components for the turbines until June 2028.

These agreements significantly reduce Infigen's risk to the cost of major component failures.

5.2.5 Operating EBITDA

Operating EBITDA for the US business increased US$0.1 million to US$68.1 million reflecting lower operating costs offset by slightly lower revenue.

Operating EBITDA margin was 47.7% compared with 47.8% in the prior year reflecting relatively steady revenue and cost outcomes across both years. Including PTCs, operating EBITDA margin was 67.0% compared with 64.9% in the prior year. The 2.1 ppts variance was largely due to an increase in the PTC rate in since 1 January 2013.

5.2.6 Depreciation, amortisation and impairments

Depreciation and amortisation increased US$0.5 million to US$81.3 million.

Infigen depreciates its US wind farms and associated plant using the straight line method over 25 years reflecting their useful lives.

An impairment expense of US$55.0 million related to the US cash generating unit was recognised following adverse movements in the Group's discount rate and gearing assumption.

5.2.7 Development

During the period the development team continued to advance key projects in its solar PV development pipeline in response to market demand.

Wildwood Solar I and Pumpjack Solar I solar PV development projects obtained Conditional Use Permits from the Kern County Planning Commission in February 2013 and executed power purchase agreements (PPA) with Southern California Edison in March 2013. Both projects have executed electrical Interconnection Agreements allowing for electrical interconnection and initial synchronisation. Following these achievements, the largest development risk factors for these projects have now been eliminated, thereby improving the options available to extract maximum value from them.

Two further solar PV development projects, Rio Bravo I and Wildwood II have received their phase 1 interconnection study results indicating favourable direct interconnection and network upgrade costs. The projects have since commenced the phase 2 study process. Infigen is actively marketing the power sales for Rio Bravo I and Wildwood II via both direct negotiations and participating in request for proposals from utilities.

In addition to the projects within our joint development arrangement with Pioneer Green Energy, we continue to pursue our own "greenfield" solar PV development efforts in various markets, the most advanced being Aragonne Solar and Georgia Sun I.

5.3 Australia

Year ended ($M) unless stated otherwise	30 June 2013	30 June 2012	Change	Change %
Operating Capacity (MW)[16]	557	557	-	-
Production (GWh)	1,516	1,402	114	8
P50 Production (GWh)[17]	1,599	1,606	(6)	-
Total Revenue ($M)	146.3	125.8	20.5	16
Operating Costs ($M)	(36.3)	(34.7)	(1.6)	(5)
Operating EBITDA ($M)	110.0	91.1	18.9	21
Operating EBITDA margin (%)	75.2	72.4	2.8 ppts	
Average Price (A$/MWh)	96.57	89.72	6.85	8
Operating Cost (A$/MWh)	23.93	24.77	0.84	3

There was no change to Infigen's operating capacity in Australia during the period with operating capacity remaining at 556.6 MW.

Key achievements during the year included:

- The identification and resolution of an AEMO scheduling error resulting in compensated electricity revenue for the FY10 to FY12 periods. This is a demonstration of Infigen's in-house asset management capability and will also result in fewer constraints to the affected wind farms in future periods;
- Following the expiration of their original warranties Lake Bonney 2 & 3 transitioned to the previously announced Vestas maintenance contracts that will provide for stable and predictable costs for a further five years; and
- Delivered wind farms costs of $32.6 million, $1.4 million below the lower end of the guidance range of $34 to $37 million.

[16] Operating capacity at the end of the period.

[17] An updated wind and energy assessment has resulted in Capital wind farm's P50 production being revised to 373 GWh in FY13 as foreshadowed at the interim results. P50 for the pcp has not been restated.

5.3.1 Production

Year ended	30 June 2013	30 June 2012	Change
Operating capacity (MW)	557	557	-
Capacity factor	31.1%	28.9%	2.2 ppt
Turbine availability	97.6%	96.6%	1.0 ppt
Site availability	96.8%	95.1%	1.7 ppt
Production (GWh)	1,516	1,402	114

Production increased 8% or 114 GWh to 1,516 GWh including 43 GWh of compensated production related to prior periods. On a normalised basis production increased 2% or 36 GWh from 1,437 GWh to 1,473 GWh as a result of less network constraints (+30 GWh), a full year of production from Woodlawn (+22 GWh), improved availability (+18 GWh) and better wind conditions in NSW and WA (+49 GWh), offset by less favourable wind conditions in SA (-48 GWh).

The resolution of an AEMO scheduling error and insurance proceeds resulted in recognition of compensated production for Lake Bonney 2 & 3 (+28 GWh). The resolution also led to better scheduling and less network constraint conditions than the pcp (+37 GWh). This was offset by less favourable wind conditions (-48 GWh) and resulted in production at Lake Bonney being 11 GWh lower than the pcp on a normalised basis.

At the Alinta wind farm higher turbine availability (+3 GWh) and higher wind speeds (+9 GWh) were partially offset by increased network constraints (-7 GWh) resulting in 5 GWh higher production than the pcp.

At Capital wind farm higher site availability (+13 GWh) and improved wind conditions (+35 GWh) resulted in 48 GWh higher production than the pcp. Capital recognised compensated production of 13 GWh related to equipment failures in FY12.

At Woodlawn a full year of production (+22 GWh) and improved wind conditions (+5 GWh) resulted in 27 GWh higher production than the pcp. Woodlawn recognised compensated production of 2 GWh related to equipment failures in FY12.

5.3.2 Prices

Electricity

The TWA spot electricity prices in SA and NSW were 130% and 86% higher than the pcp respectively following the introduction of a carbon price ($23/tonne) from 1 July 2012 and a number of other market factors described below.

TWA wholesale electricity ($/MWh)	FY13	FY12	10 Year Average
SA (Lake Bonney)	69.75	30.28	47.27
NSW (Capital & Woodlawn)	55.10	29.67	41.38

Infigen’s DWA electricity prices increased 108% to $58.93/MWh in SA and increased 84% to $54.55/MWh in NSW. The increases broadly correlate with the TWA price increases in each region.

Average spot prices in Australia can be significantly influenced by short term extreme price events. Wholesale electricity spot prices can vary between the market price floor of -$1,000/MWh and the market price cap of $12,500/MWh.

There were a number of notable events that caused volatility in the wholesale electricity market during FY13 as follows:

- In Victoria, in July 2012 flooding reduced the output of the 1,570 MW Yallourn power station, which contributed to higher wholesale electricity prices in SA and NSW.
- In Queensland, the closure of 750 MW of Stanwell's 1,500 MW Tarong power station, network constraints and wholesale bidding behaviour led to the dispatch of much higher priced generation in Northern Queensland supplying electricity into Northern NSW.
- In SA, both units at Northern Power Station (Alinta Energy) were withdrawn for periods of the last quarter, and limitations on regional interconnectors coinciding with major Gentailers realigning their portfolios (favouring wind generation and imports from Victoria over SA gas generation) resulted in high pool prices.

Large-scale Generation Certificates (LGCs)

Period ($/MWh)	FY13	FY12	Change %
Large-scale Generation Certificates	35.94	39.39	(9)

The average LGC price for the year of $35.94/LGC was 9% lower compared to an average price of $39.39/LGC in the prior year. The closing LGC price at 30 June 2013 was $33.25 compared to $36.42 at 30 June 2012.

At 30 June 2013 Infigen held approximately 224,000 LGCs with a book value of $7.6 million compared to approximately 276,000 LGCs with a book value of $10 million at 30 June 2012. These LGCs were recognised in the revenue line at the weighted average market price for the month in which they were created. The closing market price of $33.30 per LGC at 30 June 2013 was slightly lower than the average price at which these LGCs were brought to account. An environmental certificate revaluation expense of $1.3 million was recognised in the FY13 results.

Bundled pricing

The realised weighted average portfolio bundled (electricity and LGCs) price was $96.57/MWh, 8% higher than $89.72/MWh realised in the prior year. This reflected higher dispatch weighted wholesale electricity prices and price escalation for the contracted assets, partially offset by lower contracted LGC volume as SDP was not operating and lower LGC prices.

5.3.3 Revenue

Revenue increased $20.5 million or 16% to $146.3 million as a result of higher average prices (+$13.6 million), higher production (+$6.8 million), and higher compensated revenue (+$2.5 million) partially offset by an unfavourable MLF movement (-$2.4 million)

Compensated revenue included $1.2 million (27 GWh) related to the identification and resolution of an AEMO scheduling error. The remaining $1.7 million (16 GWh) was attributable to the insurance settlement for equipment failures at the Capital and Lake Bonney wind farms in FY12.

5.3.4 Operating Costs

All of Infigen's Australian wind turbines are covered by either their Original Equipment Manufacturer's warranty (Suzlon) or post-warranty service agreements (Vestas). This is contributing to improved stability and predictability of wind farm costs.

Year ended (A$M)	30 June 2013	30 June 2012	Change	Change %
Asset management	7.0	6.5	0.5	(8)
Turbine O&M	17.2	16.9	0.3	(2)
Balance of plant	0.9	1.0	(0.1)	10
Other direct costs	7.5	6.9	0.6	(9)
Total wind farm costs	**32.6**	**31.3**	**1.3**	**(4)**
Energy Markets	3.7	3.4	0.3	(9)
Total operating costs	**36.3**	**34.7**	**1.6**	**(5)**

Total operating costs increased $1.6 million or 5% to $36.3 million. The key variances include:

- $0.5 million increase in asset management cost associated with the resolution of AEMO scheduling error (+$0.2 million), end of warranty inspection costs at Lake Bonney 2 & 3 (+$0.2 million) and Woodlawn costs (+$0.1 million);
- $0.3 million increase in turbine O&M costs associated with Woodlawn full year of operation (+$0.4 million), higher turbine O&M costs under the Vestas agreement (+$2.2 million) offset by lower component failure costs covered under the new Vestas contracts (-$2.3 million);
- Minor reduction in balance of plant costs (-$0.1 million);
- CPI linked land and insurance costs (+$0.2 million), a full year of other direct costs associated with Woodlawn (+$0.2 million) and other miscellaneous costs (+$0.2 million); and
- Energy Markets costs associated with developing longer term contracting options and meeting increased market compliance obligations (+$0.3 million).

5.3.5 Operating EBITDA

Operating EBITDA increased by $18.9 million or 21% to $110.0 million reflecting increased production, higher electricity prices and higher compensated revenue, slightly offset by higher operating costs - including those from a full year contribution from Woodlawn, lower LGC contract volume and lower LGC prices.

EBITDA margin for the period was 75.2% compared with 72.4%.

5.3.6 Depreciation and amortisation

Depreciation and amortisation decreased $2.4 million to $50.9 million reflecting the reclassification of decommissioning and loan costs to financing costs. Infigen depreciates its Australian wind farms and associated plant using the straight line method over 25 years reflecting their useful lives.

5.3.7 Development

A key area of focus for the development team is managing community, regulatory and/or Government stakeholder relationships. This includes communicating with, informing and consulting with a wide range of stakeholders including in particular the communities in which we operate.

During the period the development team continued to advance the most prospective projects in the development pipeline in anticipation of improved market and investment conditions, and carried out work necessary to sustain the option value of the pipeline for growth when investment conditions return.

The Bodangora and Cherry Tree wind farm developments are at a very advanced stage and Infigen's response to public submissions related to Flyers Creek wind farm was accepted by Department of Planning. A Planning Assessment Commission Hearing date is anticipated in October 2013.

Development consent was granted by the local council and connection negotiations are significantly progressed for the Forsayth wind farm development.

6 Outlook

Over the last three years Infigen has been focussed on delivering predictable operating cost outcomes and maximising cash flow available for debt amortisation. Infigen has successfully delivered or outperformed the guidance ranges provided to the market across these periods.

A number of key operational achievements have contributed to these outcomes including, improved operating practices in the US and Australia, execution of post-warranty agreements for turbine service and maintenance, a business reorganisation and cost reduction initiative that has significantly improved efficiency and reduced costs, and an embedded culture of safety and continuous improvement.

Infigen begins the 2014 financial year (FY14) with a goal of building upon our steady operational performances.

In FY14, production in the US is expected to improve primarily due to the return to service of a number of Gamesa turbines and improved availability for the Gamesa fleet. US wind conditions were below the long term mean in FY13 and have the potential to improve. In Australia, there is also the potential for improved wind conditions and higher production outcomes but network constraints in SA and WA may continue to adversely affect production. Infigen will continue to publish unaudited production and revenue results each quarter.

In the US, the Crescent Ridge wind farm (40.8 MW) PPA expired in June and that wind farm will be operated on a merchant basis with wholesale prices currently below the previous PPA price. However, average prices are nonetheless expected to be only slightly below FY13 due to the highly contracted nature of Infigen's assets.

In Australia, in the near term the regulatory environment continues to be challenging. Despite the favourable findings of the Climate Change Authority's review of the Renewable Energy Target (RET) in 2012, vested interests in the fossil fuel generation sector continue to lobby forcefully to reduce the RET. The upcoming Federal election has exacerbated the uncertainty to a point where the market for new renewable energy project development is very weak, and the appetite to contract existing assets is poor. This has depressed the Large Scale Generation Certificate (LGC) spot price to low $30s levels. Average Australian prices are expected to be around the same as FY13 due to contract escalation and a higher carbon price, offset by lower LGC prices.

In FY14, the US and Australian businesses will benefit from a full year of savings from the cost reduction initiative undertaken in FY13, with the group on track to deliver the full $7 million cash savings benefit in FY14. US operating costs are forecast to be between US$73 million and US$76 million (including Infigen Asset Management costs), and Australian operating costs between $35 million and $37 million (including Energy Markets costs).

The number of assets in the US where Infigen's original investment capital has been returned will begin to increase materially in FY14. The short term variability of production, price and operating costs means it is difficult to predict the precise dates when cash flow will be allocated to Class A tax equity members. The total cash flow that we expect to have available to distribute to Class A tax equity members, close out interest rate swaps, and repay the Global Facility will be approximately $80 million. The FY13 comparative was $75.1 million comprising $57.5 million for the

Global Facility, $13.9 million to repay Class A tax equity and $3.7 million of German tax costs.

There are a number of growth opportunities that Infigen will continue to pursue in FY14. In the US, the development team will steadily progress the Wildwood and Pumpjack solar PV developments and seek to enhance the options available to generate further value from these projects. In Australia, the development team will continue to explore solar PV opportunities that are supported by Commonwealth Government initiatives.

Infigen also looks forward to the expected improvement in investment conditions following the Federal election and a favourable outcome from the scheduled further review of the RET legislation in 2014.

7 Appendix A – Balance Sheet by Country

A$ million	30 June 2013 IFN Statutory Interest	Less US Minority Interest	30 June 2013 IFN Economic Interest	Australia	United States
Cash	124.5	(0.6)	124.0	110.2	13.8
Receivables	32.5	(0.5)	32.0	25.2	6.8
Inventory LGCs	13.8	(0.2)	13.6	9.0	4.5
Prepayments	17.2	(0.1)	17.1	8.1	8.9
PPE	2,478.0	(160.7)	2,317.3	918.5	1,398.9
Goodwill & Intangibles	272.1	(17.7)	254.3	137.5	116.9
Deferred Tax & Other	50.5	0.6	50.5	50.5	-
Total Assets	**2,988.5**	**(179.8)**	**2,808.7**	**1,258.9**	**1,549.8**
Payables	36.6	(1.9)	34.6	18.7	16.1
Provisions	29.3	(1.2)	27.5	10.7	16.8
Borrowings	1,060.0	0.0	1,060.0	723.5	336.5
Tax Equity (US)	712.8	(124.1)	588.7	-	588.7
Deferred Revenue (US)	511.1	(51.9)	459.1	-	459.1
Derivative Liabilities	154.7	0.0	154.7	104.7	50.0
Total Liabilities	**2,504.5**	**(179.8)**	**2,324.7**	**857.6**	**1,467.2**
Net assets	**484.0**	**0.0**	**484.0**	**401.4**	**82.6**

Foreign exchange rates			
As at	**30 June 2013**	**30 June 2012**	**Change %**
USD	0.9275	1.0238	(9)
EUR	0.7095	0.8084	(12)

8 Appendix B – Institutional Equity Partnerships

8.1 Year ended 30 June 2013

Production (GWh) by Asset Vintage

Year ended 30 June	2013	2012	Change	Change %
2003/2004	722	716	6	1
2005	509	519	(10)	(2)
2006	776	820	(44)	(5)
2007	1,082	1,081	1	-
Total	**3,089**	**3,136**	**(47)**	**(1)**

Revenue (US$ million) by Asset Vintage

Year ended 30 June	2013	2012	Change	Change %
2003/2004	22.5	22.8	(0.3)	(1)
2005	24.6	25.9	(1.3)	(5)
2006	42.6	43.7	(1.1)	(3)
2007	53.1	51.5	1.6	3
Total	**142.9**	**143.9**	**(1.0)**	**(1)**

Profit and Loss (US$ million) by Asset Vintage

Year ended 30 June 2013	2003/04	2005	2006	2007	Total
Revenue	22.5	24.6	42.6	53.1	142.9
Costs	(12.5)	(13.6)	(28.1)	(20.5)	(74.8)
EBITDA	10.0	11.0	14.8[18]	32.6	68.4
D&A	(11.8)	(12.9)	(26.9)	(29.6)	(81.3)
EBIT[19]	**(2.0)**	**(2.0)**	**(12.1)**	**3.2**	**(12.9)**

Class A Capital Balance Amortisation (US$ million) by Asset Vintage

Year ended 30 June 2013	2003/04	2005	2006	2007	Total
Closing Balance (30 Jun 12)	65.8	95.1	162.0	238.6	561.5
Tax true-up	(0.1)	0.3	(0.1)	(0.7)	(0.6)
Opening Balance (1 Jul 12)	**65.7**	**95.4**	**161.9**	**237.9**	**560.9**
Production Tax Credits	(16.2)	(11.7)	(18.7)	(24.4)	(71.1)
Tax (losses)/ gains	3.5	2.6	0.2	0.9	7.1
Cash distributions	(7.4)	(6.6)	-	-	(13.9)
Allocation of return (interest)	5.8	7.2	10.1	15.8	38.9
Closing Balance	**51.4**	**86.9**	**153.5**	**230.2**	**522.0**

[18] Includes $0.3m gain on disposal.
[19] Before impairment expense of US$50m related to the US CGU.

8.2 Year ended 30 June 2012

Production (GWh) by Asset Vintage

Year ended 30 June	2012	2011	Change	Change %
2003/2004	716	760	(44)	(6)
2005	519	574	(55)	(10)
2006	820	859	(39)	(4)
2007	1,081	1,139	(58)	(5)
Total	**3,136**	**3,332**	**(197)**	**(6)**

Revenue (US$ million) by Asset Vintage

Year ended 30 June	2012	2011	Change	Change %
2003/2004	21.6	21.1	0.5	2
2005	24.9	27.1	(2.3)	(8)
2006	43.7	45.9	(2.2)	(5)
2007	50.3	51.2	(0.9)	(2)
Total	**140.5**	**145.3**	**(0.4)**	**(3)**

Profit and Loss (US$ million) by Asset Vintage

Year ended 30 June 2012	2003/04	2005	2006	2007	Total
Revenue	22.8	25.9	43.7	51.5	143.9
Costs	(13.1)	(14.0)	(30.0)	(18.5)	(75.9)
EBITDA	9.7	11.9	13.7	33.0	68.0
D&A	(11.6)	(12.8)	(26.9)	(29.5)	(80.8)
EBIT	**(2.1)**	**(1.2)**	**(13.8)**	**4.4**	**(12.7)**

Class A Capital Balance Amortisation (US$ million) by Asset Vintage

Year ended 30 June 2012	2003/04	2005	2006	2007	Total
Closing Balance (30 Jun 11)	83.0	103.3	170.8	253.3	610.4
Tax true-up	(0.1)	(0.2)	-	-	(0.3)
Opening Balance (1 Jul 11)	**82.9**	**103.1**	**170.8**	**253.3**	**610.1**
Production Tax Credits	(16.4)	(12.2)	(18.6)	(25.4)	(72.6)
Tax (losses)/ gains	2.7	1.4	0.0	(4.0)	0.1
Cash distributions	(9.5)	(4.6)	0.0	0.0	(14.1)
Allocation of return (interest)	6.1	7.4	9.8	14.7	38.0
Closing Balance	**65.8**	**95.1**	**162.0**	**238.6**	**561.5**

8.3 US Cash Distributions

Cash flows from the US business are split between the Class A and Class B members in accordance with their entitlements during the various stages of the wind farms' lives (refer Appendix B of the Management Discussion and Analysis for the year ended 30 June 2012 for more detail).

Cash flow allocated to Class A members during the period was US$13.9 million compared with US$14.1 million in the pcp. This relates to the Blue Canyon, Combine Hills, Caprock, Crescent Ridge, Jersey Atlantic, Bear Creek and Sweetwater 1-3 wind farms, where from the second half of FY13 the Class A members will receive all net operating cash flow from those wind farms until their capital balances including agreed return, are fully amortised (refer below for Class A capital balances).

The following table provides a summary of Class A capital balance movements.

Economic Interest Class A Capital Balance by vintage (US$ million)				
Year ended 30 June	**2013**	**2012**	**Change**	**Change %**
2003/2004	51.4	65.7	14.3	22
2005	86.9	95.4	8.5	9
2006	153.5	161.9	8.4	5
2007	230.2	237.9	7.7	3
Total	**522.0**	**560.9**	**38.9**	**7**

The following table provides a summary of Class B capital balance movements.

Economic Interest Class B Capital Balance by vintage (US$ million)				
Year ended 30 June	**2013**	**2012**	**Change**	**Change %**
2003/2004	-	0.7	0.7	100
2005	4.2	7.4	3.2	44
2006	104.3	118.1	13.8	12
2007	44.4	74.4	30.0	40
Total	152.9	200.6	**47.7**	**24**

Class B capital balances are held at the limited liability company (LLC) level (refer Appendix B of the Management Discussion and Analysis for the year ended 30 June 2012 for the relationship between wind farms, LLCs and asset vintage). Once Class B capital balances are fully repaid (cash flip point) or a fixed (cash cut-off) date is reached (whichever occurs earlier), all operating cash flow from the related wind farm assets is allocated to Class A members until their capital balances are fully amortised and agreed return achieved. Jersey Atlantic, Bear Creek and Sweetwater 1-3 wind farms reached their cash flip point during the year.

All of the wind farms in the 2005 vintage portfolio are distributing cash to the Class A members. The 2006 vintage portfolio will begin to distribute cash to the Class A members no later than the end of November 2015.

In the 2007 vintage portfolio Cedar Creek is expected to reach its cash flip point in approximately August 2013 after having its Class B capital balance repaid ahead of investment case expectations. The other wind farms in the 2007 portfolio are Sweetwater 4 & 5, which will begin to distribute cash to the Class A members no later than the end of April 2015. Cedar Creek accounted for 56% of the distributions from the 2007 vintage portfolio in FY13.

Once the Class A members achieve their agreed target return, the cash flows are reallocated between the Class A and Class B members. The Blue Canyon and Combine Hills wind farms (2003/04 vintage) are currently expected to return to distributing cash to Infigen no later than December 2016 with the Caprock (2003/04 vintage) and Crescent Ridge (2005 Vintage) wind farms expected to follow in April 2017 and May 2018 respectively.

The combined effect of the factors described above on Infigen's portfolio of 18 US wind farms is that the aggregate distributions to Infigen diminish as more projects reach the cash flip point or cash cut-off date (whichever occurs earlier) and more operating cash flow is directed to reducing Class A capital balances. Infigen's aggregate distributions will therefore 'dip' for a period until projects in the portfolio begin to reach their reallocation dates. For Infigen's portfolio, the cash flow dip is currently expected to be most pronounced from the second half of FY16 through to the first half of FY18. The timing and duration of the cash flow dip will be influenced by the performance of the US wind farms during the intervening period.

The following table summarises the components of net income from IEPs in USD.

Year ended 30 June (US$M)	2013	2012	Change %
Value of production tax credits (Class A)	78.4	80.2	(2)
Value of tax losses (Class A)	(8.1)	1.2	(746)
Benefits deferred during the period	10.0	(16.5)	161
Income from IEPs	**80.3**	**65.0**	**24**
Allocation of return (Class A)	(40.1)	(43.7)	(8)
Movement in residual interest (Class A)	(10.4)	(9.0)	15
Non-controlling interest (Class B)	(3.2)	(7.6)	(58)
Financing costs related to IEPs	**(53.7)**	**(60.3)**	**(11)**
Net income from IEPs (Statutory)	**26.6**	**4.7**	**470**
Non-controlling interests (Class B & Class A)	3.4	5.0	(32)
Net income from IEPs (Economic Interest)	**30.0**	**9.6**	**211**

The following table summarises the components of net income from IEPs in AUD.

Year ended 30 June (A$M)	2013	2012	Change %
Value of production tax credits (Class A)	76.2	78.5	(3)
Value of tax losses (Class A)	(7.3)	1.3	(672)
Benefits deferred during the period	9.9	(16.2)	161
Income from IEPs	**78.8**	**63.6**	**24**
Allocation of return (Class A)	(39.2)	(42.8)	(9)
Movement in residual interest (Class A)	(10.6)	(8.9)	19
Non-controlling interest (Class B)	(3.0)	(7.4)	(659)
Financing costs related to IEPs	**(52.8)**	**(59.2)**	**(11)**
Net income from IEPs (Statutory)	**26.0**	**4.4**	**5494**
Non-controlling interests (Class B & Class A)	3.3	4.8	(31)
Net income from IEPs (Economic Interest)	**29.3**	**9.2**	**219**

Value of Production Tax Credits (PTCs) (Class A) was $76.2 million, down 3% or $2.3 million. This is due to lower production in FY13 and small depreciation of the AUD against the USD partially offset by a higher PTC rate in 2013. The value of PTCs per megawatt hour (MWh) is US$22 for the 2011 and 2012 calendar years and US$23 for the 2013 calendar year.

Value of tax losses (Class A) have switched from being net income to a net cost in FY13 (-$7.3 million) due to the reduction in tax depreciation as most of the assets that benefit from accelerated depreciation become fully depreciated.

Benefits deferred during the year also reversed reflecting lower tax depreciation during the period as described above and resulting in income of $9.9 million. Benefits deferred are the difference between tax depreciation and accounting depreciation for the year.

Allocation of return (Class A) goes to delivering the agreed target return on Class A capital balances. This was a $39.2 million expense for the year, down 9% or $3.6 million reflecting lower Class A capital balances.

The movement in residual interest (Class A) was a negative $10.6 million movement compared with a negative $8.9 million movement in the prior year. This reflects period on period changes in expectations of future tax allocations and cash flows.

Non-controlling interest (Class B) represents the share of net profit attributable to the non-controlling interest holders in the Cedar Creek and Crescent Ridge wind farms.

Non-controlling interest (Class B & Class A) represents the elimination of non-controlling interest contributions of each income and financing cost IEP line item (attributable to both the Class A and Class B non-controlling interests in the Cedar Creek and Crescent Ridge wind farms).