



ASX RELEASE

Infigen Energy

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Infigen Energy Trust ARSN 116 244 118

Infigen Energy (Bermuda) Limited ARBN 116 360 715

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25 August 2014

APPENDIX 4E AND FY14 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 2014
- Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2014

ENDS

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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 2014

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 the Infigen Energy Trust (ARSN 116 244 118)
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Reporting period

Current Period:	1 July 2013 - 30 June 2014
Previous Corresponding Period:	1 July 2012 - 30 June 2013

Results for announcement to the market

	% Movement	2014 A\$'000	Restated 2013 A\$'000
Revenues from ordinary activities	5.2%	273,282	259,672
Loss from ordinary activities after tax attributable to members	88.9%	(8,903)	(79,975)
Loss for the period attributable to members	88.9%	(8,903)	(79,975)

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 2014.

Financial statements

Refer to the attached consolidated financial statements for the year ended 30 June 2014.

Net tangible asset backing per unit

	30 June 2014	30 June 2013
Net tangible asset backing per stapled security	0.31 cents	0.27 cents

Control gained or lost over entities during the period

Two new Australian entities, Manildra Solar Farm Pty Ltd (August 2013) and CREP Land Holdings Pty Ltd (March 2014), and one US entity, Infigen Energy US Development Holdings LLC (June 2014), were incorporated during the period.

Dixie Wind Farm Pty Ltd, Hargraves Wind Farm Pty Ltd and Cooma Wind Power Pty Ltd (all Joint Venture entities) were voluntarily deregistered in February 2014.

Two UK entities, Infigen Energy (Eifel) Ltd (November 2013) and Infigen Energy (Niederrhein) Ltd (November 2013); one German entity, Infigen Energy GmbH (March 2014); and two Luxembourg entities, Infigen Energy Germany Holdings Sarl (April 2014) and Infigen Energy Vest Holdings Sarl (March 2014), were voluntarily liquidated during the period.

Two US entities, Pumpjack Solar I LLC and Wildwood Solar I LLC, were sold to Duke Energy Renewable Solar LLC in February 2014.

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 2014.

Commentary on results and outlook

Refer to the attached Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2014.

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 2014.



INFIGEN ENERGY GROUP

**ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2014**

TOGETHER WITH THE DIRECTORS' REPORT

Infigen Energy Group

Annual Financial Report for the year ended 30 June 2014

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Corporate Structure

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

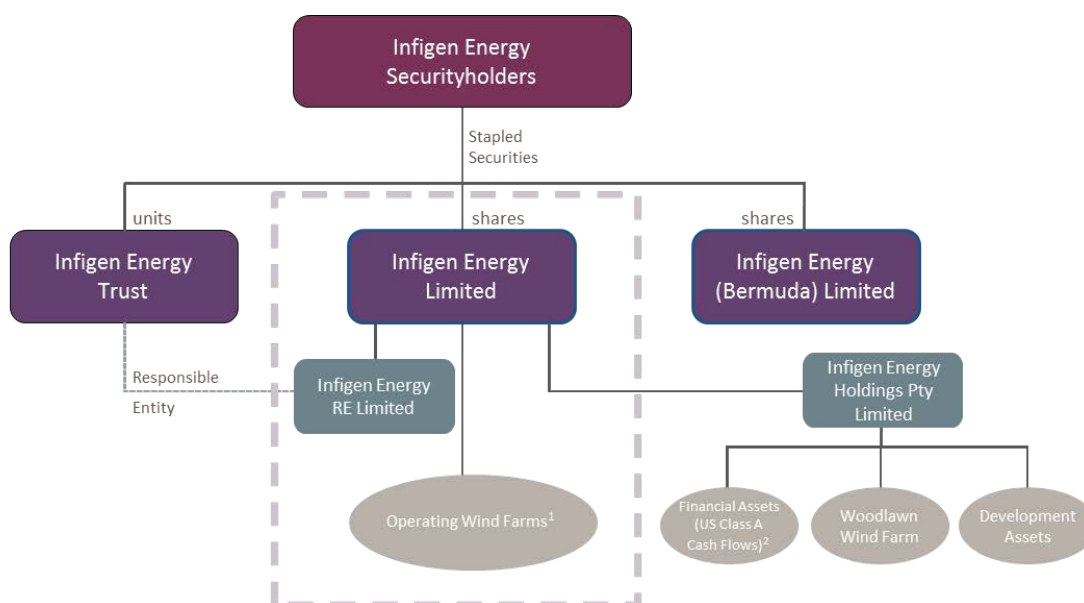
- Infigen Energy Limited (**IEL**), a public company incorporated in Australia;
- Infigen Energy Trust (**IET**), a managed investment scheme registered in Australia;
- Infigen Energy (Bermuda) Limited (**IEBL**), a company incorporated in Bermuda; and
- the subsidiary entities of IEL and IET.

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 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.



Entities and assets within the Global Facility borrower group.

1. The wholly-owned subsidiaries of Infigen Energy Limited (IEL) that are Class B members in the US institutional equity partnerships (IEPs) and entitled to returns, including cash distributions, from the IEPs, are included within the Global Facility borrower group. The IEPs, which are not wholly owned, are not members of that group.
2. Through its subsidiaries, Infigen Energy Holdings Pty Limited (IEH) has provided funding to certain wholly-owned subsidiaries of IEL which hold Class A interests in relation to nine of IEL's US operating wind farms. Like IEH, those subsidiaries of IEL are owned by a member of the Global Facility borrower group but are 'Excluded Companies' for the purposes of the Global Facility.

Directors' Report

The Directors of Infigen Energy Limited ("IEL") and the Directors of Infigen Energy RE Limited ("IERL"), the Responsible Entity of Infigen Energy Trust ("IET"), present their report together with the Financial Report of the Group and the Trust (refer below) for the year ended 30 June 2014.

The Financial Report of IEL comprises the consolidated Financial Report of IEL and its controlled entities, including IET and its controlled entities and Infigen Energy (Bermuda) Limited ("IEBL"), (the "Infigen Energy Group" or "Group").

The Financial Report of IET comprises the consolidated Financial Report of IET and its controlled entities (the "Infigen Energy Trust Group" or "Trust").

Directors

The following people were Directors of IEL, IEBL and IERL in its capacity as Responsible Entity of IET, during the whole of the financial year and up to the date of this report:

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

Further Information on Directors

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

<i>Name</i>	<i>Particulars</i>
<u>Michael Hutchinson</u> Non-Executive Chairman of IEL, IEBL and IERL <i>Appointed to IEL, IEBL and IERL on 18 June 2009</i> <i>Chairman of the Nomination & Remuneration Committee</i>	<p>Mike was appointed an independent non-executive director of Infigen Energy in June 2009 and subsequently elected Chairman on 11 November 2010. He is also Chairman of the Nomination & Remuneration Committee.</p> <p>Mike was formerly an international transport engineering consultant, a senior Federal Government official and a corporate advisory consultant; and has extensive experience in the transport and communications sectors.</p> <p>Mike has previously been a non-executive director of the Australian Infrastructure Fund Ltd, Leighton Holdings Ltd, 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.</p> <p>Mike holds a first class honours degree in Civil Engineering from the University of Newcastle upon Tyne, United Kingdom, and graduated from the Harvard Business School Advanced Management Program (AMP110). He is a member of the Institutions of Civil Engineers, Highways and Transportation, and Engineers Australia, and the Australian Institute of Company Directors.</p>
<u>Philip Green</u> Non-Executive Director of IEL, IEBL and IERL <i>Appointed to IEL, IEBL and IERL on 18 November 2010</i> <i>Member of the Audit, Risk & Compliance Committee</i>	<p>Philip was appointed a non-executive Director of Infigen Energy in November 2010 and is a member of the Audit, Risk & Compliance Committee.</p> <p>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.</p> <p>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.</p>

Name	Particulars
<p><u>Fiona Harris</u> Non-Executive Director of IEL, IEBL and IERL</p>	<p>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.</p> <p>Fiona has been a professional non-executive director for the past 19 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.</p> <p>Fiona spent fourteen years with KPMG, working in Perth, San Francisco and Sydney, and specialising in financial services and superannuation. She was also involved in capital raisings, due diligence, IPOs, capital structuring of transactions and litigation support.</p> <p>Fiona is currently Chairman of Barrington Consulting Group and a director of Sundance Resources Limited, BWP Trust and Oil Search Limited. Directorships of listed companies in the past four years are Aurora Oil & Gas Limited, Altona Mining Limited and Territory Resources Limited.</p> <p>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.</p>
<p><i>Appointed to IEL, IEBL and IERL on 21 June 2011</i></p>	
<p><i>Chairman of the Audit, Risk & Compliance Committee</i> <i>Member of the Nomination & Remuneration Committee</i></p>	
<p><u>Ross Rolfe AO</u> Non-Executive Director of IEL, IEBL and IERL</p>	<p>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.</p> <p>Ross has broad experience in the Australian energy and infrastructure sectors in senior management, government and strategic roles.</p> <p>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.</p> <p>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 was previously a non-executive director of CMI Limited.</p> <p>Ross is currently a Chairman of WDS Limited and Chairman of CS Energy, a government owned generation company based in Queensland. Ross also holds a part-time senior executive role at Lend Lease.</p>
<p><i>Appointed to IEL, IEBL and IERL on 9 September 2011</i></p>	
<p><i>Member of the Audit, Risk & Compliance Committee</i> <i>Member of the Nomination & Remuneration Committee</i></p>	
<p><u>Miles George</u> Executive Director of IEL, IEBL and IERL</p>	<p>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.</p> <p>Over the past 14 years Miles has been focused on development, investment, financing and management in the renewable energy industry.</p> <p>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.</p> <p>Following listing, Miles continued to work on the development, financing and management of Infigen's wind farm investments in Australia, the US and Europe. He was appointed as Managing Director of Infigen Energy in 2009. Miles was elected Chairman of the Board of the Clean Energy Council in December 2013.</p> <p>Miles holds degrees of Bachelor of Engineering and Master of Business Administration (Distinction) from the University of Melbourne.</p>
<p><i>Appointed to IEL, IEBL and IERL on 1 January 2009</i></p>	

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 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 2013	Acquired during the year	Sold during the year	Balance 30 June 2014
M Hutchinson	Independent Chairman	192,500	0	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	1,076,995 ²	0	1,726,995

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.

² The IFN securities acquired by M George during the year resulted from the vesting of Performance Rights relating to Short-Term Incentives earned in FY12.

Directors' Meetings

The number of Board meetings and meetings of standing Committees established by the respective Boards held during the year ended 30 June 2014, 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	16	16	10	10	10	10	n/a	n/a	5	5
F Harris	16	16	10	10	10	10	4	4	5	5
P Green	16	16	10	10	10	10	4	4	n/a	n/a
R Rolfe	15	16	10	10	10	10	4	4	5	5
M George	16	16	10	10	10	10	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 Secretary

The name and particulars of the Company Secretary of IEL, IERL and IEBL at or since the end of the financial year are set out below.

Name	Particulars
David Richardson Company Secretary of IEL, IEBL and IERL <i>Appointed 26 October 2005</i>	David is the General Manager Corporate Governance & 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 regulatory positions. David holds a Diploma of Law, Bachelor of Economics and a Graduate Diploma in Company Secretarial Practice. David is a Member of the Governance Institute of Australia.

Principal Activities

(i) Infigen Energy Group

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 (Class B interest).

(ii) Infigen Energy Trust Group

During the reporting period, IET held interests in financial investments.

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

Review of Operations

(i) Infigen Energy Group

Revenue and results

During the year ended 30 June 2014, the Group recorded revenues from continuing operations of \$273.3 million compared with \$259.7 million (restated) in FY13, representing an increase of approximately 5%.

The Group recorded a statutory net loss for FY14 of \$8.9 million compared to a net loss for FY13 of \$80.0 million. The FY14 net loss was a \$71.1 million (89%) improvement compared to the prior year.

US Business

Infigen has an operating capacity of 1,089 MW (Class B interests) in the United States comprising 18 wind farms. Approximately 80% of Infigen's US capacity is contracted for a weighted average duration of 10.5 years.

Key achievements in the US Business during the year included:

- delivery of steady operating costs within the guidance range of US\$73–\$76 million;
- the acquisition of US Class A interests, improving total cash flow to the business;
- the profitable sale of Wildwood I and Pumpjack solar PV development projects; and
- enhancement of the solar development pipeline, which now accounts for over 780 MW of late, mid and early-stage projects across six states.

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 FY14.

Of Infigen's six operational wind farms in Australia, 40% of annual P50 production is currently contracted under medium and long term agreements. Key achievements in the Australian Business during the year included:

- strong operating EBITDA performance in a challenging market driven by improved wind conditions and delivering operating costs within the guidance range of \$35–\$37 million;
- improved operational performance from generation assets through enhanced energy market activities and aligning Original Equipment Manufacturer (OEM) servicing to market conditions;
- Capital East solar demonstration facility - the first stage (approximately 130 kW) of the facility was completed and registered as a generator with AEMO in September 2013; and
- development approvals received for Bodangora, Cherry Tree and Flyers Creek wind farms with a total proposed installed capacity of approximately 300 MW.

(ii) *Infigen Energy Trust Group*

The loss attributable to unitholders of IET for the year ended 30 June 2014 was \$646,000 compared to a similar loss of \$646,000 for the prior year.

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

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 subsequent Infigen Annual General Meetings, 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.

Infigen Energy Trust

As at 30 June 2014, IET had 764,993,434 units on issue. During FY14 an additional 2,727,462 units were issued by IET. These units were issued on 27 August 2013 in accordance with the Infigen Energy Equity Plan relating to vesting of FY12 Deferred STI obligations. During FY14 the responsible entity of IET, Infigen Energy RE Limited, did not hold any units in IET.

As at 30 June 2014, IET held assets of \$743 million (30 June 2013: \$742 million).

Further details regarding the assets held by IET during the financial year are set out in the Consolidated Statements of Financial Position and relevant Notes to the Financial Statements, including the basis for valuation of the assets as disclosed in Note 1.

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 solar PV development projects in the US and Australia are at advanced stages. A number of wind farm development projects in Australia are also at an advanced stage awaiting improved market and investment conditions. 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 for the year are included in the Management Discussion and Analysis of Financial and Operational Performance Report.

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 relation to costs and production for FY15:

- US operating costs are forecast to be between US\$76 and US\$78 million (including Infigen Asset Management costs);
- Australian operating costs are forecast to be between A\$36 and A\$38 million (including Energy Markets costs);
- US production is expected to improve primarily due to improved availability across the Gamesa fleet;
- Australian production is expected to be broadly in line with FY14.

The outlook for Infigen's Australian business is currently highly uncertain. This is primarily attributable to regulatory instability caused by the latest review of the Renewable Energy Target (RET) and associated industry and political positioning and commentary. The current review commenced just 14 months after the last review was concluded. The review Panel's report is expected to be released imminently. Recent media reports indicate that the Australian Government may be considering significant adverse changes to annual targets, subject to enactment of necessary legislation. Significant reductions to the annual targets would have a material adverse effect on the Australian renewable energy industry, including Infigen, unless appropriate grandfathering or other effective arrangements were implemented to reflect the fact that existing investments were made in good faith in pursuit of explicit Commonwealth objectives and legislation.

LGC prices are currently significantly below those required to sustain existing investment or encourage new investment. If this were to continue it would likely lead to significant asset impairments across the industry, including for Infigen. Continuing depressed prices would also create significant pressure on Infigen's capacity to meet financial covenants in our borrowing facilities.

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 8 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

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

Remuneration Report

Dear Securityholder,

We are pleased to present the 2014 Remuneration Report.

Market conditions in Australia remain subdued due to the regulatory uncertainty caused by the RET review. In the USA we are beginning to see signs of improved market conditions. These factors have influenced our objective to maintain a capable, agile and motivated team in both regions.

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. In looking ahead to FY15 the Board has decided that KMP remuneration will remain unchanged.

Following a review of Director Remuneration a decision was made once again to keep director fees unchanged but to adjust the committee fees reflecting an increase in the continued compliance obligations of both sub committees and market rates.

The FY12 deferred STI payments vested in September 2013. This was the first year where short term incentive (STI) payments were partially deferred, with the deferred element settled in securities rather than cash. In accordance with the Securities Trading Policy, Infigen issued 2,727,462 securities once a trading window was open following release of the FY13 annual results to meet the Deferred STI obligation.

As foreshadowed last year, the Short Term Incentive (STI) framework for FY14 was further refined. Financial goals 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. We have included the Key Performance Indicators (KPIs) used in determining the FY14 Short Term Incentive (STI) payment for the KMP.

Clawback mechanisms are now embedded within both the Long Term Incentive (LTI) and deferred STI plans whereby unvested Performance Rights can be forfeited in the event of materially adverse financial misstatements.

During the year we restructured the organisation by reducing the number of executives for the purpose of strict control on cost whilst simultaneously acquiring technical skills and resources needed to improve operational performance. A decision was made to make the position of Executive General Manager Australian Operations redundant which resulted in Mr Scott Taylor's employment ending on 31 December 2013. On behalf of the Company I thank Scott for his dedication, commitment and contribution to Infigen.

Yours faithfully

Mike Hutchinson
Chairman
Nomination & Remuneration Committee

1. REMUNERATION REPORT – EXECUTIVE SUMMARY

The Nomination & Remuneration Committee has:

- reviewed executive and senior management salaries;
- monitored performance and the alignment of KPIs to short term business objectives and priorities;
- reviewed director remuneration and implemented minor changes to Committee member fees;
- established a guideline for minimum securityholdings for non-executive directors;
- determined KPIs for FY15; and
- reviewed the leadership structure and succession plans.

Significant matters to note for director, executive and senior management FY14 remuneration are:

- remuneration of KMP was increased during the year by an average 3.7%;
- 2,727,462 Securities were issued to satisfy the FY12 deferred STI obligation that vested in August 2013;
- no LTIs vested during the year, however Tranche 2 of the FY12 LTI grant has met the performance condition for vesting to occur when the first trading window opens following the release of the FY14 financial results;
- At least 50% of the KMP FY13 STI was deferred for 12 months and will vest the first trading window opens following the release of the FY14 financial results; and
- At least 50% of the KMP FY14 STI will be 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;
- aligns performance with the organisational values and leadership behavior;
- 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;
- a short term incentive (STI), which is a variable payment linked to achieving specified performance measured over a 12 month period; and
- a long term incentive (LTI), which is a payment linked to meeting specified performance hurdles over a 3 or 4 year period.

Remuneration is benchmarked on the advice of external advisers, Guerdon Associates, against industry peers within utilities, generation and infrastructure.

3.1 *Fixed Pay*

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

Adjustments to fixed pay in FY14 reflected an average 3.7% market rate adjustment to KMP. The Managing Director's fixed pay was increased by 3%.

3.2 Short Term Incentives (STIs)

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 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 Board determines the aggregate amount of STI payments, the KPIs for the CEO, the amount of the CEO’s STI payment, and reviews KPI achievement and STI payments for KMP.

In setting the aggregate amount of the STI pool, the board introduced ‘gateway hurdles’ within the FY14 STI scheme to establish the benchmark for determining what events will automatically trigger Board consideration to rerate the STI Pool. The gateway hurdles are:

- 1) Non achievement of the Budgeted Debt Amortisation /Cash target; or
- 2) A material noncompliance of a major debt facility; or
- 3) A “Catastrophic”, “Major” or multiple “Moderate” incidents occurred as defined in the Risk Management Policy

Any consideration of the STI Pool would also have regard to the opportunities for management to influence a business outcome, and those matters (such as wind speeds and energy market pricing) that are not subject to short term management influence.

Reflecting the commitment of the Board and Senior Management to maintain a disciplined approach to managing operating costs and generating cash flows to meet the mandatory debt repayments and to pay down debt, the KMP financial goal outcomes determined 80% of the FY14 STI opportunity. Strategic and operational goal outcomes determined 20%.

We have set out in Table 1 a description of the FY14 KPI’s used to determine the short-term incentive payments for KMP. Each KPI is weighted as a percentage of the total STI opportunity and includes an assessment criterion or hurdle. Each KPI contains quantitative measures including budget achievement and are scaled progressively around stretch targets. The hurdles are weighted so that better than budget performance results in self-funded STI payments. The FY14 personal business goals support the alignment of strategic objectives and short term metrics.

TABLE 1: FY14 KPIs for STI

Financial Business Goals (Target Weighting of 80% of STI Target)		
Measure	Goals	Hurdle
Stable, predictable and profitable performance – Total Costs	Achieve Budget Total Costs	Sliding scale of budget achievement where: <ul style="list-style-type: none"> • Maximum 50% of the KPI weighting is paid for delivering on budget; • 100% of the KPI weighting is paid for delivering a stretch target for under budget performance;
Stable, predictable and profitable performance – Debt Amortisation Guidance	Achieve Budget Debt Amortisation Guidance	Sliding scale of budget achievement where: <ul style="list-style-type: none"> • Maximum 50% of the KPI weighting is paid for delivering on budget; • 100% of the KPI weighting is paid for delivering a stretch target of budget over performance;
Personal Business Goals (Target Weighting of 20% of STI Target)		
Measure	Goals	
Sustainable Capital Structure	Develop and implement pro-active Board-approved measures that within FY14, demonstrate substantial and sustainable progress towards freeing Infigen’s commercial options.	
Achieve Profitable Growth	Develop and implement Board-approved measures that within FY14, demonstrate progress towards business objectives that enhance Infigen’s operational capability and performance.	

3.3 *FY14 Short-term Incentive Performance*

To illustrate how individual STI payments are determined we have included in Table 2 the range of KMPs FY14 KPI assessments as a percentage of total opportunity. The resulting STI payments awarded to the KMP are illustrated in Table 3 *Cash based Remuneration received by KMP*.

TABLE 2: *FY14 STI KPI opportunity and achievement*

Measure	Weighting as a % of Total Opportunity	KMP Achievement as a % of Total Opportunity
Total Costs	30%	30%
Debt Amortisation Guidance	50%	47.7%
Personal Business Goals	20%	10 – 17.5%
Total	100%	87.7 – 95.2%

3.4 *Short-term Incentive Deferral*

STI payments include a 12 month partial deferral condition. At least 50% of individual STI amounts exceeding a threshold (\$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 FY13 deferred STI included 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 Long Term Incentive grant was associated with a materially adverse financial misstatement.

A total of \$686,536 was deferred from the FY13 STI entitlements in the form of 2,713,582 Performance Rights at a security value of \$0.253. A total of 2,226,475 securities are expected to be issued by the company in the relevant trading window following the release of the FY14 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 will be some sales of securities to fund the tax liability. Any such sales are subject to the company's securities trading policy and insider trading laws.

3.5 *Long Term Incentives (LTIs)*

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 FY14 grant is 1 July 2013 to 30 June 2016. 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 2017, after which all unvested rights will lapse.

The FY11 LTI grant entered a final retest period in FY14. As at 30 June 2014 this grant failed both performance conditions. As this grant was in its final retest period, this grant will now expire on the 2nd day of the first trading window to open after 1 July 2014.

The FY12 LTI Grant completed the initial three year performance period on 30 June 2014. The Tranche 1 TSR performance condition was not achieved at 30 June 2014 and will now enter a final retest period for the Tranche 1 performance rights attached to this grant.

The Tranche 2 Operational performance condition of the FY12 LTI Grant passed the performance test on 30 June 2014 resulting in 51.2% of Tranche 2 Performance Rights vesting when the first trading window opens after 1 July 2014. A total of 667,673 securities are expected to be issued by the company in the relevant trading window.

The remaining unvested FY12 Tranche 2 performance rights will expire on the 2nd day of the first trading window to open after 1 July 2014

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	FY12, 13 & 14 Grant Percentage of Tranche 1 Performance Rights that vest
0 to 49th percentile	Nil
50th percentile	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	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 equity (net assets) plus net debt. Both the EBITDA and capital case will be measured on a proportionately consolidated basis to reflect IFN's economic interest in all investments.

The annual target for FY14 has been 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 to Capital 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 2012	30 June 2013	30 June 2014
Closing security price	(cents)	0.225	0.251	0.242
EBITDA	(AUD'000)	140,500	160,445	176,682
Capital Base	(AUD'000)	1,656,177	1,591,793	1,733,099
EBITDA to capital base	(%)	8.48	10.08	10.19
Target	(%)	9.26	9.40	10.03

The Tranche 2 FY13 and FY14 LTI grants are currently on target for the EBITDA to Capital base performance target to vest, but will not be tested until the end of the relevant 3 year performance period.

Tranche 2 performance rights in FY12, 13 and 14 vest progressively as shown in the table below:

Infigen Energy's EBITDA performance	FY12, 13 & 14 Grant Percentage of Tranche 2 Performance Rights that vest
0% < 90%	Nil
90% ≤ 110% of the cumulative target	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 Equity Plan that were approved by securityholders in 2009 and 2011. They provide that the Board may exercise discretion to accelerate the vesting of any performance rights or options awarded in the FY14 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.

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

As the Equity Plan was approved by securityholders in 2011, Listing Rule 7.2 exemption 9 provides that an issue of securities under an employee incentive scheme does not detract from the available 15% limit under Listing Rule 7.1. Thus the securities issued under the Equity Plan will not be taken into account when undertaking a calculation of the 15% limit pursuant to Listing Rule 7.1.

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

In addition to the non-executive directors, the following persons were the KMP of the Infigen Energy group during the financial year:

M George	Chief Executive Officer
C Baveystock	Chief Financial Officer
B Hopwood	Executive General Manager Corporate Finance
S Taylor	Executive General Manager Operations – Australia (No longer a KMP from 31/12/13)
S Wright	General Counsel
C Carson	Executive General Manager Operations and CEO USA

4.1 Cash based remuneration received by executive KMP

The following table summarises the cash based and at-risk remuneration KMP received in FY14. The only cash remuneration received in FY14 was in the form of salary, superannuation, non-deferred STI and retention payments.

TABLE 3: Cash based remuneration received by executive KMP

Executive	Year	Cash Based Remuneration							At-Risk Remuneration	
		Salary	Maximum STI Opportunity ¹	STI Awarded for the period	Retention	Super-annuation	Equity vested during the year	Total Actual Remuneration received	LTI Granted in the Year ²	Equity Deferred STI ^{3,4}
		(\$)		(\$)	(\$)	(\$)	(\$)	(\$)		
M George	FY14	602,226	510,000	236,385	-	17,774	323,996	1,180,381	386,236	236,385
	FY13	585,530	500,000	169,000	-	16,470	-	771,000	354,854	169,000
C Baveystock	FY14	335,226	155,000	73,780	-	17,774	86,630	513,410	114,249	73,780
	FY13	324,530	153,000	59,058	81,133	16,470	-	481,191	103,612	59,058
B Hopwood	FY14	335,226	155,000	69,905	-	17,774	79,335	502,240	114,249	69,905
	FY13	324,530	184,000	65,504	-	16,470	-	406,504	82,619	65,504
S Wright	FY14	335,226	150,000	67,650	-	17,774	73,774	494,424	70,761	67,650
	FY13	324,530	150,000	55,650	-	16,470	-	396,650	48,081	55,650
C Carson ⁵	FY14	338,024	283,504	124,317	-	7,322	127,638	597,300	80,715	124,317
	FY13	279,242	279,242	109,882	122,047	8,524	-	519,695		109,882
	FY14	1,945,928	1,253,504	572,037	-	78,418	691,373	3,287,755	766,210	572,037
FY13	1,838,362	1,266,242	459,094	203,179	74,404	-	2,575,039	589,165	459,094	

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

² This represents the 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 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 FY13 grant was \$0.2203 and \$0.253 for the FY14 grant.

⁵ The remuneration amounts reflect a conversion of \$US into \$AUD using an average rate of AU\$1.0242 in FY13 and AU\$0.91704 in FY14.

4.2 Statutory Remuneration Data for the years ended 30 June 2014 with comparative period

The Statutory Remuneration Data table below shows the accounting expensed amounts that reflect a portion of possible future remuneration arising from prior and current year LTI grants.

TABLE 4: Statutory remuneration data for executive KMP

Executive	Year	Short-term employee benefits						Post employment benefits	Other long-term employee benefits	Share-based payments		
		Salary	STI paid in current period	Retention Payment	Termination Payments	Non-monetary benefits ¹	Total of short-term employee benefits	Super-annuation	LSL accrual	Equity settled ²	Cash Settled	Total
		\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
M George	FY14	602,226	236,385	-	-	-	838,611	17,774	16,807	502,639	-	1,375,831
	FY13	585,530	169,000	-	-	-	754,530	16,470	16,027	267,662	-	1,335,569
C Baveystock	FY14	335,226	73,780	-	-	-	409,006	17,774	2,905	156,160	-	585,845
	FY13	324,530	59,058	81,133	-	-	464,721	16,470	2,115	110,815	-	594,121
B Hopwood	FY14	335,226	69,905	-	-	-	405,131	17,774	10,333	153,464	-	586,702
	FY13	324,530	65,504	-	-	-	390,034	16,470	11,469	82,561	-	541,506
S Wright	FY14	335,226	67,650	-	-	-	402,876	17,774	6,040	101,471	-	528,161
	FY13	324,530	55,650	-	-	-	380,180	16,470	2,532	62,452	-	461,634
C Carson ³	FY14	338,024	124,317	-	-	16,012	478,352	7,322	-	-	149,286	634,961
	FY13	279,242	109,882	122,047	-	15,085	526,255	8,524	-	-	57,889	597,893
Total Remuneration	FY14	1,945,928	572,037	-	-	16,012	2,533,976	78,418	36,085	913,734	149,286	3,711,500
	FY13	1,838,362	459,094	203,180	-	15,085	2,515,720	74,404	32,143	523,490	57,889	3,530,723
G Dutailis ⁴	FY14	1,463	-	-	346,959	-	348,422	135	-	-	179,887	528,445
	FY13	380,530	205,056	-	-	-	585,586	16,470	-	-313,693	-	288,363
S Taylor ⁵	FY14	174,112	75,175	-	287,123	-	536,410	8,887	-	99,139	-	545,297
	FY13	340,530	98,437	-	-	-	438,967	16,470	2,936	18,452	-	476,825
Total Remuneration	FY14	2,121,503	647,212	-	634,082	16,012	3,418,809	87,441	36,085	1,012,873	329,173	4,785,242
	FY13	2,559,422	762,587	203,180	-	15,085	3,540,273	107,344	35,079	228,249	57,889	4,295,911

¹ USA Health Benefits (Medical, Dental, Vision) have not been previously disclosed. Health Benefits are offered to all Infigen USA employees.

² Includes the Deferred STI granted in the period

³ The remuneration amounts reflect a conversion of \$US into \$AUD using an average rate of AU\$1.0242 in FY13 and AU\$0.91704 in FY14.

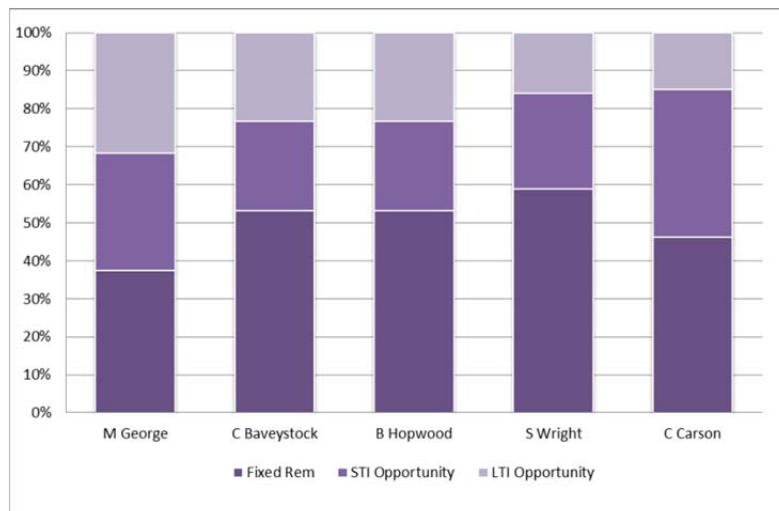
⁴ G Dutailis termination payments include severance, statutory annual and long service leave entitlements. Under the plan rules Mr Dutailis was entitled to receive a cash settled payment upon vesting of the 2012 deferred STI. The security price on the vesting date of \$0.29652 was used to determine the value of the cash payment.

⁵ S Taylor termination payments include severance, payment in lieu of notice not served and statutory annual leave entitlements. The FY13 STI payment was paid in full without deferral. The FY14 STI was pro rata to termination date and subject to achievement of business financial goals.

4.3 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 FY14 fixed remuneration and the maximum at-risk opportunity are set out below.

TABLE 5: Remuneration components for executive KMP



4.4 Value of Remuneration that may vest in future years

Remuneration amounts provided in the table below refer to the maximum value of performance rights 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 Payments'. 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 expense within the financial statements.

TABLE 6: Remuneration that may vest in future years

Executive	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 2014)				
		FY12	FY13	FY14	FY15	FY16	FY12	FY13	FY14	FY15	FY16
		(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)	(\$)
M George	FY12	32,898	74,038	51,698			43,091	96,978	67,716		
	FY13		130,818	112,018	112,018			198,611	170,068	170,068	
	FY14			141,659	122,083	122,494			172,056	148,280	148,778
	FY14 ¹				137,167	46,528				112,976	38,322
	Total	32,898	204,856	305,375	371,268	169,022	43,091	295,588	409,841	431,324	187,100
C Baveystock	FY12	11,116	25,016	17,468			14,560	32,767	22,880		
	FY13		38,197	32,708	32,708			57,991	49,657	49,657	
	FY14			41,903	36,112	36,234			50,895	43,861	44,009
	FY14 ¹				47,934	16,260				39,480	13,392
	Total	11,116	63,213	92,079	116,754	52,494	14,560	90,759	123,433	132,998	57,401
B Hopwood	FY12	11,116	25,016	17,468			14,560	32,767	22,880		
	FY13		30,458	26,080	26,080			46,241	39,596	39,596	
	FY14			41,903	36,112	36,234			50,895	43,861	44,009
	FY14 ¹				53,166	18,034				43,789	14,854
	Total	11,116	55,474	85,451	115,358	54,268	14,560	79,009	113,371	127,246	58,863
S Taylor	FY12	11,116	25,016	17,468			14,560	32,767	22,880		
	FY13		38,197	32,708	32,708			57,991	49,657	49,657	
	FY14			-	-	-			-	-	-
	FY14 ¹			-	-	-			-	-	-
	Total	11,116	63,213	50,176	32,708	-	14,560	90,759	72,538	49,657	-
C Carson	FY12	-	-	-	-		-	-	-		
	FY13		-	-	-		-	-	-		
	FY14			29,604	25,513	25,599			35,956	30,987	31,092
	FY14 ¹				100,025	33,929				82,384	27,945
	Total	-	-	29,604	125,538	59,528	-	-	35,956	113,371	59,037
S Wright	FY12	-	-	-			-	-	-		
	FY13		17,725	15,178	15,178			29,822	25,536	25,536	
	FY14			25,953	22,366	22,442			31,522	27,166	27,257
	FY14 ¹				45,168	15,321				37,202	12,619
	Total	-	17,725	41,131	82,712	37,763	-	29,822	57,058	89,904	39,876

¹ FY13 Deferred STI

If the difference between the accounting standard value and the current market value remains low we will discontinue the current market value comparison in future years.

4.5 Unvested Performance Rights

The table below provides details of outstanding performance rights relating to IFN securities that have been granted to KMP (FY12, FY13 and FY14 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.

TABLE 7: Unvested performance rights

Executive	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
M George	FY12 ¹	917,374	18-Jan-12	0.1729	158,634	30-Jun-15	01-Sep-14	
	FY13	2,378,575	26-Oct-12	0.1492	354,854	30-Jun-15	30-Jun-15	
	FY14	2,071,146	02-Dec-13	0.1865	386,236	30-Jun-16	30-Jun-16	
	FY14 ²	667,984	02-Dec-13	0.275	183,696			01-Sep-14
G Dutailis ³	FY12 ¹	463,384	18-Jan-12	0.1729	80,129	30-Jun-15	01-Sep-14	
	FY13	966,862	26-Oct-12	0.1492	144,244	30-Jun-15	30-Jun-15	
C Baveystock	FY12 ¹	309,966	18-Jan-12	0.1729	53,600	30-Jun-15	01-Sep-14	
	FY13	694,508	26-Oct-12	0.1492	103,612	30-Jun-14	30-Jun-14	
	FY14	612,648	02-Dec-13	0.1865	114,249	30-Jun-16	30-Jun-16	
	FY14 ²	233,431	02-Dec-13	0.275	64,194			01-Sep-14
B Hopwood	FY12 ¹	309,966	18-Jan-12	0.1729	53,600	30-Jun-15	01-Sep-14	
	FY13	553,790	26-Oct-12	0.1492	82,619	30-Jun-15	30-Jun-15	
	FY14	612,648	02-Dec-13	0.1865	114,249	30-Jun-16	30-Jun-16	
	FY14 ²	258,909	02-Dec-13	0.275	71,200			01-Sep-14
S Taylor ³	FY12 ¹	309,966	18-Jan-12	0.1729	53,600	30-Jun-15	01-Sep-14	
	FY13	694,508	26-Oct-13	0.1492	103,612	30-Jun-15	30-Jun-15	
C Carson ⁴	FY14	432,826	02-Dec-13	0.1865	80,715	30-Jun-16	30-Jun-16	
	FY14 ²	487,107	02-Dec-13	0.275	133,954			01-Sep-14
S Wright	FY13	322,288	26-Oct-12	0.1429	48,081	30-Jun-15	30-Jun-15	
	FY14	379,447	02-Dec-13	0.1865	70,761	30-Jun-16	30-Jun-16	
	FY14 ²	219,960	02-Dec-13	0.275	60,489			01-Sep-14

¹ Tranche 1 of this grant has now entered the final retest period. Tranche 2 of this grant will vest when the first trading window opens following the release of FY14 results.

² Relates to the STI Deferred from FY13

³ The FY12 & FY13 grants remain in the plan for the duration of the performance period in accordance with the Equity Plan rules

⁴ Craig Carson participates in a shadow equity plan which is cash settled because he is a US resident.

5. KMP EMPLOYMENT CONTRACTS

The base salaries for KMP as at 30 June 2014 are as follows:

M George	\$602,226
B Hopwood	\$335,226
C Baveystock	\$335,226
S Wright	\$335,226
C Carson	\$310,000 USD

Employment contracts relating to the KMP contain the following conditions:

Duration of contract	<ul style="list-style-type: none"> Open-ended
Notice period to terminate the contract	<ul style="list-style-type: none"> The employment of M George 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	<ul style="list-style-type: none"> Upon termination, any accrued but untaken annual and long-service (but not sickness or personal) leave entitlements, in accordance with applicable legislation, are payable. Upon the event of 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 were reviewed in FY14. Director Fees were not adjusted during the year and no change is proposed for FY15. The Committee member fees were adjusted effective from 1 January 2014.

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 2014 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	\$21,000
	Member	\$10,500
IEL Nomination & Remuneration Committee	Chairman ¹	\$12,000
	Member	\$7,500

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 years ended 30 June 2014 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 2013 and 30 June 2014 are set out in the table below.

Non-Executive Directors	Year	Fees		Super-annuation	Total
		IERL (\$)	IEL & IEBL (\$)	IEL & IEBL (\$)	
M Hutchinson	FY14	102,179	130,046	17,775	250,000
	FY13	95,506	138,024	16,470	250,000
P Green ¹	FY14	-	-	-	-
	FY13	-	-	-	-
F Harris	FY14	55,928	82,516	12,806	151,250
	FY13	55,046	81,651	12,303	149,000
R Rolfe	FY14	52,678	76,842	11,980	141,500
	FY13	52,293	76,147	11,560	140,000
Total Remuneration	FY14	210,785	289,404	42,561	542,750
	FY13	202,846	295,821	40,333	539,000

¹ P Green was appointed as a Non-Executive Director of Infigen Energy Limited (IEL), Infigen Energy (Bermuda) Limited (IEBL) and Infigen Energy RE Limited (IERL) on 18 November 2010. Mr Green is a partner of The Children's Investment Fund Management LLP which is a substantial shareholder of the Infigen group. Throughout FY14 Mr Green elected to receive no Director fees.

7. GUIDELINE FOR MINIMUM SECURITYHOLDINGS FOR NON-EXECUTIVE DIRECTORS

In February 2014 the Board established a guideline where Non-Executive Directors who receive payment of Director fees from Infigen are encouraged to acquire IFN securities equivalent to the after-tax value of one year's Director base fee. The acquisition of the relevant amount of IFN securities shall be completed within 3 years from the adoption of the guideline for existing Non-Executive Directors, or 3 years following appointment for subsequently elected Non-Executive Directors. The acquisition of IFN securities under this guideline is subject to Infigen's Securities Trading Policy and sufficient trading windows being open during the relevant period. No trading windows have been open to Non-Executive Directors since this guideline was established.

8. REMUNERATION ADVISER

The Nomination and Remuneration Committee engaged the services of Guerdon Associates throughout FY14 to advise on minor miscellaneous matters.

The consultant provided no other services to the Company 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, Division1, s.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 Key Management Personnel 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.

Pursuant to section 298(2) of the *Corporations Act 2001*, this report is made in accordance with resolutions of the Directors of Infigen Energy Limited and the Directors of Infigen Energy RE Limited, the responsible entity of the Infigen Energy Trust.

On behalf of the Directors of Infigen Energy Limited and Infigen Energy RE Limited:



Mike Hutchinson
Chairman



Miles George
Managing Director and
Chief Executive Officer

Sydney, 25 August 2014



Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Group and Infigen Energy Trust Group for year ended 30 June 2014, 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 Group and the entities it controlled during the period and Infigen Energy Trust Group and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M. Cooper', is written over a light blue horizontal line.

Partner
PricewaterhouseCoopers

25 August 2014



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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2014

	Note	Infigen Energy Group		Infigen Energy Trust Group	
		2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Revenue from continuing operations	3	273,282	259,672	-	-
Income from institutional equity partnerships	4	60,144	51,958	-	-
Other income	4	13,044	5,070	9	14
Operating expenses		(102,302)	(96,415)	-	-
Corporate costs		(13,582)	(14,124)	(19)	(40)
Other expenses	5	(6,259)	(3,276)	(636)	(620)
Depreciation and amortisation expense	5	(123,886)	(114,140)	-	-
Impairment expense	5	-	(39,386)	-	-
Interest expense	5	(70,667)	(71,593)	-	-
Finance costs relating to institutional equity partnerships	5	(28,939)	(43,806)	-	-
Other finance costs	5	(26,163)	(15,414)	-	-
Share of net profits / (losses) of associates and joint ventures using the equity method	12	13,705	(2,999)	-	-
Net loss before income tax benefit		(11,623)	(84,453)	(646)	(646)
Income tax benefit	6	2,720	4,478	-	-
Net loss for the year		(8,903)	(79,975)	(646)	(646)
Other comprehensive income / (loss)					
<i>Items that may be reclassified to profit or loss</i>					
Exchange differences on translation of foreign operations	21(a)	(6,257)	10,862	-	-
Changes in the fair value of cash flow hedges, net of tax	21(b)	22,355	26,408	-	-
Other comprehensive income / (loss) for the year, net of tax		16,098	37,270	-	-
Total comprehensive income / (loss) for the year, net of tax		7,195	(42,705)	(646)	(646)
Net gain / (loss) for the year is attributable to stapled security holders as:					
Equity holders of the parent		(8,177)	(79,320)	-	-
Equity holders of the other stapled entities (non-controlling interests)		(726)	(655)	(646)	(646)
		(8,903)	(79,975)	(646)	(646)
Total comprehensive income / (loss) for the year is attributable to stapled security holders as:					
Equity holders of the parent		7,921	(42,050)	-	-
Equity holders of the other stapled entities (non-controlling interests)		(726)	(655)	(646)	(646)
		7,195	(42,705)	(646)	(646)
Earnings per security of the parent based on earnings from continuing operations attributable to the equity holders of the parent / based on earnings attributable to unit holders:					
Basic (cents per security/unit)	23	(1.1)	(10.4)	(0.1)	(0.1)
Diluted (cents per security/unit)	23	(1.1)	(10.4)	(0.1)	(0.1)

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 2014

	Note	Infigen Energy Group			Infigen Energy Trust Group	
		2014 \$'000	2013 \$'000 (Restated)	1 July 2012 \$'000 (Restated)	2014 \$'000	2013 \$'000
Current assets						
Cash and cash equivalents	34(a)	80,699	121,213	122,680	392	383
Trade and other receivables	9	37,689	38,378	33,524	-	-
Inventory	10	16,164	12,618	15,736	-	-
Derivative financial instruments	11	994	2,585	3,242	-	-
Total current assets		135,546	174,794	175,182	392	383
Non-current assets						
Receivables	9	4,925	5,513	8,590	742,619	741,820
Investment in financial assets	11	86,384	-	-	-	-
Derivative financial instruments	11	303	438	579	-	-
Investment in associates and joint ventures	12	96,292	97,968	103,664	-	-
Property, plant and equipment	14	1,895,409	2,011,103	1,996,974	-	-
Deferred tax assets	6	50,453	46,503	48,359	-	-
Intangible assets	15	257,124	275,618	304,076	-	-
Total non-current assets		2,390,890	2,437,143	2,462,242	742,619	741,820
Total assets		2,526,436	2,611,937	2,637,424	743,011	742,203
Current liabilities						
Trade and other payables	16	32,419	33,830	35,906	3,511	2,875
Borrowings	17	63,984	31,164	56,000	-	-
Derivative financial instruments	11	33,964	52,187	42,578	-	-
Current tax liabilities	6	-	-	3,660	-	-
Provisions	18	2,900	2,795	3,449	-	-
Total current liabilities		133,267	119,976	141,593	3,511	2,875
Non-current liabilities						
Borrowings	17	1,011,061	1,027,415	1,011,888	-	-
Derivative financial instruments	11	98,343	102,520	148,575	-	-
Provisions	18	19,082	18,969	6,778	-	-
Total non-current liabilities		1,128,486	1,148,904	1,167,241	-	-
Institutional equity partnerships classified as liabilities	19	772,625	859,042	802,757	-	-
Total liabilities		2,034,378	2,127,922	2,111,591	3,511	2,875
Net assets		492,058	484,015	525,833	739,500	739,328
Equity holders of the parent						
Contributed equity	20	2,305	2,305	2,305	753,894	753,076
Reserves	21	(192,221)	(208,349)	(246,506)	-	-
Retained earnings	22	(55,672)	(47,495)	31,825	(14,394)	(13,748)
		(245,588)	(253,539)	(212,376)	739,500	739,328
Equity holders of the other stapled entities (non-controlling interests)						
Contributed equity	20	760,155	759,337	759,337	-	-
Retained earnings	22	(22,509)	(21,783)	(21,128)	-	-
		737,646	737,554	738,209	-	-
Total equity		492,058	484,015	525,833	739,500	739,328

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 2014

	Infigen Energy Group						Infigen Energy Trust Group			
	Attributable to Equity Holders of the parent						Contributed equity \$'000	Retained earnings \$'000	Total equity \$'000	
	Note	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 2012		2,305	(246,506)	31,825	(212,376)	738,209	525,833	753,076	(13,102)	739,974
Net loss for the year		-	-	(79,320)	(79,320)	(655)	(79,975)	-	(646)	(646)
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 income / (loss) for the		-	37,270	(79,320)	(42,050)	(655)	(42,705)	-	(646)	(646)
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	753,076	(13,748)	739,328
Net loss for the year		-	-	(8,177)	(8,177)	(726)	(8,903)	-	(646)	(646)
Changes in the fair value of cash flow hedges, net of tax	21(b)	-	22,355	-	22,355	-	22,355	-	-	-
Exchange differences on translation of foreign operations and movement in fair value	21(a)	-	(6,257)	-	(6,257)	-	(6,257)	-	-	-
Total comprehensive income / (loss) for the		-	16,098	(8,177)	7,921	(726)	7,195	-	(646)	(646)
Transactions with owners in their capacity as owners:										
Recognition of share-based payments	21(d)	-	30	-	30	818	848	818	-	818
Total equity at 30 June 2014		2,305	(192,221)	(55,672)	(245,588)	737,646	492,058	753,894	(14,394)	739,500

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 2014

	Infigen Energy Group		Infigen Energy Trust Group		
	Note	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Cash flows from operating activities					
Loss for the year		(8,903)	(79,975)	(646)	(646)
Adjustments for:					
Net income from institutional equity partnerships		(31,205)	(8,152)	-	-
(Gain) / loss on revaluation for fair value through profit or loss financial assets – financial instruments		(2,451)	(1,832)	-	-
Cash distributions received from financial assets		16,442	-	-	-
Depreciation and amortisation of non-current assets		123,886	114,140	-	-
Impairment expense		-	39,386	-	-
Unrealised foreign exchange loss / (gain)		(2,192)	5,049	-	-
Gain on sale of development assets		(4,396)	-	-	-
Amortisation of share based payments expense	25	242	828	-	-
Amortisation of borrowing costs capitalised		3,449	1,492	-	-
Share of losses / (profits) from associates and joint ventures		(13,705)	2,999	-	-
Cash distributions received from associates and joint ventures		13,649	13,883	-	-
Accretion of decommissioning & restoration provisions		242	1,816	-	-
(Decrease) in current tax liability		-	(1,920)	-	-
(Increase) in deferred tax assets		(3,551)	(3,902)	-	-
Changes in operating assets and liabilities, net of effects on disposal of controlled entity:					
(Increase) / decrease in assets:					
Current receivables and other current assets		(3,171)	(179)	-	-
Increase / (decrease) in liabilities:					
Current payables		7,031	5,305	636	620
Non-current payables		113	95	-	-
Net cash inflow from operating activities		95,480	89,033	(10)	(26)
Cash flows from investing activities					
Payments for property, plant and equipment		(10,980)	(8,033)	-	-
Proceeds from sale of development assets		8,270	-	-	-
Payments for intangible assets		(2,852)	(10,070)	-	-
Payments for investments in associates and joint ventures		-	(281)	-	-
Payment for investment in financial assets (US Class A)		(100,001)	-	-	-
Net cash inflow / (outflow) from investing activities		(105,563)	(18,384)	-	-
Cash flows from financing activities					
Proceeds from issue of equity securities		-	-	818	-
Proceeds from borrowings	17(a)	113,908	-	-	-
Proceeds from borrowings – capitalised cost		(5,675)	-	-	-
Repayment of borrowings	17(a)	(92,963)	(59,069)	-	-
Repayment from / (loans to) related parties		-	-	(799)	40
Distributions paid to institutional equity partners	19	(44,008)	(16,650)	-	-
Net cash outflow from financing activities		(28,738)	(75,719)	19	40
Net increase / (decrease) in cash and cash equivalents		(38,821)	(5,070)	9	14
Cash and cash equivalents at the beginning of the financial year		121,213	122,665	383	369
Effects of exchange rate changes on the balance of cash held in foreign currencies		(1,693)	3,618	-	-
Cash and cash equivalents at the end of the financial year	34(a)	80,699	121,213	392	383

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. The financial report consists of separate consolidated financial statements for:

- Infigen Energy Group ('the Group'), being Infigen Energy Limited ('IEL'), Infigen Energy Trust ('IET'), Infigen Energy (Bermuda) Limited ('IEBL') and the controlled entities of IEL and IET.
- Infigen Energy Trust Group ('the Trust'), being Infigen Energy Trust ('IET') and its controlled entities.

(i) 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.

(ii) Trust information

IET was established in Australia on 16 June 2003. On 26 September 2005, IET became a Registered Scheme and Infigen Energy RE Limited became the Responsible Entity of IET. The relationship of the Responsible Entity with the Scheme is governed by the terms and conditions specified in the Constitution.

Summarised financial information relating to the parent entity of the Group, IEL, and also the parent entity of the Trust IET are presented in Note 36.

a) Basis of preparation

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission, these Financial Statements are combined financial statements that present the consolidated financial statements and accompanying notes of both the Infigen Energy Group and Infigen Energy Trust.

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, Interpretations issued by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. Infigen and IET are for-profit entities for the purpose of preparing the financial statements.

(iii) Compliance with IFRS

The consolidated financial reports of the Group and the Trust, and parent entity information of IEL and IET comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(iv) 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.

(v) Legislative and regulatory regime

These financial statements have been prepared on the basis of the legislative and regulatory regime that exists as at 30 June 2014 and at the date of this report.

Changes to the regulatory regime, including any changes to the legislated Renewable Energy Target (RET), would be likely to impact the carrying values of assets, (including Property, Plant and Equipment, Deferred Tax Assets and Intangible Assets) and future renewable energy project development.

Summary of accounting policies (continued)

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 of the Group 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 of the group. 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 in the financial statements of the Group under the principles established in AASB Interpretation 1002.

c) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of the Group and the Trust as at 30 June 2014 and the results of all subsidiaries for the year then ended.

Subsidiaries are all those entities (including certain institutional equity partnerships and other special purpose entities) over which the Group or the Trust 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 or the Trust controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group or the Trust. 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 or the Trust.

The Group applies a policy of treating transactions with non-controlling interests as transactions with a shareholder external to the Group. 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 or Trust 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 or the Trust.

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

(ii) Joint arrangements

Under AASB 11 *Joint arrangements*, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures which include certain institutional equity partnerships. Interests in joint ventures are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost in the consolidated balance sheet.

(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.

(iv) Equity method

The Group's equity accounted investees' net profits or losses after tax are recognised in the consolidated statement of comprehensive income, and its share of post-acquisition movements in reserves are recognised in

Summary of accounting policies (continued)

reserves in the consolidated statement of financial position. 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.

When the Group's share of losses in an associate or joint venture 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 or joint venture.

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

d) Critical accounting estimates and judgments

The Group or the Trust makes estimates and assumptions concerning the future. 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 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 are:

(i) Estimated impairment of goodwill and other assets

The Group tests annually whether goodwill and other assets have suffered any impairment, in accordance with the accounting policies stated in Note 1(p). The determination of the recoverable amounts of CGUs requires the use of assumptions about a range of factors. Refer to Note 15 for details of these assumptions and the potential effect of changes to the assumptions.

(ii) Income and deferred taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. The Group currently has significant tax losses in Australia and its foreign operations. The Group is required to make significant judgements and assessments in relation to the recoverability of future tax losses which have been recognised as deferred tax assets. This includes consideration of many future events and outcomes that are uncertain. 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. Currently only Australian tax losses have been brought to account as deferred tax assets.

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

(iii) Development Assets

The Group holds renewable development assets in both the US and Australia (refer Note 15). The recoverable amount of the development assets is dependent upon internal valuations, which consider how advanced the development projects are, and the current, or expected future, market demand for these assets. The US market for solar development assets is currently active and liquid, with regulatory stability and external reference points available to support carrying values. The market for Australian renewable development assets, underpinned by the legislated Renewable Energy Target (RET), is currently less active and highly illiquid due to regulatory uncertainty. A Panel review of the RET was undertaken in 2014 and the Panel is due to report its recommendations to the Federal Government at the end of August 2014. The Government will then consider the recommendations and determine what, if any, legislative or regulatory changes it will pursue. The current assumptions and estimates that support the recoverable amount of the Group's Australian development assets are necessarily based on the current legislated targets, however should the Government pursue and legislate

Summary of accounting policies (continued)

changes to the targets that result in a material curtailment of renewable energy development requirements under the term of the RET (currently 2030), a review of current valuations would need to be undertaken.

(iv) Institutional Equity Partnerships

The Group has made estimates and assumptions in relation to future revenues and expenses in order to determine the quantum of 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.

(v) Estimated useful economic life of wind turbines and associated plant

As disclosed in Note 1(j) the Group depreciates wind turbines and associated plant, over 25 years, which is the estimated minimum useful economic life of these assets, based on current evaluations. It is possible that some of these assets will have useful economic lives in excess of 25 years in which case additional revenues will be received without a matching depreciation charge.

(vi) Contingent liabilities

As disclosed in Note 27, the Group or the Trust 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.

e) Trade and other payables

Trade payables and other accounts payable are recognised when the Group or the Trust 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.

f) 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 or the Trust. 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 capitalised.

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 or Trust's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(p)). If the cost of acquisition is less than the Group's or Trust'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.

Summary of accounting policies (continued)

g) 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 or the Trust has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

h) Borrowing costs

Borrowing costs incurred for the construction of any qualifying assets are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Other borrowing costs are expensed.

i) 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.

j) 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, including replacement parts 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 any component accounted for as a separate asset is derecognised when replaced. The carrying amount of the replaced part is recognised. Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from the disposal with the carrying amount of property, plant and equipment and are included in the income statement. 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 is 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.

Summary of accounting policies (continued)

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
Solar panels and associated plant	30 years
Fixtures and fittings	10-20 years
Computer equipment	3-5 years

k) 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.

Summary of accounting policies (continued)

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.

(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.

l) 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 exclusive 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.

m) 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.

n) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's or the Trust'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 and the Trust'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 or the Trust companies

The results and financial position of all Group or Trust 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

Summary of accounting policies (continued)

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.

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.

o) Income tax

(i) 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).

(ii) 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, joint ventures 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.

(iii) 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.

Summary of accounting policies (continued)

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.

(iv) 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 6.

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.

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

p) 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.

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. Expenditure on start-up activities, such as loan costs are transferred to capitalised loan costs when incurred. 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.

Summary of accounting policies (continued)

q) 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 or the Trust'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(v) for the accounting policy in respect of lease income from operating leases.

r) Impairment of assets

At each reporting date, the 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 (project agreements and licences) and intangible assets not yet available for use (development assets) 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 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. Refer to Note 15 for details of the value-in-use assumptions.

For assessing impairment, 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.

Summary of accounting policies (continued)

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.

s) 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.

t) Provisions

Provisions are recognised when the Group or the Trust 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 probable that recovery will be received and the amount of the receivable can be measured reliably.

u) 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.

v) 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 or the Trust 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 or Trust's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group or the Trust 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.

Summary of accounting policies (continued)

(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. AASB 102 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. 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.

(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 deferred revenue (a component of 'Institutional equity partnerships classified as liabilities') and recognised in revenue 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.

w) 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 or the Trust 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.

Summary of accounting policies (continued)

x) Contributed equity

Ordinary shares and units are classified as equity. Incremental costs directly attributable to the issue of new shares, units 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.

y) Earnings per security / units

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

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

z) 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 or the Trust 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 classified in the level 2 fair value hierarchy (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 or the Trust for similar financial instruments.

Available-for-sale financial assets

Available for sale financial assets are recognised initially at fair value, based on the considerations paid for the interest. Transaction costs that are directly attributable to the acquisition are added to the initial fair value of the instruments.

Subsequently, all gains and losses arising from changes in fair value are recognised directly in other comprehensive income except as follows:

- Interest calculated using the effective interest method is recognised in profit or loss;
- Foreign exchange gains and losses on monetary financial assets are recognised in profit or loss; and
- Impairment losses are recognised in profit or loss.

Available for sale assets are tested for impairment at each balance date.

Summary of accounting policies (continued)

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in other comprehensive income and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in other comprehensive income is reclassified from equity and recognised in profit or loss.

aa) 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 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.

(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.

bb) 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

Summary of accounting policies (continued)

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.

cc) Rounding of amounts

The Group or the Trust 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.

dd) New and amended standards adopted by the Group or the Trust

The Group or the Trust has applied the following standards and amendments for the first time for their annual reporting period commencing 1 July 2013:

- (i) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, AASB 128 *Investments in Associates and Joint Ventures*, AASB 127 *Separate Financial Statements* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards*
- (ii) AASB 2012-10 *Amendments to Australian Accounting Standards – Transition Guidance and other Amendments* which provides an exemption from the requirement to disclose the impact of the change in accounting policy on the current period
- (iii) AASB 13 *Fair Value Measurement* and AASB 2011-8 *Amendments to Australian Accounting Standards arising from AASB 13*
- (iv) AASB 119 *Employee Benefits (September 2011)* and AASB 2011-10 *Amendments to Australian Accounting Standards arising from AASB 119 (September 2011)*
- (v) AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*, and
- (vi) AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities*
- (vii) AASB 2011-4 *Amendments Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*, Revised Corporations Regulations 2M.3.03

The adoption of AASB 11 resulted in changes in accounting policies and adjustments to the amounts recognised in the financial statements. These are explained and summarised below. The other standards only affected the disclosures in the notes to the financial statements.

The Group also elected to early adopt AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*, which does not require the disclosure of the recoverable amount of a cash generating unit unless an impairment loss has been recognised or reversed during the year.

Summary of accounting policies (continued)

ee) Changes in accounting policy

Consolidated financial statements and joint arrangements

AASB 10 was issued in August 2011 and replaces the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements* and in Interpretation 112 *Consolidation – Special Purpose Entities*. Under the new principles, the Group or the Trust controls an entity when the Group or the Trust is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Both the Group and the Trust have reviewed their investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127.

Under AASB 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations each investor has, rather than the legal structure of the joint arrangement. The Group and the Trust have assessed the nature of their joint arrangements and have determined that seven of the Group's twelve joint arrangements in the US are classified as joint ventures in accordance with AASB 11.

Under the Group's previous accounting policy, interests in joint ventures were accounted for using the proportionate consolidation method, whereby the Group combined its share of the jointly controlled entities' individual income and expenses, assets and liabilities and cash flows on a line by line basis with similar items in the Group's financial statements. This method is no longer permitted under AASB 11. Instead, interests in joint ventures must now be accounted for using the equity method. Under this method, the interests are initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income in profit or loss and other comprehensive income respectively.

When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary, to ensure consistency with the policies adopted by the Group.

As required under AASB 11, the change in policy has been applied retrospectively and, as consequence, adjustments were recognised in the balance sheet as of 1 July 2012.

The tables below show the effect of the change in accounting policy on individual line items in each of the financial statements. Line items that were not affected by the change have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided.

The Group recognised its investment in the joint venture at the beginning of the earliest period presented (1 July 2012) as the total of the carrying amounts of the assets and liabilities previously proportionately consolidated, including any goodwill arising from the acquisition of the investment. This is the deemed cost of the Group's investments in the joint venture for applying equity accounting. As a consequence, the change in policy did not have any impact on the Group's net assets, items of equity, profit after tax and earnings per security.

Summary of accounting policies (continued)

The impact of this change in the Group's accounting policy on individual line items in the financial statements can be summarised as follows:

Statement of comprehensive income	2013	Profit Increase/ (Decrease)	2013
	(Previously stated)		(Restated)
	\$'000	\$'000	\$'000
Revenue from continuing operations	302,640	(42,968)	259,672
Income from institutional equity partnerships	78,786	(26,828)	51,958
Other income	4,471	599	5,070
Operating expenses	(115,854)	19,439	(96,415)
Corporate costs	(14,124)	-	(14,124)
Other expenses	(3,276)	-	(3,276)
Depreciation and amortisation expense	(137,888)	23,748	(114,140)
Impairment expense	(58,362)	18,976	(39,386)
Interest expense	(71,593)	-	(71,593)
Finance costs relating to institutional equity partnerships	(52,805)	8,999	(43,806)
Other finance costs	(16,362)	948	(15,414)
Share of net (losses) / profits of associates and joint ventures accounted for using the equity method	(86)	(2,913)	(2,999)
Net loss before income tax benefit	(84,453)	-	(84,453)
Income tax benefit	4,478	-	4,478
Net loss for the year	(79,975)	-	(79,975)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Exchange differences on translation of foreign operations	10,862	-	10,862
Changes in the fair value of cash flow hedges, net of tax	26,408	-	26,408
Other comprehensive income for the year, net of tax	37,270	-	37,270
Total comprehensive loss for the year	(42,705)	-	(42,705)

Summary of accounting policies (continued)

Balance sheet	30 June 2013 (Previously stated)	Increase/ (Decrease) \$'000	30 June 2013 (Restated) \$'000	1 July 2012 (Previously stated) \$'000	Increase/ (Decrease) \$'000	1 July 2012 (Restated) \$'000
Current assets						
Cash and cash equivalents	124,524	(3,311)	121,213	126,703	(4,023)	122,680
Trade and other receivables	44,182	(5,804)	38,378	39,944	(6,420)	33,524
Inventory	13,756	(1,138)	12,618	15,736	-	15,736
Derivative financial instruments	2,585	-	2,585	3,242	-	3,242
Total current assets	185,047	(10,253)	174,794	185,625	(10,443)	175,182
Non-current assets						
Receivables	5,513	-	5,513	8,590	-	8,590
Derivative financial instruments	438	-	438	579	-	579
Investment in associates and joint	922	97,046	97,968	728	102,936	103,664
Property, plant and equipment	2,478,019	(466,916)	2,011,103	2,435,300	(438,326)	1,996,974
Deferred tax assets	46,503	-	46,503	48,359	-	48,359
Intangible assets	272,060	3,558	275,618	318,044	(13,968)	304,076
Total non-current assets	2,803,455	(366,312)	2,437,143	2,811,600	(349,358)	2,462,242
Total assets	2,988,502	(376,565)	2,611,937	2,997,225	(359,801)	2,637,424
Current liabilities						
Trade and other payables	36,561	(2,731)	33,830	40,005	(4,099)	35,906
Borrowings	31,164	-	31,164	56,000	-	56,000
Derivative financial instruments	52,187	-	52,187	42,578	-	42,578
Current tax liabilities	-	-	-	3,660	-	3,660
Provisions	2,795	-	2,795	3,449	-	3,449
Total current liabilities	122,707	(2,731)	119,976	145,692	(4,099)	141,593
Non-current liabilities						
Borrowings	1,028,879	(1,464)	1,027,415	1,013,214	(1,326)	1,011,888
Derivative financial instruments	102,520	-	102,520	148,575	-	148,575
Provisions	26,539	(7,570)	18,969	6,778	-	6,778
Total non-current liabilities	1,157,938	(9,034)	1,148,904	1,168,567	(1,326)	1,167,241
Institutional equity partnerships	1,223,842	(364,800)	859,042	1,157,133	(354,376)	802,757
Total liabilities	2,504,487	(376,565)	2,127,922	2,471,392	(359,801)	2,111,591
Net assets	484,015	-	484,015	525,833	-	525,833
Equity holders of the parent						
Contributed equity	2,305	-	2,305	2,305	-	2,305
Reserves	(208,349)	-	(208,349)	(246,506)	-	(246,506)
Retained earnings	(47,495)	-	(47,495)	31,825	-	31,825
	(253,539)	-	(253,539)	(212,376)	-	(212,376)
Equity holders of the other stapled						
Contributed equity	759,337	-	759,337	759,337	-	759,337
Retained earnings	(21,783)	-	(21,783)	(21,128)	-	(21,128)
	737,554	-	737,554	738,209	-	738,209
Total equity	484,015	-	484,015	525,833	-	525,833

Summary of accounting policies (continued)

	2013 (previously stated) \$'000	Increase / (Decrease) \$'000	2013 (Restated) \$'000
Cash flows from operating activities			
Loss for the year	(79,975)	-	(79,975)
<i>Adjustments for:</i>			
Interests in institutional equity partnerships	(25,981)	17,829	(8,152)
(Gain) / Loss on revaluation for fair value through profit or loss	(1,832)	-	(1,832)
Depreciation and amortisation of non-current assets	137,888	(23,748)	114,140
Impairment expense	58,362	(18,976)	39,386
Unrealised foreign exchange (gains) / losses	5,049	-	5,049
Amortisation /(de-recognition) of share based payments expense	828	-	828
Amortisation of borrowing costs capitalised	1,492	-	1,492
Share of losses / (profits) from associates and joint ventures	86	2,913	2,999
Distributions received from associates and joint ventures	-	13,883	13,883
Accretion of decommissioning and restoration provisions	2,744	(928)	1,816
Decrease in current tax liability	(1,920)	-	(1,920)
(Increase) in deferred tax balances	(3,902)	-	(3,902)
Changes in operating assets and liabilities, net of (Increase)/decrease in assets:			
Current receivables and other current assets	937	(1,116)	(179)
Increase/(decrease) in liabilities:			
Current payables	3,903	1,402	5,305
Non-current payables	96	(1)	95
Net cash from operating activities	97,775	(8,742)	89,033
Cash flows from investing activities			
Payments for property, plant and equipment	(11,042)	3,009	(8,033)
Payments for intangible assets	(10,070)	-	(10,070)
Payment for investment in associates and joint ventures	(281)	-	(281)
Net cash used in investing activities	(21,393)	3,009	(18,384)
Cash flows from financing activities			
Repayment of borrowings	(59,069)	-	(59,069)
Distributions paid to institutional equity partnerships	(23,409)	6,759	(16,650)
Net cash used in financing activities	(82,478)	6,759	(75,719)
Net decrease in cash and cash equivalents	(6,096)	1,026	(5,070)
Cash and cash equivalents at the beginning of the year	126,703	(4,038)	122,665
Effects of exchange rate on the balance of cash held in foreign	3,917	(299)	3,618
Cash and cash equivalents at the end of the year	124,524	(3,311)	121,213



Summary of accounting policies (continued)

ff) New standards and interpretations not yet adopted by the Group or the Trust

Certain new accounting standards and interpretations have been published that are not mandatory for 30 June 2014 reporting periods and have not been early adopted by the Group or the Trust. The Group's or the Trust's assessment of the impact of these new standards and interpretations is set out below.

- (i) *AASB 9 Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is not applicable until 1 January 2017, however this may be revised again once the IASB has agreed on a mandatory date for the equivalent international standard. When adopted, it is likely to affect the Group's or the Trust'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 new hedging rules align hedge accounting more closely with the Group's or the Trust's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation. In order to apply the hedging rules, the Group or the Trust would have to adopt AASB 9 and the consequential amendments to AASB 7 and AASB139 in their entirety. The Group has not yet decided whether to early adopt AASB 9 and has not assessed the effect.
- (ii) *AASB 2012-3 Offsetting Financial Assets and Financial Liabilities*. The amendments do not change the current offsetting rules in AASB 132 but they clarify that the right to set-off must be available today (i.e. not contingent on a future event) and must be legally enforceable in the normal course of business as well as in the event of default, insolvency or bankruptcy. This is applicable to reporting periods commencing on or after 1 January 2014. The Group has not yet assessed the effect of this amendment.
- (iii) *AASB 2013-4 Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*. The AASB has made a limited scope amendment to AASB 139 *Financial Instruments: Recognition and Measurement*. AASB 139 requires an entity to stop hedge accounting when a novation (replacement of one party of the derivative contract with a new party) occurs because the original hedging instrument envisaged in the hedge documentation has changed.
The amendment allows the continuation of hedge accounting provided specific conditions are met. This is applicable to reporting periods commencing on or after 1 January 2014. The Group has not yet assessed the effect of this amendment.

There are no other standards that are not yet effective and that are expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

gg) Parent entity financial information

The financial information for the parent entity, Infigen Energy Limited and IET, disclosed in Note 36, 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 and IET. 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.



Summary of accounting policies (continued)

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 standalone 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 renewable energy businesses held within each geographical area.

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 joint control over interests in seven US LLCs in which it owns 50% to 59.3% of the Class B Interests. Under IFRS, these interests are included in the statutory results of the Group using the equity method. Under the economic interest basis, the equity accounted share of profits/losses from joint ventures, and investment in associates and joint ventures is grossed up to include the Group's share of the financials on a line by line basis.

The entity also 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 consolidates the financial performance of these companies within its statutory results and recognises a non-controlling interest. Under the economic interest basis, the non-controlling interests are excluded from the Group's results.

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

The Board of Directors reviews segment revenues on a proportional basis, reflective of the economic ownership held by the Group. The adjustments shown for the equity accounted associates, joint ventures and non-controlling interests relate solely to the US segment.



Notes to the consolidated financial statements
For the year ended 30 June 2014

Segment information (continued)

The segment information provided to the Board of Directors for the operating segments together with a reconciliation of segment EBITDA to operating loss before income tax for the year ended 30 June 2014 is as follows:

INFIGEN ENERGY GROUP

	Statutory basis \$'000	Add: Share of profits of associates & JVs \$'000	Less: Minority Interests \$'000	Economic Interest Basis \$'000	Allocated to segments on an economic interest basis		
					Australia	US	Unallocated
					\$'000	\$'000	\$'000
Year ended 30 June 2014							
Segment revenue	273,282	47,640	(17,686)	303,236	145,438	157,798	-
Operating costs	(102,212)	(21,295)	5,783	(117,724)	(36,120)	(81,604)	-
Segment EBITDA from operations	171,070	26,345	(11,903)	185,512	109,318	76,194	-
Corporate costs	(13,582)	-	-	(13,582)	-	-	(13,582)
Development costs	(6,259)	-	-	(6,259)	(2,808)	(3,451)	-
Share of profits of associates & JVs	13,705	(13,705)	-	-	-	-	-
Gain on investments and other	4,309	(4)	-	4,305	-	4,305	-
EBITDA	169,243	12,636	(11,903)	169,976	106,510	77,048	(13,582)
Depreciation & amortisation	(123,886)	(26,707)	8,875	(141,718)	(52,619)	(89,099)	-
EBIT	45,357	(14,071)	(3,028)	28,258	53,891	(12,051)	(13,582)
Net finance costs	(71,412)	(238)	238	(71,412)	(57,220)	(14,192)	-
Net income from IEPs	31,205	14,381	2,790	48,376	-	48,376	-
Significant item – swap termination	(16,773)	-	-	(16,773)	-	(16,773)	-
Loss before income tax	(11,623)	72	-	(11,551)	(3,329)	5,360	(13,582)
Tax benefit / expense	2,720	(72)	-	2,648	2,648	-	-
Net profit / (loss) after tax	(8,903)	-	-	(8,903)	(681)	5,360	(13,582)
Year ended 30 June 2013							
Segment revenue	259,672	42,968	(16,538)	286,102	146,316	139,786	-
Operating costs	(95,095)	(19,440)	5,231	(109,304)	(36,280)	(73,024)	-
Segment EBITDA from operations	164,577	23,528	(11,307)	176,798	110,036	66,762	-
Corporate costs	(14,124)	-	-	(14,124)	-	-	(14,124)
Development costs	(3,276)	(5)	-	(3,281)	(2,866)	(415)	-
Share of profits of associates & JVs	(2,999)	2,999	-	-	-	-	-
LGC revaluation and other	(1,152)	-	-	(1,152)	(1,401)	249	-
EBITDA	143,026	26,522	(11,307)	158,241	105,769	66,596	(14,124)
Depreciation & amortisation	(114,140)	(23,748)	7,615	(130,273)	(50,891)	(79,382)	-
Significant item - Impairment	(39,386)	(18,976)	-	(58,362)	-	(58,362)	-
EBIT	(10,500)	(16,202)	(3,692)	(30,394)	54,878	(71,148)	(14,124)
Net finance costs	(82,105)	(1,542)	367	(83,280)	(62,892)	(20,388)	-
Net income from IEPs	8,152	17,829	3,325	29,306	-	29,306	-
Loss before income tax	(84,453)	85	-	(84,368)	(8,014)	(62,230)	(14,124)
Tax benefit / expense	4,478	(85)	-	4,393	4,393	-	-
Net loss after tax	(79,975)	-	-	(79,975)	(3,621)	(62,230)	(14,124)

Segment information (continued)

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

INFIGEN ENERGY GROUP	Statutory basis \$'000	Add: Share of assets and liabilities of associates & JVs \$'000	Less: Minority Interest \$'000	Total Economic interest basis \$'000	Allocated to segments on an economic interest basis	
					Australia \$'000	US \$'000
As at 30 June 2014						
Total segment assets	2,526,436	345,549	(166,486)	2,705,499	1,177,398	1,528,101
Total assets includes:						
Investment in associates & joint ventures	96,292	(96,292)	-	-	-	-
Additions to non-current assets (other than financial assets and deferred tax)	13,833	2,258	(377)	15,714	5,110	10,604
Total segment liabilities	2,034,378	345,549	(166,486)	2,213,441	815,374	1,398,067
As at 30 June 2013						
Total segment assets	2,611,937	376,564	(179,775)	2,808,726	1,258,947	1,549,779
Total assets includes:						
Investment in associates & joint ventures	97,968	(97,046)	-	922	922	-
Additions to non-current assets (other than financial assets and deferred tax)	18,217	2,896	(586)	20,527	7,480	13,047
Total segment liabilities	2,127,922	376,564	(179,775)	2,324,711	857,523	1,467,188



Notes to the consolidated financial statements
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3. Revenue

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000
		(Restated)
From continuing operations		
Sale of energy and environmental products ¹	76,965	83,290
Lease of plant and equipment ²	190,208	170,219
Compensated revenue	2,059	2,520
Asset management services	4,050	3,643
	273,282	259,672

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(v) for further information

4. Other income

	Infigen Energy Group		Infigen Energy Trust Group	
	2014	2013	2014	2013
	\$'000	\$'000	\$'000	\$'000
		(Restated)		(Restated)
From continuing operations:				
Income from institutional equity partnerships				
Value of production tax credits offset against Class A liability ¹	56,253	50,159	-	-
Value of tax benefits / (expenses) offset against Class A liability ¹	(14,653)	(4,495)	-	-
Tax benefits recognised / (deferred) during the period ¹	18,544	6,294	-	-
	60,144	51,958	-	-
Other income				
Interest income	1,132	2,390	9	14
Interest income on financial asset ²	4,234	-	-	-
Net foreign exchange gains	1,730	-	-	-
Fair value gains on financial instruments	1,552	1,832	-	-
Gain on sale of development assets	4,396	-	-	-
Other income	-	848	-	-
	13,044	5,070	9	14

¹ Refer Note 19 for further details.

² As at 30 June 2014, the available-for-sale financial instrument in relation to the investment in financial asset increased by \$4,234,000 due to interest income. This is non-cash interest income that increases the value of the financial asset.



Notes to the consolidated financial statements
For the year ended 30 June 2014

5. Expenses

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
From continuing operations:				
Loss before income tax has been arrived at after charging the following expenses:				
Other expenses:				
Development costs	6,259	3,276	-	-
Responsible Entity fees	-	-	636	620
	6,259	3,276	636	620
Depreciation and amortisation expense:				
Depreciation of property, plant and equipment (Note 14)	110,749	99,513	-	-
Amortisation of intangible assets (Note 15)	13,137	14,627	-	-
	123,886	114,140	-	-
Impairment expense:				
Impairment of goodwill (Note 15)	-	3,787	-	-
Impairment of project related agreements and licences (Note 15)	-	35,599	-	-
	-	39,386	-	-
Interest expense:				
Interest expense on borrowings	33,140	34,514	-	-
Interest expense on derivative financial instruments	37,527	37,079	-	-
	70,667	71,593	-	-
Finance costs relating to institutional equity partnerships:				
Allocation of return on outstanding Class A liability ¹	26,332	25,441	-	-
Movement in residual interest (Class A) ¹	(3,467)	15,321	-	-
Movement in non-controlling interest (Class B) ¹	6,074	3,044	-	-
	28,939	43,806	-	-
Other finance costs:				
Significant item – Interest rate swap termination	16,773	-	-	-
Other fair value losses on financial instruments	3,335	-	-	-
Foreign exchange losses	-	9,078	-	-
Bank fees and loan amortisation costs	5,813	4,520	-	-
Recognition and unwinding of discount on decommissioning provisions	242	1,816	-	-
	26,163	15,414	-	-

¹ Refer Note 19 for further details.

6. Income taxes and deferred taxes

a) Income tax benefit

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Current tax	(473)	(723)
Deferred tax	(2,247)	(3,755)
	(2,720)	(4,478)
Income tax benefit is attributable to:		
Loss from continuing operations	(2,720)	(4,478)
Aggregate income tax benefit	(2,720)	(4,478)
Deferred income tax (benefit) / expense included in income tax benefit comprises:		
Decrease in deferred tax assets	908	1,374
Increase / (Decrease) in deferred tax liabilities	(3,155)	(5,129)
	(2,247)	(3,755)

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

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Loss from continuing operations before income tax (benefit) / expense	(11,623)	(84,453)
Income tax benefit calculated at 30% (2013: 30%)	(3,487)	(25,336)
Increase / (decrease) in tax benefit due to:		
Tax losses not recognised as an asset	1,539	4,802
Impairment expenses in relation to US assets	-	17,509
Unrealised foreign exchange movement	1,150	(2,123)
Sundry items	(1,922)	670
Income tax (benefit) / expense	(2,720)	(4,478)

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:

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Deferred tax asset	1,142	(5,757)
Deferred tax liabilities	-	-
Net deferred tax	1,142	(5,757)



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Income taxes and deferred taxes (continued)

d) Tax losses

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Unused tax losses for which no deferred tax asset has been recognised	533,831	453,832
Potential tax benefit @ 30%	160,149	136,150

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

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Income tax payable attributable to:		
Overseas entities in the Group	-	-
	-	-

Income taxes and deferred taxes (continued)

g) Deferred tax

	Infigen Energy Group				
	Opening balance \$'000	Charged to Income \$'000	Charged to Equity \$'000	Acquisitions / disposals \$'000	Closing balance \$'000
Year ended 30 June 2014					
Gross deferred tax assets:					
Unused revenue tax losses	84,834	2,939	-	-	87,773
Effect of hedge movements	25,259	(1,509)	1,142	-	24,892
Unrealised foreign exchange loss	6,789	(1,777)	-	-	5,012
	116,882	(347)	1,142	-	117,677
Gross deferred tax liabilities:					
Depreciation	(58,984)	1,203	-	-	(57,781)
Unrealised foreign exchange gains	(7,582)	3,496	-	-	(4,086)
Other	(3,813)	(1,544)	-	-	(5,357)
	(70,379)	3,155	-	-	(67,224)
Total deferred tax assets	46,503	2,808	1,142	-	50,453
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

Tax losses in the Australian business have been recognised as a deferred tax asset on the basis that it is expected the business will generate sufficient taxable earnings to fully utilise those losses. The generation of tax losses in the early years of operating long-term infrastructure assets to be utilised over the remaining life of the assets is expected.

The assessment of future taxable income to support utilisation of tax losses in the Australian business is based on the long-term forecasts used for assessing asset impairment. Refer to Note 1(d)(ii) and Note 15 for key assumptions.

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Deferred tax assets to be recovered within 12 months	-	-
Deferred tax assets to be recovered after more than 12 months	50,543	46,503
Total deferred tax assets	50,543	46,503



7. Key management personnel remuneration

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

a) Details of key management personnel

The following Directors were Key Management Personnel (KMP) of Infigen during the financial years ended 30 June 2014 and 30 June 2013:

- 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	2014	2013
G Dutailis ¹	Chief Operating Officer	-	✓
C Baveystock	Chief Financial Officer	✓	✓
B Hopwood	Executive General Manager – Corporate Finance	✓	✓
S Taylor ²	Group General Manager - Australia	-	✓
S Wright	General Counsel	✓	✓
C Carson	Executive General Manager Operations & CEO - USA	✓	✓

¹ Employment ceased 30 June 2013

² Employment ceased 31 December 2013

b) Key management personnel remuneration

KMP are not remunerated by the Trust. Payments made by the Trust to the responsible entity do not include any amounts attributable to the remuneration of KMPs. Non-Executive directors of IERL are remunerated by IERL. Other KMP of Infigen are remunerated by the Group.

The aggregate remuneration of KMP of Infigen for the years ended 30 June 2014 and 30 June 2013 is set out below:

	2014	2013
	\$	\$
Short-term employee benefits ³	3,921,323	3,975,419
Post-employment benefits (superannuation)	130,002	147,676
Other long-term benefits and equity-based incentive expense allocation ⁴	1,849,131	1,464,002
Write-back prior year's long-term share-based incentive expense allocation	(471,000)	(655,000)
Total	5,429,456	4,932,097

³ Includes short-term incentives accrued in respect of the current period.

⁴ Share-based incentive expense allocations are subject to performance rights and units vesting in the future. FY14 equity settled adjusted for FY13 deferred STI granted in the period.



Key management personnel remuneration (continued)

c) Rights and performance units held over Infigen securities

During the year ended 30 June 2014 Performance Rights and units were granted to KMP under the Equity Plan.

The FY12 deferred STI vested on 27 August 2013. Infigen issued 2,727,462 securities to satisfy the vested FY12 deferred STI obligation.

Performance rights/units held by KMP over Infigen securities over the period 1 July 2013 to 30 June 2014 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 2012	Granted	Other Changes ²	Balance at 30 June 2013	Granted	Other Changes ²	Balance at 30 June 2014
M George	2,280,964	3,455,570	(556,462)	5,180,072	2,739,130	(807,128)	7,112,074
G Dutailis	1,150,926	1,573,507	(2,724,433) ³	-	-	-	-
B Hopwood	514,510	819,861	(86,808)	1,247,563	871,557	(117,736)	2,001,384
C Baveystock	309,966	983,885	-	1,293,851	846,079	-	2,139,930
S Taylor	653,702	985,827	(87,132) ⁴	1,552,397	-	(1,552,397)	-
S Wright	-	594,185	-	594,185	599,407	-	1,193,592
C Carson	126,866 ¹	352,279	-	479,145	919,933	-	1,399,078

¹ Granted before becoming a KMP

² Represents forfeitures due to vesting conditions not met

³ Employment ceased 30 June 2013

⁴ Employment ceased 31 December 2013

Refer to the table titled "Outstanding Performance Rights" in the Directors' report for further details of the balances held at 30 June 2014.

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 2014 and 30 June 2013. There are no other transactions with KMP.

Key management personnel remuneration (continued)

e) Security holdings in Infigen

Security holdings of KMPs, including their personally related parties, in Infigen securities over the period 1 July 2013 to 30 June 2014 are set out below.

	Balance at 30 June 2012	Acquired during 2013	Sold	Balance at 30 June 2013	Acquired during 2014	Sold	Balance at 30 June 2014
M Hutchinson	110,000	82,500	-	192,500	-	-	192,500
P Green ¹	-	-	-	-	-	-	-
F Harris	100,000	-	-	100,000	-	-	100,000
R Rolfe AO	-	-	-	-	-	-	-
M George	650,000	-	-	650,000	1,076,995	-	1,726,995
C Baveystock	40,000	-	-	40,000	289,377	(229,377)	100,000
B Hopwood	10,000	-	-	10,000	266,071	(250,000)	26,071
S Taylor ²	5,917 ²	-	-	5,917	291,319	(291,389)	N/A
S Wright	-	-	-	-	271,897	(271,897)	-
C Carson	-	100,000	-	100,000	-	-	100,000

¹ 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.

² Employment ceased 31 December 2013.

8. Remuneration of auditors

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

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$	2013 \$	2014 \$	2013 \$
Audit services by:				
Auditors of the Company (PricewaterhouseCoopers)				
<i>Australia</i>				
Audit and review of the financial statements	635,000	645,000	20,000	26,100
Audit and review of subsidiaries' financial statements	80,000	90,000	-	-
<i>Overseas</i>				
Audit and review of the financial statements	110,000	110,000	-	-
Audit and review of subsidiaries' financial statements	489,830	405,830	-	-
	1,314,830	1,250,830	20,000	26,100
Other services by:				
Auditors of the Company (PricewaterhouseCoopers)				
<i>Australia</i>				
Taxation compliance and advisory services	81,000	73,500	-	-
Due diligence services	-	210,000	-	-
Accounting advisory services	50,000	-	-	-
<i>Overseas</i>				
Taxation compliance and advisory services	-	1,280	-	-
Liquidation services	25,844	37,644	-	-
	156,844	322,424	-	-
Total remuneration of auditors	1,471,674	1,573,254	20,000	26,100



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9. Trade and other receivables

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000 (Restated)
Current				
Trade receivables	25,426	25,941	-	-
Prepayments (Note 9(f))	8,073	10,955	-	-
Other receivables	4,190	1,482	-	-
	37,689	38,378	-	-
Non-current				
Amounts due from related parties - associates (Note 32(c))	804	764	742,619	741,820
Prepayments (Note 9(f))	4,121	4,749	-	-
	4,925	5,513	742,619	741,820

a) Past due but not impaired

There were no trade receivables that were past due but not impaired as at 30 June 2014 and 30 June 2013. Refer to Note 35 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 or the Trust does not hold any collateral in relation to these receivables.

b) Impairment of trade receivables

There were no impaired trade receivables for the Group or the Trust as at 30 June 2014 or 30 June 2013.

c) Other receivables

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

d) Foreign exchange and interest rate risk

Information about the Group's or the Trust'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 or the Trust and the credit quality of the Group's or the Trust's trade receivables.

f) Prepayments

Included within current and non-current prepayments is \$8,073,000 (2013: \$10,955,000) and \$4,121,000 (2013: \$4,749,000) of prepaid operational expenses.



Notes to the consolidated financial statements
For the year ended 30 June 2014

10. Inventory

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000 (Restated)
Environmental certificates	12,914	9,046
Spare parts	3,250	3,572
	16,164	12,618

11. Derivative financial instruments & Investment in Financial Assets

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000
Current assets		
At fair value: Electricity option	-	49
At fair value: FX forward option	994	2,536
	994	2,585
Non-current assets		
At fair value: Interest rate Swaps	164	-
At fair value: Interest rate Caps	139	438
	303	438
Investment in Financial Asset	86,384	-
	86,384	-
Current liabilities		
At fair value: Interest rate swaps	33,964	52,187
	33,964	52,187
Non-current liabilities		
At fair value: Interest rate swaps	98,343	102,520
	98,343	102,520

Refer to Note 35 for further information.



12. Investment in Associates and Joint Ventures

a) Movements in carrying amounts

Carrying amount at the beginning of the year
Share of profits after income tax
Impairment expense
Distributions received
Effects of exchange rate changes
Carrying amount at the end of the period

Infigen Energy Group	
2014	2013
\$'000	\$'000 (Restated)
97,968	103,664
13,705	15,977
-	(18,976)
(13,649)	(13,883)
(1,732)	11,186
96,292	97,968

b) Interest in associates and joint ventures

Set out below are the associates of the Group as at 30 June 2014. The interests listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

	Place of business / country of incorporation	Ownership interest %		Nature of relationship	Measurement method
		30 June 2014	30 June 2013		
30 June 2014					
Sweetwater 1 LLC	US	50%	50%	Joint venture	Equity method
Sweetwater 2 LLC	US	50%	50%	Joint venture	Equity method
Blue Canyon 1 LLC	US	50%	50%	Joint venture	Equity method
Combine Hills 1 LLC	US	50%	50%	Joint venture	Equity method
Sweetwater 3 LLC	US	50%	50%	Joint venture	Equity method
Wind Park Jersey LLC	US	59.3%	59.3%	Joint venture	Equity method
Sweetwater 4-5 LLC	US	53%	53%	Joint venture	Equity method
Australian associate entities	Australia	32%-50%	32%-50%	Associate	Equity method

All US joint ventures held Class B interests in wind farm operating entities. The Australian associate entities held interests in renewable energy developments.

All associates and joint ventures are private entities and therefore no quoted securities prices are available.

c) Contingent liabilities in respect of associates and joint ventures

	2014	2013
	\$'000	\$'000
Letters of credit	1,358	1,464

Letters of credit generally relate to wind farm construction, operations and decommissioning and represent the maximum exposure. These are incurred jointly with other investors of the associate or joint venture.



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Investment in Associates and Joint Ventures (continued)

d) Summarised financial information of associates and joint ventures

The Group's share of the results of its principal associates and joint ventures and its aggregated assets and liabilities are as follows:

	Company's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Share of profit \$'000
30 June 2014				
Sweetwater 1 LLC	15,182	11,362	2,150	232
Sweetwater 2 LLC	43,063	36,937	4,728	543
Blue Canyon 1 LLC	25,063	12,842	3,554	1,336
Combine Hills 1 LLC	22,246	9,010	2,488	661
Sweetwater 3 LLC	64,338	58,385	7,227	2,525
Wind Park Jersey LLC	20,023	19,247	3,050	(493)
Sweetwater 4-5	252,729	199,575	24,460	8,986
Australian associate entities	1,252	246	-	(85)
	443,896	347,604	47,657	13,705
Year ended 30 June 2013				
Sweetwater 1 LLC	16,191	12,538	2,038	675
Sweetwater 2 LLC	45,723	39,987	4,500	2,117
Blue Canyon 1 LLC	27,208	16,103	3,249	1,618
Combine Hills 1 LLC	23,108	10,693	2,391	487
Sweetwater 3 LLC	68,714	65,114	6,817	2,165
Wind Park Jersey LLC	23,337	21,060	2,306	422
Sweetwater 4-5	269,329	211,101	22,534	8,578
Australian associate entities	1,023	69	-	(85)
	474,633	376,665	43,835	15,977

13. Fair value measurement of financial instruments & Investments in financial assets

a) Fair value measurements

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Derivative financial instruments
- Financial assets

The fair value of financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purposes by level of the following fair value measurement hierarchy:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- inputs for the asset or liability that are not based on observable market data (unobservable inputs) (level 3).

Fair value measurement of financial instruments and Investments in financial assets (continued)

The following tables present the Group's financial assets and financial liabilities measured and recognised at fair value at 30 June 2014 and 30 June 2013.

As at 30 June 2014

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments				
FX Option	-	994	-	994
Interest rate cap – Woodlawn	-	139	-	139
Interest rate swaps – Union Bank Facility	-	164	-	164
Financial assets				
Investment in financial assets	-	-	86,384	86,384
Total assets	-	1,297	86,384	87,681
Liabilities				
Derivative financial instruments				
Interest rate swaps – Global Facility	-	131,298	-	131,298
Interest rate swaps – Woodlawn	-	100	-	100
Interest rate swaps – Union Bank Facility	-	909	-	909
Total liabilities	-	132,307	-	132,307

As at 30 June 2013

Assets				
Derivative financial instruments				
FX Option	-	2,585	-	2,585
Interest rate cap – Woodlawn	-	438	-	438
Total assets	-	3,023	-	3,023
Liabilities				
Derivative financial instruments				
Interest rate swaps – Global Facility	-	153,793	-	153,793
Interest rate swaps – Woodlawn	-	914	-	914
Total liabilities	-	154,707	-	154,707

Effective 31 October 2013 a wholly-owned subsidiary of the Group acquired a financial asset for USD79,163,500 (AUD84,894,000), being an investment in IJA Portfolio LLC, an unlisted entity which holds investments in Class A interests of Group related US wind farm project entities. IJA Portfolio LLC is a private investing entity for which it is not possible to determine the fair value of this investment using quoted prices or observable market data. As such, the investment has been classified as level 3 for the purposes of the disclosure requirements of AASB113 *Fair Value Measurement*.

Effective 1 January 2014 a wholly-owned subsidiary of the Group acquired financial assets for USD13,350,000 (AUD15,076,000), being an investment in Class A interests two Group related US wind farm project entities. These investments are in private investing entities for which it is not possible to determine the fair value of these investments using quoted prices or observable market data. As such, the investments have been classified as level 3 for the purposes of the disclosure requirements of AASB113 *Fair Value Measurement*.

Fair value measurement of financial instruments and Investments in financial assets (continued)

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 30 June 2014.

b) Valuation techniques used to derive level 2 and level 3 fair values

The fair value of derivative financial instruments not traded in an active market (for example, interest rate derivatives) is determined using valuation techniques. These valuation techniques utilise observable market data and do not rely upon entity specific estimates. If all significant inputs required to fair value derivative financial instruments are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for financial assets (available-for-sale). Financial assets (available-for-sale) represent an investment in a privately held joint arrangement that holds tax equity interests in US wind farm projects. The financial asset entitles the Group to specified cash flows and returns in accordance with the contractual arrangements.

Specific valuation techniques used to value derivative financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- The fair value of FX options is determined using forward exchange rates at the balance sheet date
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments. This includes the financial assets (available-for-sale).

All of the resulting fair value estimates are included in level 2 except for the financial asset (available-for-sale) explained in (c) below.

The best evidence of fair value is current prices in an active market for similar financial assets. Where such information is not available the Directors consider information from a variety of sources including:

- Discounted cash flow projections based on reliable estimates of future cash flows
- Capitalisation rate derived from an analysis of market evidence.

All resulting fair value estimates for financial assets are included in level 3.

Fair value measurement of financial instruments and Investments in financial assets (continued)

c) Fair value measurements using significant unobservable inputs (level 3)

(i) The following table presents the changes in level 3 items for the year ended 30 June 2014:

	Investment in Financial Asset IJA Portfolio LLC \$'000
Opening balance at 30 June 2013	-
Acquisitions	100,001
Interest income on financial asset	4,234
Distributions received as return of investment	(16,442)
Net foreign currency exchange differences	(1,409)
Closing balance at 30 June 2014	86,384

There were no transfers between level 2 and level 3 financial instruments during the period.

(ii) *Valuation inputs and relationships to fair value*

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements.

Description	Fair value at 30 June 2014 \$'000	Valuation techniques	Range of inputs (probability- weighted average)	Relationship to unobservable inputs to fair value
Financial assets (available-for-sale)	86,384	Discounted cash flows	Discount rates 5.7% - 7.7%	An increase or decrease in discount rate of 100bps would change the fair value by approximately \$3,215,000

(iii) *Valuation processes*

The Group performs the valuations of level 3 financial instruments in-house for financial reporting purposes. These valuations are prepared half-yearly and reviewed by the finance teams, Chief Financial Officer and the board Audit, Risk and Compliance Committee.



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14. Property, plant and equipment

	Infigen Energy Group	
	Plant & Equipment \$'000	Total \$'000
At 30 June 2012 (Restated)		
Cost or fair value	2,425,237	2,425,237
Accumulated depreciation	(428,263)	(428,263)
Net book value	1,996,974	1,996,974
Year ended 30 June 2013 (Restated)		
Opening net book value	1,996,974	1,996,974
Additions	8,033	8,033
Additions due to recognition of decommissioning assets	9,242	9,242
Transfers to intangible assets	(4,116)	(4,116)
Disposals	(1,717)	(1,717)
Depreciation expense	(99,513)	(99,513)
Net foreign currency exchange differences	102,200	102,200
Closing net book value	2,011,103	2,011,103
At 30 June 2013 (Restated)		
Cost or fair value	2,569,257	2,569,257
Accumulated depreciation	(558,154)	(558,154)
Net book value	2,011,103	2,011,103
Year ended 30 June 2014		
Opening net book value	2,011,103	2,011,103
Additions	10,980	10,980
Transfers to intangible assets	(2,619)	(2,619)
Disposals	(3,581)	(3,581)
Depreciation expense	(110,749)	(110,749)
Net foreign currency exchange differences	(9,725)	(9,725)
Closing net book value	1,895,409	1,895,409
At 30 June 2014		
Cost or fair value	2,564,312	2,564,312
Accumulated depreciation	(668,903)	(668,903)
Net book value	1,895,409	1,895,409



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15. Intangible assets

	Infigen Energy Group			
	Goodwill \$'000	Development assets \$'000	Project-related agreements and licences	Total \$'000
At 30 June 2012 (Restated)				
Cost	18,623	25,385	304,979	348,987
Accumulated amortisation and impairment	-	-	(44,911)	(44,911)
Net book value	18,623	25,385	260,068	304,076
Year ended 30 June 2013 (Restated)				
Opening net book value	18,623	25,385	260,068	304,076
Additions	-	7,928	2,142	10,070
Transfers	-	(905)	905	-
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)	-	(35,599)	(39,386)
Net foreign currency exchange differences	300	-	12,618	12,918
Closing net book value	15,136	32,408	228,074	275,618
At 30 June 2013 (Restated)				
Cost	15,136	32,408	342,187	389,731
Accumulated amortisation and impairment	-	-	(114,113)	(114,113)
Net book value	15,136	32,408	228,074	275,618
Year ended 30 June 2014				
Opening net book value	15,136	32,408	228,074	275,618
Additions	-	2,335	517	2,852
Transfers	-	(1,673)	1,673	-
Transfers from plant & equipment	-	-	2,619	2,619
Amortisation expense	-	-	(13,137)	(13,137)
Impairment expense	-	-	-	-
Net foreign currency exchange differences	-	-	(10,828)	(10,828)
Closing net book value	15,136	33,070	208,918	257,124
At 30 June 2014				
Cost	15,136	33,070	336,168	384,374
Accumulated amortisation and impairment	-	-	(127,250)	(127,250)
Net book value	15,136	33,070	208,918	257,124



Intangible assets (continued)

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:

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Australia	15,136	15,136
United States	-	-
Total goodwill	15,136	15,136

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, which is at least 25 years. This is considered appropriate as it reflects the infrastructure asset life and matches for substantial elements of the portfolios the long term nature of the contractual arrangements (being power purchase agreements and operation and maintenance contracts).

Recoverable amount of the US CGU

When calculating value-in-use, the Group includes cash outflows attributable to the Class A members. Due to the unique underlying structure of the US CGU, the recoverable amount of the US CGU cannot be determined without the consideration of the Class A cash flows. This approach appropriately reflects an assessment of the impairment risk associated with:

- the variability in the expected future benefits in the Class B interests, including the potential value shifts that occur between Class A and B members over the life of the structure associated with both the nature and the timing of the economic benefits that accrue to each class;
- Class A's direct linkage in the recoverable amount of the US CGU as all members interests in the US CGU are accounted for as liabilities.

The carrying value of the US CGU also includes the Institutional Equity Partnerships Class A member interests classified as liabilities including the Deferred Revenue liability (Refer Note 19). This treatment is necessary to match the future cash flows with the appropriate carrying value of the related net operating assets of the CGU. The Deferred Revenue component relates to benefits generated in the first five years of wind farm operations which are recognised in revenue over the asset's operating life.

Key assumptions for value-in-use calculations

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

The Group uses production estimates to reflect the 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. The Australian CGU has utilised a third party assessment of merchant electricity and Large-Scale Generation

Intangible assets (continued)

Certificate (LGC) forward pricing that excludes any component for carbon pricing or an equivalent scheme but is founded on the RET as currently legislated. The RET is currently under review and, should this review result in a legislated change to the RET, a revised assessment of merchant electricity and LGC forward pricing will be carried out. This would have the potential to materially impact upon the CGU's value-in-use.

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	
	2014	2013
Australia	12.1%	11.6%
United States	11.6%	11.5%

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

Impairment expense

No impairment expense or reversal of impairment has been recognised in the current year.

In the prior year, an impairment expense of \$58,362,000 (USD \$55,000,000) was recognised in relation to the US CGU. This impairment expense was recognised against goodwill (\$3,787,000), intangible assets (\$35,599,000) and investments in joint ventures (\$18,976,000).

Sensitivity to changes in assumptions

After the impairment of the US CGU in 2013, the carrying value is considered to equate to the recoverable amount as at 30 June 2014. 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 an additional impairment expense.

The estimation of the recoverable amount of each CGU was tested for sensitivity using reasonably possible changes in key assumptions. These changes include increases and decreases in the 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 changes in these assumptions would have the following approximate impact on the value-in-use (or recoverable amount) of the US CGU. The amounts below represent the range of outcomes applicable to each sensitivity. It should be noted that each of the sensitivities below assumes that the specific assumption moves in isolation.

Sensitivity to assumption changes to the US CGU	USD millions
1% increase/decrease in discount rate	+/- \$50m
10% decrease/increase in market prices	+/- \$50m
5% decrease/increase in production	+/- \$55m
10% increase/decrease in uncontracted operating costs	+/- \$25m

In addition to the above, it is possible that the useful lives of the wind turbines and related assets may continue beyond the currently modelled 25 years. An increase in asset life to 30 years, would have the effect of increasing the recoverable amount of the US CGU by approximately \$90 million.

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



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16. Trade and other payables

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Current				
Trade payables and accruals	15,196	17,582	-	-
Goods and services and other taxes payable	4,641	4,315	-	-
Deferred income	5,908	6,453	-	-
Amount due to related parties ²	-	-	3,511	2,875
Other ¹	6,674	5,480	-	-
	32,419	33,830	3,511	2,875

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.

² Refer to Note 32 for further information relating to loans to related parties.

17. Borrowings

	Infigen Energy Group	
	2014 \$'000	2013 \$'000 (Restated)
Current		
<u>Secured</u>		
At amortised cost:		
Global Facility (i)	49,779	30,082
Project Finance Debt – Woodlawn (ii)	5,018	1,082
Bank Facility – Union Bank (iii)	9,187	-
	63,984	31,164
Non-current		
<u>Secured</u>		
At amortised cost:		
Global Facility (i)	929,768	986,351
Project Finance Debt – Woodlawn (ii)	44,974	50,780
Bank Facility – Union Bank (iii)	48,387	-
Capitalised loan costs	(12,068)	(9,716)
	1,011,061	1,027,415
Total debt	1,075,045	1,058,579

Borrowings (continued)

a) Reconciliation of borrowings

Opening balance		
Debt repayments – Global Facility	(35,339)	(57,534)
Debt repayments – Woodlawn	(53,578)	(1,535)
Debt repayments – Union Bank	(4,046)	-
Draw down Project finance debt – Woodlawn (ii)	51,709	-
Draw down Bank facility - Union Bank (iii)	62,199	-
Net Loan costs expensed / (capitalised)	(2,352)	1,199
Net Loan costs capitalised – transferred from intangible assets	-	(1,549)
Net foreign currency exchange differences	(2,127)	50,110
Closing balance	1,075,045	1,058,579

Infigen Energy Group	
2014	2013
\$'000	\$'000 (Restated)
1,058,579	1,067,888
(35,339)	(57,534)
(53,578)	(1,535)
(4,046)	-
51,709	-
62,199	-
(2,352)	1,199
-	(1,549)
(2,127)	50,110
1,075,045	1,058,579

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, is presented in the following table:

As at 30 June 2014

Australian dollars (AUD) – Global Facility	532,423	532,423
Australian dollars (AUD) – Woodlawn	49,993	49,993
Euro (EUR) – Global Facility	76,486	110,752
US dollars (USD) – Global Facility	316,861	336,370
US dollars (USD) - Union Bank	54,235	57,575

Gross debt

Less capitalised loan costs

Total debt

Infigen Energy Group	
Total Borrowings (Local Curr '000)	Total Borrowings (AUD '000)
532,423	532,423
49,993	49,993
76,486	110,752
316,861	336,370
54,235	57,575
	1,087,113
	(12,068)
	1,075,045

As at 30 June 2013 (Restated)

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	341,175	367,842

Gross debt

Less capitalised loan costs

Total debt

	1,068,295
	(9,716)
	1,058,579

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 entities that own the US Class A interests and cash flow interests acquired during the year ended 30 June 2014
- 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 own the US Class B interests in the 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 2014 repayments of \$35,339,000 (2013: \$57,534,000) were made.



Borrowings (continued)

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).

Financial covenant

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 Class B cash distributions to Infigen for 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 IEHL. 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 – WWCS Finance Pty Ltd (Woodlawn wind farm)

WWCS Finance Pty Ltd, the immediate parent company of Woodlawn Wind Pty Ltd (which in turn owns Woodlawn wind farm), is the borrower under an AUD \$51.7 million syndicated term facility. The syndicate lenders are Westpac Banking Corporation (Tranche A) and Clean Energy Finance Corporation (Tranche B). The Tranche A & Tranche B loans are of equal amounts, with maturity in September 2018 and September 2023 respectively.

Principal repayments

The borrower is required to make debt repayments on a quarterly basis following a set repayment schedule for both Tranche A & Tranche B loans. During the year ended 30 June 2014 net repayments of \$1,869,049 (2013: \$1,534,700 under the previous Woodlawn Wind Pty Limited facility) were made.



Borrowings (continued)

Interest payments

Interest is payable on a quarterly basis. Tranche A interest is calculated on the BBSY (Australian dollar) plus a margin and the Tranche B interest is fixed for 10 years at 3.7575% plus a margin. Interest obligations for the Tranche A loan have been hedged with an existing interest rate swap at a fixed rate of 4.48% until September 2014 and then hedged with 80% interest caps, capped at 3.979% (September 2014 to September 2018) and 5.785% (September 2018 to March 2023).

Security

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

(iii) Bank Facility – Union Bank

To fund the acquisition of US Class A interests and cash flow interests, the Group entered into a debt facility with Union Bank N.A. ("Union Bank"), a US bank. The facility amount was US\$58 million with maturity in May 2024.

Interest payments

Interest is payable semi-annually in May and November based on LIBOR (United States dollar), plus a margin. The interest obligations are hedged through an interest rate swap with a maturity in May 2024. At inception the debt was 93% hedged at 1.991% plus a margin.

Security

The security provided to Union Bank is limited to the cash flows acquired as a result of the transaction. Further information about the investment is included in Note 13, 'Fair value measurement of financial instruments'.

18. Provisions

	Infigen Energy Group	
	2014 \$'000	2013 \$'000 (Restated)
Current		
Employee benefits ¹	2,900	2,795
	2,900	2,795
Non-current		
Employee benefits ¹	491	451
Decommission and restoration ²	18,591	18,518
	19,082	18,969
	21,982	21,764

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:

	Infigen Energy Group		
	Decommissioning and restoration \$'000	Employee benefits \$'000	Total \$'000
Year ended 30 June 2013 (Restated)			
Carrying amount at start of the year	6,424	3,803	10,227
Provision reversed during the year	-	(557)	(557)
Provision recognised due to change in discount rates	9,242	-	9,242
Recognition and unwinding of discount	1,816	-	1,816
Effect of movements in foreign exchange rates	1,036	-	1,036
Carrying amount at the end of the year	18,518	3,246	21,764
Year ended 30 June 2014			
Carrying amount at start of the year	18,518	3,246	21,764
Additional provision during the year	-	145	145
Recognition and unwinding of discount	242	-	242
Effect of movements in foreign exchange rates	(169)	-	(169)
Carrying amount at the end of the year	18,591	3,391	21,982

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		Infigen Energy Group Total	
	2014	2013	2014	2013	2014	2013
	\$'000	\$'000 (Restated)	\$'000	\$'000 (Restated)	\$'000	\$'000 (Restated)
Components of institutional equity partnerships:						
At 1 July	450,306	399,378	51,919	52,063	502,225	451,441
Distributions / financing	(42,266)	(8,406)	(1,742)	(8,244)	(44,008)	(16,650)
Value of production tax credits offset against Class A liability	(56,253)	(50,159)	-	-	(56,253)	(50,159)
Value of tax expenses allocated against Class A liability	14,653	4,495	-	-	14,653	4,495
Allocation of return on outstanding Class A liability	26,332	25,441	-	-	26,332	25,441
Movement in residual interest (Class A)	(3,467)	15,321	-	-	(3,467)	15,321
Non-controlling interest (Class B)	-	-	6,074	3,044	6,074	3,044
Foreign exchange loss / (gain)	(5,258)	64,236	(924)	5,056	(6,182)	69,292
At 30 June	384,047	450,306	55,327	51,919	439,374	502,225
Deferred revenue:						
At 1 July					356,817	314,523
Revenue recognised in profit and loss during the period					(18,544)	(6,294)
Foreign exchange loss / (gain)					(5,022)	48,588
At 30 June					333,251	356,817
					772,625	859,042



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20. Contributed equity

	Infigen Energy Group				Infigen Energy Trust Group			
	2014 No. '000	2014 \$'000	2013 No. '000	2013 \$'000	2014 No. '000	2014 \$'000	2013 No. '000	2013 \$'000
Fully paid stapled securities/units								
Opening balance	762,266	761,642	762,266	761,642	762,266	753,076	762,266	753,076
Issue of securities (2,727,462 units at 30 cents each)	2,727	818	-	-	2,727	818	-	-
Closing balance	764,993	762,460	762,266	761,642	764,993	753,894	762,266	753,076

	2014 \$'000	2013 \$'000
Attributable to:		
Equity holders of the parent	2,305	2,305
Equity holders of the other stapled securities (non-controlling interests)	760,155	759,337
	762,460	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

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Foreign currency translation	(45,867)	(39,610)
Hedging	(102,301)	(124,656)
Acquisition	(47,675)	(47,675)
Share-based payment	3,622	3,592
	(192,221)	(208,349)
Attributable to:		
Equity holders of the parent	(192,221)	(208,349)
Equity holders of the other stapled securities (non-controlling interests)	-	-
	(192,221)	(208,349)

a) Foreign currency translation reserve

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Balance at beginning of financial year	(39,610)	(50,472)
Movements increasing / (decreasing) recognised:		
Translation of foreign operations	(6,257)	10,862
Balance at end of financial year	(45,867)	(39,610)

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

b) Hedging reserve

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Balance at beginning of financial year	(124,656)	(151,064)
Movement increasing / (decreasing) recognised:		
Interest rate swaps	21,213	32,165
Deferred tax arising on hedges	1,142	(5,757)
	22,355	26,408
Balance at end of financial year	(102,301)	(124,656)

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(k). Amounts are recognised in profit and loss when the associated hedged transaction settles.

Reserves (continued)

c) Acquisition reserve

	Infigen Energy Group	
	2014 \$'000	2013 \$'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

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Balance at beginning of financial year	3,592	2,705
Share-based payments expense ¹	30	887
Balance at end of financial year	3,622	3,592

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

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Balance at beginning of financial year	(69,278)	10,697	(13,748)	(13,102)
Net loss attributable to stapled security holders	(8,903)	(79,975)	(646)	(646)
Balance at end of financial year	(78,181)	(69,278)	(14,394)	(13,748)
Attributable to:				
Equity holders of the parent	(55,672)	(47,495)	(14,394)	(13,748)
Equity holders of the other stapled securities (non-controlling interests)	(22,509)	(21,783)	-	-
	(78,181)	(69,278)	(14,394)	(13,748)



23. Earnings per security / unit

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 Cents per security	2013 Cents per security	2014 Cents per unit	2013 Cents per unit
a) Basic and diluted earnings per stapled security / parent entity share:				
<i>Parent entity share</i>				
From continuing operations	(1.1)	(10.4)	-	-
From discontinued operations	-	-	-	-
Total basic and diluted earnings per security¹	(1.1)	(10.4)	-	-
<i>Stapled security</i>				
From continuing operations	(1.2)	(10.5)	(0.1)	(0.1)
From discontinued operations	-	-	-	-
Total basic and diluted earnings per security / unit¹	(1.2)	(10.5)	(0.1)	(0.1)

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 / unit

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

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Earnings attributable to the parent entity shareholders				
From continuing operations	(8,177)	(79,320)	-	-
Total earnings attributable to the parent entity shareholders	(8,177)	(79,320)	-	-
Earnings attributable to the stapled security holders				
From continuing operations	(8,903)	(79,975)	(646)	(646)
Total earnings attributable to the stapled security holders	(8,903)	(79,975)	(646)	(646)



Earnings per security / unit (continued)

c) Weighted average number of securities used as the denominator

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 No.'000	2013 No.'000	2014 No.'000	2013 No.'000
Weighted average number of securities/units for the purposes of basic earnings per security / unit	764,560	762,266	762,699	762,266
Weighted average number of securities/units for the purposes of diluted earnings per security / unit	767,287	762,266	762,699	762,266

24. Distributions

Infigen Energy Group

Ordinary shares

On 14 June 2011, Infigen advised that no final distribution would be paid for the year ended 30 June 2011 and distributions would be suspended for the years ended 30 June 2012 and 30 June 2013. That initiative aimed to maximise the capital available to Infigen to repay debt and fund future opportunities.

As advised at subsequent Infigen AGMs, 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.

Final and interim distributions in respect of the 2013 and 2014 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 2014 (2013: \$6,228,093).

Infigen Energy Trust Group

Distributions in respect of year ended 30 June 2014 were nil (30 June 2013: nil)

25. Share-based payments

Long Term Incentive (LTI) - Employee equity plan

LTI Equity Plan arrangements

Senior Managers have received long-term incentive grants under the Infigen Energy Equity Plan ("Equity plan") for FY12, FY13 and FY14.

Performance conditions of awards granted under the LTI Equity Plan

- In FY12 plan participants received 100% performance rights in two tranches of equal value (**Tranche 1** and **Tranche 2**). The Tranche 1 TSR performance condition was not met at 30 June 2014 and will be re-assessed at 30 June 2015. The Tranche 2 Operational performance condition of FY12 LTI Grant passed the performance test on 30 June 2014 resulting in 51.2% of Tranche 2 Performance Rights vesting when the first trading window opens after 1 July 2014. A total of 667,673 securities are expected to be issued by the company in the relevant trading window.
- In FY13 plan participants received 100% performance rights in two tranches of equal value (**Tranche 1** and **Tranche 2**).

Share-based payments (continued)

- In FY14 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.

		Performance rights	Performance units	Period
2012	Tranche 1	TSR condition	TSR condition	30 September 2011 - 30 June 2015
	Tranche 2	Operational Performance condition	Operational Performance condition	30 September 2011 - 30 June 2014
2013	Tranche 1	TSR condition	TSR condition	1 July 2012 - 30 June 2015
	Tranche 2	Operational Performance condition	Operational Performance condition	1 July 2012 - 30 June 2015
2014	Tranche 1	TSR condition	TSR condition	1 July 2013 - 30 June 2016
	Tranche 2	Operational Performance condition	Operational Performance condition	1 July 2013 - 30 June 2016

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	FY12, 13 & 14 Grant Percentage of Tranche 1 Performance Rights that vest
0 to 49th percentile	Nil
50th percentile	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	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%

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.

The percentage of the Tranche 2 performance rights that vest under the LTI plans are as follows:

Infigen Energy's EBITDA performance	FY12, 13 & 14 Grant
	Percentage of Tranche 2 Performance Rights that vest
0% < 90%	Nil
90% ≤ 110% of the cumulative target	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).

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	Granted during the year	Vested during the year	Cash Settled during the year	Lapsed during the year	Balance at end of the year
	Number	Number	Number	Number	Number	Number
30 Sept 2010 (FY11 LTI Grant)	1,544,990	-	-	-	1,544,990	-
22 Dec 2011 (FY12 LTI Grant)	2,608,098	-	-	-	2,608,098	-
15 Nov 2012 (FY12 Deferred STI Grant)	3,786,020	-	2,727,462	1,058,558	-	-
15 Nov 2012 (FY13 LTI Grant)	5,610,531	-	-	-	-	5,610,531
2 Dec 2013 (FY13 Deferred STI Grant)	-	2,713,582	-	-	-	2,713,582
2 Dec 2013 (FY14 LTI Grant)	-	4,108,715	-	-	-	4,108,715
Total	13,549,639	6,822,297	2,727,462	1,058,558	4,153,088	12,432,828
29 June 2011 (FY11 USA LTI Grant)	126,866	-	-	-	126,866	-
Total	126,866	-	-	-	126,866	-
Grand Total	13,676,505	6,822,297	2,727,462	1,058,558	4,279,954	12,432,828

Share-based payments (continued)

- *Fair value of performance rights granted under the LTI plan*

		Grant date	Fair value of performance rights per share (\$)
2012	Tranche 1	22-Dec-11	0.091
	Tranche 2	22-Dec-11	0.255
2013	Tranche 1	15-Nov-12	0.078
	Tranche 2	15-Nov-12	0.220
2014	Tranche 1	2-Dec-13	0.098
	Tranche 2	2-Dec-13	0.275

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.

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:* 22 December 2011 (FY12 plan); 15 November 2012 (FY13 plan); 2 December 2013 (FY14 plan)
- *Security price at grant date:* \$0.255 (FY12 plan), \$0.22 (FY13 plan), \$0.275 (FY14 plan)

Where performance 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.

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

- In FY12 & FY13 Senior Management received at least 50% of their short term incentive allocation as performance rights, deferred for twelve months
- The Deferred STI has a forfeiture condition relating to continued employment.
- The Deferred STI is recognised as a Share Based Payment expense over the two financial periods
- 2,727,462 securities were issued to satisfy the FY12 deferred STI obligation that vested on 27 August 2013 with the balance cash settled
- The grant date for the FY13 Deferred STI was November 2013
- The number of units issued under the FY 13 Deferred STI was 2,713,582
- The security price at grant date for the Deferred STI was \$0.275
- The expense recognised in FY14 relating to the FY12 & FY13 Deferred STI was \$768,481



Share-based payments (continued)

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:

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000
LTI Performance rights expense in the current year	596	860
Deferred STI expense in the current year (deferred in performance rights)	117	623
Write-back prior years long-term share-based incentive expense allocation	(471)	(655)
	242	828

26. Commitments for expenditure

a) Capital expenditure commitments

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000
Capital expenditure commitments	1,048	524

Capital expenditure commitments in the year ended 30 June 2014 related to capital spare parts and solar energy projects. Capital expenditure commitments in year ended 30 June 2013 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

	Infigen Energy Group	
	2014	2013
	\$'000	\$'000 (Restated)
Repairs and maintenance	287,560	284,780

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.



27. Contingent liabilities

Infigen Energy Group

Contingent liabilities

	2014 \$'000	2013 \$'000 (Restated)
Letters of credit	20,613	38,826

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).

Acquisition of Class A Interests in US wind farms

During the period the Group acquired a share of various Class A interests in Group-related US wind farms. The acquisitions resulted in a put option being held by the seller, whereby Infigen may be required to acquire the residual interests held by the seller after December 2018. The exercise of this option is at the discretion of the seller and is only likely to be exercised if certain performance outcomes are achieved. At this point in time, it cannot be determined whether it is probable that the option will be exercised. The maximum exposure to the Group under the option is capped at US\$3.5 million (AUD\$3.9 million). As such, no liability has been recognised for the option as at 30 June 2014.

Infigen Energy Trust Group

There are no contingent liabilities for the IET Group as at 30 June 2014 (2013: nil).

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.

	Infigen Energy Group	
	2014 \$'000	2013 \$'000 (Restated)
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Not later than 1 year	7,418	7,579
Later than 1 year and not later than 5 years	28,634	29,181
Later than 5 years	96,762	103,879
	132,814	140,639

29. Subsidiaries

Name of entity	Country of incorporation	Ownership interest	
		2014 %	2013 %
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 Solar 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%	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%
* CREP Land Holdings Pty Limited	Australia	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%
* Forsyth Wind Farm Pty Limited	Australia	100%	100%
Georgia Sun LLC	USA	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%
^ Infigen Energy Verwaltungs GmbH	Germany	100%	100%



Notes to the consolidated financial statements
For the year ended 30 June 2014

Subsidiaries (continued)

Name of entity	Country of incorporation	Ownership interest	
		2014 %	2013 %
Infigen Energy Holdings Sarl	Luxembourg	100%	100%
Infigen Energy US JD LLC	USA	100%	-
Infigen Energy US JE LLC	USA	100%	-
Infigen Energy US Holdings LLC	USA	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 Development Holdings LLC	USA	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 Suntech Australia Pty Limited	Australia	50%	50%
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%
* Manildra Solar Farm 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%	100%
*# 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%



Notes to the consolidated financial statements
For the year ended 30 June 2014

Subsidiaries (continued)

Name of entity	Country of incorporation	Ownership interest	
		2014 %	2013 %
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 (CS) 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%
* WWCS Holdings Pty Limited	Australia	100%	100%
* WWCS Finance Pty Limited	Australia	100%	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% 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	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
Subsidiaries of the Trust			
Walkaway (BB) Trust	Australia	100%	100%
CS Walkaway Trust	Australia	100%	100%
Renewable Power Ventures Investment Trust	Australia	68%	68%

* 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 where preparation of a separate financial statement is required (refer Note 30).

^ 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

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Revenue from continuing operations	80,760	75,991
Other income	6,095	-
Operating expenses	(12,781)	(12,462)
Depreciation and amortisation expense	(21,214)	(20,574)
Interest expense	(22,052)	(23,850)
Other finance costs	-	(24,158)
Net profit / (loss) before income tax	30,808	(5,053)
Income tax expense	(3,438)	(2,823)
Net profit / (loss) after income tax	27,370	(7,876)
Loss from discontinued operations	(5,030)	-
Net profit / (loss) for the year	22,340	(7,876)
Other comprehensive income – movements through equity		
Changes in the fair value of cash flow hedges, net of tax	-	2,402
Total comprehensive income / (loss) for the year, net of tax	22,340	(5,474)

Deed of cross guarantee (continued)

a) Consolidated balance sheet

	Infigen Energy Group	
	2014 \$'000	2013 \$'000
Current assets		
Trade and other receivables	16,860	15,875
Derivative financial asset	-	-
Inventory	2,838	3,008
Total current assets	19,698	18,883
Non-current assets		
Receivables	835,874	785,039
Shares in controlled entities	28,559	33,589
Property, plant and equipment	395,098	415,508
Deferred tax assets	51,486	51,298
Intangible assets	63,876	64,090
Total non-current assets	1,374,893	1,349,524
Total assets	1,394,591	1,368,407
Current liabilities		
Trade and other payables	8,115	7,447
Derivative financial instruments	-	-
Total current liabilities	8,115	7,447
Non-current liabilities		
Payables	1,352,349	1,349,230
Provisions	3,819	3,762
Total non-current liabilities	1,356,168	1,352,992
Total liabilities	1,364,283	1,360,439
Net assets	30,308	7,968
Equity		
Contributed equity	2,305	2,305
Reserves	(23,005)	(23,005)
Retained earnings	51,008	28,668
Total equity	30,308	7,968



31. Acquisition of businesses

There were no businesses acquired by the Group during the years ended 30 June 2014 and 30 June 2013.

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 7 to the financial statements.

c) Other related party transactions

Related party balances

Infigen Energy Group

At the year end the Group was owed an amount of \$804,000 (2013: \$764,000) from an associate, RPV Developments Pty Ltd.

Infigen Energy Trust Group

Receivables from related parties are disclosed in Note 9. Payables to related parties are disclosed in Note 16.

During the year ended 30 June 2014, the Trust charged no interest (2013: nil) on certain loans receivable from the Parent. Under the Trust's constitution, the Responsible Entity ("RE") is entitled to a management fee of 2% per annum of the value of the gross assets of the Trust. The RE, Infigen Energy RE Limited, is a wholly owned subsidiary of the Parent. The RE had previously exercised its right under the constitution to waive the fee referred to above such that it is paid a fixed fee that is increased by CPI annually. During the year ended 30 June 2014, the Trust incurred RE fees of \$636,099 (2013: \$620,584) from the RE.

As at 30 June 2014, the Trust owed the following amounts to other members of the Infigen group:

	2014 \$'000	2013 \$'000
Infigen Energy RE Limited	3,511	2,875

As at 30 June 2014, the Infigen Energy Trust Group was owed the following amounts by other members of the Infigen group:

	2014 \$'000	2013 \$'000
Infigen Energy Limited	593,169	592,371
Infigen Energy (Bermuda) Limited	691	691
Capital Wind Farm Holdings Pty Limited	12,960	12,960
Infigen Energy Holdings Pty Limited	105,790	105,789
Infigen Energy (US) 2 Pty Limited	30,009	30,009
Total receivables from related parties	742,619	741,820

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 and IET, there have not been any transactions or event of a material or unusual nature likely to affect significantly the operations or affairs of IEL and IET 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:

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000 (Restated)	2014 \$'000	2013 \$'000
Cash and cash equivalents	80,699	121,213	392	383

(b) Restricted cash balances

As at 30 June 2014 \$12,682,000 (2013: \$17,264,000) of cash is held by Infigen Energy Group 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 and the Trust 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 of the Group that give rise to these risks comprise cash, receivables, payables and interest bearing debt. The principal financial instruments of the Trust that give risk to these risks comprise of cash and receivables.

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

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

The Group's or the Trust'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 or the Trust. In line with the Group's or the Trust's treasury policy, derivatives are exclusively used for risk management purposes or hedging purposes, not as trading or other speculative instruments. The Group uses different methods to measure

Financial risk management (continued)

different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks and ageing analysis for credit risk.

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

Market risks

- 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 2014 and 2013, 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 Trust has a small amount of cash balances. Interest earnings on these cash balances are affected when interest rates move.

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

- Outstanding pay fixed / receive floating interest rate swaps*

	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2014 %	2013 %	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Fixed swap – AUD - GF	6.74	6.76	456,328	488,732	(69,773)	(83,281)
Fixed swap – AUD - Woodlawn	4.48	4.48	21,954	41,551	(100)	(913)
Fixed swap – Euro - GF	4.93	4.93	72,401	112,755	(21,393)	(20,486)
Fixed swap – US dollar - GF	5.30	5.29	237,275	316,165	(40,132)	(50,027)
Fixed swap – US dollar – UBOC	1.99	-	53,544	-	(745)	-
			841,502	959,203	(132,143)	(154,707)

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 2014.

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 5.87% (2013: 5.97%)

The current average margin across all facilities is 134 basis points (2013: 114 basis points).

- Floating rate debt*

	Floating debt		Debt principal amount	
	2014	2013	2014	2013
	%	%	\$'000	\$'000
AUD debt – GF	2.72	2.89	76,095	50,647
AUD debt – Woodlawn	2.73	2.82	3,042	10,311
EUR debt – GF	0.31	0.34	38,352	(3,545)
USD debt – GF	0.33	0.42	99,095	53,143
USD debt – UBOC Facility	0.23	-	4,030	-
			220,614	110,556

- Fixed rate debt*

	Fixed debt		Debt principal amount		% of debt hedged	
	2014	2013	2014	2013	2014	2013
	%	%	\$'000	\$'000 (Restated)	%	%
AUD debt – GF	6.74	6.76	456,328	488,732	86	91
AUD debt – Woodlawn	4.09	4.48	46,951	41,551	94	80
EUR debt – GF	4.93	4.93	72,401	112,755	65	103
USD debt – GF	5.30	5.29	237,275	314,701	71	86
USD debt – UBOC Facility	1.99	-	53,544	-	93	-
			866,499	957,739		
Total debt	5.87	5.97	1,087,113	1,068,295	80	88

Financial risk management (continued)

The table below shows the maturity profile of the interest rate swaps and interest rate caps of the Group as of 30 June 2014 and 30 June 2013.

	Fair value	Undiscounted fair value	Up to 12 months	1 to 5 years	After 5 years
	AUD\$'000	AUD\$'000	AUD\$'000	AUD\$'000	AUD\$'000
2014					
AUD swaps GF	(69,773)	(76,353)	(18,001)	(47,037)	(11,315)
AUD swap Woodlawn	(100)	(101)	(101)	-	-
EUR swaps GF	(21,393)	(21,746)	(3,407)	(12,284)	(6,055)
USD swaps GF	(40,132)	(41,435)	(11,919)	(25,261)	(4,255)
USD swaps UBOC Facility	(745)	(650)	(911)	(308)	569
AUD interest rate caps	139	161	-	91	70
	(132,004)	(140,124)	(34,339)	(84,799)	(20,986)
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)

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 2014, a net loss of \$1,784,000 was recorded (2013: \$1,832,000 net gain) and included in finance costs.

- *Sensitivity*

The Group's 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.

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



Notes to the consolidated financial statements
For the year ended 30 June 2014

Financial risk management (continued)

Infigen Energy Group

			AUD +100 bps	AUD -100 bps	EUR +100 bps	EUR -100 bps	USD +100 bps	USD -100 bps
2014								
AUD \$'000								
Effect on income statement								
Cash	AUD	11,901	119	(119)	-	-	-	-
	EUR	19,467	-	-	195	(6)	-	-
	USD	49,331	-	-	-	-	493	(16)
		80,699						
Borrowings	AUD	532,423	(761)	761	-	-	-	-
	EUR	110,752	-	-	(384)	117	-	-
	USD	336,370	-	-	-	-	(991)	323
Woodlawn	AUD	49,993	(30)	30	-	-	-	-
UBOC Facility	USD	57,575	-	-	-	-	(1)	9
Capitalised loan cost	AUD	(5,064)	-	-	-	-	-	-
	USD	(7,004)	-	-	-	-	-	-
		1,075,045						
Derivatives – interest rate swaps	AUD	456,328	2,117	(2,117)	-	-	-	-
	EUR	72,401	-	-	-	-	-	-
	USD	237,275	-	-	-	-	-	-
Woodlawn	AUD	21,954	-	-	-	-	-	-
UBOC Facility	USD	53,544	-	-	-	-	-	-
Derivatives – interest rate cap	AUD	28,193	263	(111)	-	-	-	-
Total income statement			1,708	(1,556)	(189)	111	(499)	316
Effect on hedge reserve								
Derivatives – interest rate swaps	AUD	456,328	18,522	(18,522)	-	-	-	-
	EUR	72,401	-	-	5,614	(5,614)	-	-
	USD	237,275	-	-	-	-	11,804	(11,804)
Woodlawn	AUD	21,954	56	(56)	-	-	-	-
US UBOC Facility	USD	53,544	-	-	-	-	2,057	(2,057)
Total hedge reserve			18,578	(18,578)	5,614	(5,614)	13,861	(13,861)
Total effect on equity			20,286	(20,134)	5,425	(5,503)	13,362	(13,545)

Financial risk management (continued)

			AUD +100 bps	AUD -100 bps	EUR +100 bps	EUR -100 bps	USD +100 bps	USD -100 bps
2013 (Restated)								
AUD \$'000								
Effect on income statement								
Cash	AUD	48,276	483	(483)	-	-	-	-
	EUR	21,893	-	-	219	-	-	-
	USD	51,044	-	-	-	-	544	-
			121,213					
Borrowings	AUD	539,380	(506)	506	-	-	-	-
	EUR	109,211	-	-	(35)	12	-	-
	USD	367,842	-	-	-	-	(531)	224
Woodlawn	AUD	51,862	(103)	103	-	-	-	-
Capitalised loan cost	AUD	(9,716)	-	-	-	-	-	-
			1,058,579					
Derivatives – interest rate swaps	AUD	488,732	2,654	(2,654)	-	-	-	-
	EUR	112,755	-	-	208	(208)	-	-
	USD	314,701	-	-	-	-	-	-
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	314,701	-	-	-	-	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)

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)

Infigen Energy Trust Group

	AUD \$'000	AUD -100 bps	AUD +100 bps
2014			
Impact on income statement			
Cash	392	4	(4)
2013			
Impact on income statement			
Cash	383	4	(4)

Foreign exchange risk

- Operational FX risk*

The Group has 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 operations 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 EUR76m (EUR77m FY13) 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 EUR1m of EUR debt in the period
- EUR 13.4m cash holdings as an FX Call option
- The table below splits out the P&L and equity movements of this exposure

Financial risk management (continued)

	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
2014					
EUR GF Debt	(77,485)	-	(2,989)	(2,989)	-
EUR Repayment	999	-	(65)	(65)	-
Cash	13,444	-	519	519	-
	(63,042)	-	(2,535)	(2,535)	-
2013					
EUR GF Debt	(93,356)	-	(16,097)	(16,097)	-
EUR Repayment	15,871	-	2,736	2,736	-
USD FWD Cover	-	2,536	2,536	-	2,536
Cash	15,533	-	2,678	2,678	-
	(61,952)	2,536	(8,147)	(10,683)	2,536

- *USD FX risk*

The Group has short to medium term USD FX liabilities that it hedges with foreign exchange derivatives. The outstanding USD FX derivative balances and market values are shown below.

	FX Hedging	Maturity	FX Rate at inception	Spot FX Rate	Market Value Financial Asset/(Liability)
	Base \$'000				AUD\$'000
2014					
USD Call Option	USD 25,000	November 14	0.9663	0.9420	AUD 994
2013					
USD Call Option	USD 25,000	November 13	1.0170	0.9275	AUD 2,536

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.

Financial risk management (continued)

	2014		2013	
	EUR	USD	EUR	USD
Foreign currency (AUD'000)				
Cash	19,298	38,134	21,546	40,013
Short term intercompany loans	33,414	21,698	24,499	2,710
FX call option	-	26,539	-	26,954
Net investment in foreign operations	9,803	318,946	20,679	296,896
Trade payables	(64)	(178)	(768)	(158)
Bank loans	(98,339)	(5,519)	(96,970)	(27,429)
Total exposure (foreign currency'000)	(35,888)	399,620	(31,014)	338,986

- 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.

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	AUD/EUR	AUD/USD	AUD/USD
	+ 10 %	- 10%	+ 10%	- 10%
2014				
Income statement	4,569	(4,569)	(8,067)	8,067
Foreign currency translation reserve	(980)	980	(31,895)	31,895
2013				
Income statement	5,169	(5,169)	(4,209)	4,209
Foreign currency translation reserve	(2,068)	2,068	(29,690)	29,690

Electricity and environmental certificates (including LGC) price risks

The Group has 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.



Financial risk management (continued)

- *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	Electricity/LGC Price +10%	Electricity/LGC Price -10%
AUD \$'000		
2014		
Income statement	7,019	(7,019)
2013		
Income statement	6,911	(6,911)

Credit risk

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

The Group's 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 Trust has credit risk exposure to a group of counterparties having similar characteristics, being other members of the Group. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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 generator generally sells electricity to large utility companies that operate in the regions that Infigen has operations. 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 Group's 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.

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

Financial risk management (continued)

Infigen Energy Group

Consolidated	Within credit terms	Past due but not impaired	Impaired	Description
	\$'000	\$'000	\$'000	
2014				
Bank deposits	79,235	1,464	-	Credit rating investment grade
Trade receivables	25,419	-	-	Spread geographically with large utility companies
Other current receivables	3,733	-	-	Sale Settlement period
Amounts due from related parties (associates)	804	-	-	Loan to associated entities
2013				
Bank deposits	119,804	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

Infigen Energy Trust Group

Consolidated	Within credit terms	Past due but not impaired	Impaired	Description
	\$'000	\$'000	\$'000	
2014				
Bank deposits	392	-	-	Credit rating investment grade
Loans to related parties	742,619	-	-	Due from members of Infigen Group
	743,011	-	-	
2013				
Bank deposits	383	-	-	Credit rating investment grade
Loans to related parties	741,820	-	-	Due from members of Infigen Group
	742,203	-	-	

Financial risk management (continued)

Liquidity risks

The Group and the Trust 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 and the Trust'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 the Group's 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 Facility borrower group be applied to repay amounts outstanding under the Global Facility. WWCS Finance 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.

Infigen Energy Group

	Up to 12 months \$'000	1 to 5 years \$'000	After 5 years \$'000	Total contractual cash flows \$'000
2014				
Global Facility debt	49,779	224,232	705,534	979,545
Project finance debt - Woodlawn	5,018	33,747	11,228	49,993
US UBOC Loan Debt	9,187	34,190	14,198	57,575
Interest rate swap payable - GF	33,326	84,583	21,625	139,534
Interest rate swap payable - Woodlawn	101	-	-	101
US UBOC Loan – Interest rate Swap	911	308	(569)	650
Interest rate cap receivable	-	(91)	(70)	(161)
FX and other options	994	-	-	994
Current payables	32,419	-	-	32,419
2013 (Restated)				
Global Facility debt	30,082	280,327	706,024	1,016,433
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)
Covered Forward FX Contract	2,585	-	-	2,585
Current payables	33,830	-	-	33,830

Financial risk management (continued)

Infigen Energy Trust Group

Consolidated

2014

Amounts due to related parties

	Up to 12 months	1 to 5 years	Over 5 years	Total contractual cash flows
	\$'000	\$'000	\$'000	\$'000
Amounts due to related parties	3,511	-	-	3,511

2013

Amounts due to related parties

Amounts due to related parties	2,875	-	-	2,875
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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:

- quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- 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
- 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 2014.

2014

Assets

FX Option

Interest rate cap – Woodlawn

Interest rate swap – UBOC Facility

Investment in financial asset

Total assets

Liabilities

Interest rate swaps – Global Facility

Interest rate swap – Woodlawn

Interest rate swap – UBOC Facility

Total liabilities

	Level 1	Level 2	Level 3	Total
	\$'000	\$'000	\$'000	\$'000
FX Option	-	994	-	994
Interest rate cap – Woodlawn	-	139	-	139
Interest rate swap – UBOC Facility	-	164	-	164
Investment in financial asset	-	-	86,384	86,384
Total assets	-	1,297	86,384	87,681
Interest rate swaps – Global Facility	-	131,298	-	131,298
Interest rate swap – Woodlawn	-	100	-	100
Interest rate swap – UBOC Facility	-	909	-	909
Total liabilities	-	132,307	-	132,307



Notes to the consolidated financial statements
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Financial risk management (continued)

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
2013				
Assets				
USD FX Forward Cover 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

Capital risk management

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

In order to maintain or adjust the capital structure, the Group and the Trust may adjust the amount of distributions or dividends paid to security holders / unitholders, return capital to security holders, buy back existing securities or issue new securities or sell assets to reduce debt.

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.

Through the year to 30 June 2014, the Group has had to maintain the following ratio in regards to compliance with its various facilities:

Global Facility - Leverage ratio, Net Debt / EBITDA¹; WWCS Finance Pty Ltd, Woodlawn project finance facility – Debt service coverage ratio (DSCR); Bank Facility Union Bank – DSCR ratio

The Group has maintained its various banking ratios during FY14 & FY13.

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

36. Parent entity financial information

a) Summary financial information

As at and for the year ended 30 June 2014 and 30 June 2013, the parent entity of the Infigen Energy Group was Infigen Energy Limited (IEL). The parent entity of the Infigen Energy Trust Group was Infigen Energy Trust (IET). The individual financial statements for the parent entities show the following aggregate amounts:

	Infigen Energy Group		Infigen Energy Trust Group	
	2014 \$'000	2013 \$'000	2014 \$'000	2013 \$'000
Results of the parent entity				
Current assets	715,142	705,911	392	383
Total assets	832,492	826,336	764,650	763,842
Current liabilities	829,881	831,212	3,511	2,875
Total liabilities	833,524	834,807	3,511	2,875
Shareholders' equity				
Issued capital	2,305	2,305	753,894	753,076
Retained earnings	(3,336)	(10,775)	7,245	7,891
	(1,031)	(8,470)	761,139	760,967
Profit / (Loss) for the year	7,439	(19,543)	(646)	(646)
Total comprehensive income	7,439	(19,543)	(646)	(646)

Due to the stapled structure of IEL, IET and IEBL, the summary financial information of the parent entities shows a net current liability as at 30 June 2013. 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 entities

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.

IET has not provided financial guarantees in respect of loans and subsidiaries

c) Contingent liabilities of the parent entities

As at the end of the period, IEL and IET 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 2014, IEL and IET had no contractual commitments for the acquisition of property, plant or equipment (30 June 2013: \$nil).

e) Deed of Cross Guarantee

IEL 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') and the Directors of the Responsible Entity of Infigen Energy Trust ('IET'), Infigen Energy RE Limited ('IERL') (collectively referred to as 'the Directors'):

- a) the financial statements and notes of IEL and its controlled entities, including IET and its controlled entities and Infigen Energy (Bermuda) Limited (the 'Infigen Energy Group') and IET and its controlled entities (the 'Infigen Energy Trust Group') set out on pages 23 to 109 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 Infigen Energy Group's and Infigen Energy Trust Group's financial position as at 30 June 2014 and of their performance for the financial year ended on that date; and
- b) there are reasonable grounds to believe that both Infigen Energy Group and Infigen Energy Trust Group will be able to pay their 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 and IERL:



M Hutchinson
Chairman



M George
Managing Director and
Chief Executive Officer

Sydney, 25 August 2014



Independent auditor's report to the stapled security holders of Infigen Energy Group and the unit holders of Infigen Energy Trust Group

Report on the financial report

We have audited the accompanying financial report which comprises:

- the Consolidated Statement of Financial Position as at 30 June 2014, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Infigen Energy Group, being the consolidated stapled entity ("Infigen Energy Group"). The Infigen Energy Group, as described in Note 1 to the financial report, comprises Infigen Energy Limited and the entities it controlled at the years end or from time to time during the financial year.
- the Consolidated Statement of Financial Position as at 30 June 2014, and the Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Cash Flow Statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for Infigen Energy Trust Group, ("Infigen Energy Trust Group"). The Infigen Energy Trust Group comprises Infigen Energy Trust and the entities it controlled at the years end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Infigen Energy Limited and the directors of Infigen Energy Trust (collectively referred to as "the directors") 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 Infigen Energy Group and Infigen Energy Trust Group'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

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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 Group and Infigen Energy Trust Group is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of Infigen Energy Group and Infigen Energy Trust Group's financial position as at 30 June 2014 and of their performance for the year ended on that date; and
 - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.
- (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 8 to 19 of the directors' report for the year ended 30 June 2014. The directors of Infigen Energy Group 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 Group for the year ended 30 June 2014 complies with section 300A of the *Corporations Act 2001*.

A handwritten signature in blue ink that reads 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

A handwritten signature in blue ink that reads 'M Upcroft'.

Marc Upcroft
Partner

Sydney
25 August 2014



Management Discussion and Analysis of Financial and Operational Performance for the year ended 30 June 2014

25 August 2014

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 2014 compared with the year ended 30 June 2013 (“prior year” or “prior corresponding period”) except where otherwise stated.

As required by the International Financial Reporting Standards (IFRS), Infigen consolidates 100% of all controlled entities within its result. Following an IFRS change, which precludes the use of the proportional consolidation method previously employed, Infigen must now account for seven of its US joint ventures using the equity method.

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 references 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 that any projection, forecast, forward-looking statement, assumption or estimate contained in this presentation should or will be achieved.

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1 Overview

1.1 Financial Performance – Economic Interest Basis

Infigen's net loss after tax was \$8.9 million for the year ended 30 June 2014, a \$71.1 million improvement to its net loss after tax of \$80.0 million (including a \$58.4 million impairment expense) in the prior corresponding period (pcp). The performance of the business during the year was solid primarily due to 6% or \$17.1 million revenue growth, underpinned by higher production in Australia and the United States (US).

Both the US and Australia recorded operating costs within the guidance ranges previously advised to the market. Other costs were \$3.0 million higher reflecting the increase in development activity to further progress attractive development opportunities in the US partially offset by lower corporate costs.

During the period the Wildwood I and Pumpjack projects in the US solar development pipeline were sold to Duke Energy Renewables resulting in a net profit on sale of investment of \$4.4 million.

As a result Infigen has delivered Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) growth of 7% to \$170.0 million and net operating cash flow of \$96.2 million, after taking into account \$16.8 million of interest rate swap termination costs.

Infigen repaid \$35.3 million of Global Facility debt, directed \$41.4 million in cash towards reducing liabilities to Class A tax equity members and applied \$16.8 million in cash to pay interest rate swap termination costs, which together was \$13.5 million ahead of the \$80 million guidance. In addition Infigen refinanced its Woodlawn debt facility, reduced Woodlawn related borrowings by \$1.9 million and repaid \$4.0 million of its US Class A interests debt facility.

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

1.2 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 subsequent Infigen Annual General Meetings, 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.

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 2014.

Infigen recorded one lost time injury in FY13 and one in FY14. Infigen's total recordable injury rate (TRIR) fell from 11.0 to 9.8 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 prior corresponding period.

Year ended (\$M unless otherwise indicated)	30 June 2014	30 June 2013 (restated)	Change %
Revenue	273.3	259.7	5
EBITDA	169.2	143.0	18
Depreciation and amortisation	(123.9)	(114.1)	(9)
Significant item - Impairment	-	(39.4)	100
EBIT	45.4	(10.5)	532
Net borrowing costs	(75.5)	(74.8)	(1)
FX & allocation of return (interest)	4.2	(7.3)	158
Net Income from IEPs	31.2	8.2	280
Significant item - interest rate swap termination costs	(16.8)	-	n.m.
Loss before tax	(11.6)	(84.5)	86
Income tax benefit	2.7	4.5	(40)
Net loss after tax	(8.9)	(80.0)	89
Net operating cash flow	95.5	89.0	7
Net operating cash flow per security ¹ (cps)	12.5	11.7	7
Earnings per security (cps) ²	(1.2)	(10.5)	89

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 2014	30 June 2013 (restated)	Change %
Debt	1,075	1,059	(2)
Cash	81	121	(33)
Net debt	994	938	(6)
Tax equity liabilities	439	502	13
Securityholders' equity	492	484	2
Book gearing	66.9%	66.0%	0.9 ppt
EBITDA/(net debt + equity)	11.4%	10.1%	1.3 ppt
Net assets per security (\$)	0.64	0.63	2
Net tangible assets per security (\$)	0.31	0.27	15
Capital expenditure ³	13.8	18.1	24

¹ Calculated using securities on issue at end of year

² Calculated using weighted average issued securities

³ Represents the cash outflow in relation to capital expenditure

2.1 Reconciliation of Statutory Accounts to Economic Interest

Infigen has a controlling interest in two wind farm entities in the US in which it owns more than 50% but less than 100% of the Class B interests. Under IFRS, Infigen fully consolidates the financial performance of these wind farm entities within its statutory results and eliminates the non-controlling interest, which is accounted for through “Net income of IEPs”.

Following an IFRS change, which precludes the use of the proportional consolidation method previously employed, Infigen must now account for seven of its US joint ventures using the equity method. Under AASB 11 joint arrangements, investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has joint ventures which include certain institutional equity partnerships. Interests in joint ventures are accounted for in the consolidated financial statements using the equity method, after initially being recognised at cost in the consolidated balance sheet. For statutory purposes the share of profit of the following US joint ventures is recognised in the “Share of net profits of associates” line item: Sweetwater 1, 2 & 3 (50%), Sweetwater 4 & 5 (53%), Blue Canyon (50%), Combine Hills (50%), JB Wind⁴ (59.3%).

Infigen internally reports, and believes that it is more useful to review, the financial performance of the business from an economic interest perspective and has therefore reconciled 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 2014 (\$M)	Statutory	Add: Allocate share of profit of associates	Less: US minority interests	Economic Interest
Revenue	273.3	47.6	(17.7)	303.2
Operating EBITDA	171.1	26.3	(11.9)	185.5
Other costs and income	(15.5)	-	-	(15.5)
Share of net profits of associates	13.7	(13.7)	-	-
EBITDA	169.2	12.6	(11.9)	170.0
Depreciation and amortisation	(123.9)	(26.7)	8.9	(141.7)
Significant item - Impairment	-	-	-	-
EBIT	45.4	(14.1)	(3.0)	28.3
Net borrowing costs	(75.5)	(0.2)	0.2	(75.5)
Allocation of return (interest)	4.2	-	-	4.2
Net income from IEPs	31.2	14.4	2.8	48.4
Significant item - interest rate swap termination costs	(16.8)	-	-	(16.8)
Loss before tax	(11.6)	0.1	-	(11.5)
Income tax benefit	2.7	(0.1)	-	2.6
Net loss	(8.9)	-	-	(8.9)

⁴ Includes the Jersey Atlantic and Bear Creek wind farms

Year ended 30 June 2013 (\$M)	Statutory	Add: Allocate share of profit of associates	Less: US minority interests	Economic Interest
Revenue	259.7	43.0	(16.5)	286.1
Operating EBITDA	164.6	23.5	(11.3)	176.8
Other costs and income	(18.6)	-	-	(18.6)
Share of net profits of associates	(3.0)	3.0	-	-
EBITDA	143.0	26.5	(11.3)	158.2
Depreciation and amortisation	(114.1)	(23.7)	7.6	(130.3)
Significant item - Impairment	(39.4)	(19.0)	-	(58.4)
EBIT	(10.5)	(16.2)	(3.7)	(30.5)
Net borrowing costs	(74.8)	(1.5)	0.4	(76.0)
FX & allocation of return (interest)	(7.3)	-	-	(7.3)
Net income from IEPs	8.2	17.8	3.3	29.3
Loss before tax	(84.5)	-	-	(84.5)
Income tax benefit	4.5	-	-	4.5
Net loss	(80.0)	-	-	(80.0)

2.2 Significant transactions that occurred in FY14

On 13 November 2013 Infigen announced that it had entered into agreements to acquire various Class A interests in nine of its US wind farm projects for US\$95 million, inclusive of upfront financing costs. The acquired interests are primarily interests in the future cash flow from those projects. The acquisition was financed through utilising US\$37 million of Infigen's existing cash holdings and a new US\$58 million debt facility provided by Union Bank for a term of 10.5 years. More than 90% of the future interest expense was hedged with interest rate derivatives.

For further information refer to Appendix C.

2.3 Review of statement of income

Year ended (\$M unless otherwise indicated)	30 June 2014	30 June 2013	Change %
Revenue	303.2	286.1	6
Operating EBITDA	185.5	176.8	5
Other costs and income	(15.5)	(18.6)	17
EBITDA	170.0	158.2	7
Depreciation and amortisation	(141.7)	(130.3)	(9)
Significant item - Impairment	-	(58.4)	100
EBIT	28.3	(30.5)	193
Net borrowing costs	(75.5)	(76.0)	1
FX & allocation of return (interest)	4.2	(7.3)	158
Net income from IEPs	48.4	29.3	65
Significant item - interest rate swap termination costs	(16.8)	-	n.m.
Loss before tax	(11.5)	(84.5)	86
Income tax benefit	2.6	4.5	(42)
Net loss	(8.9)	(80.0)	89

Foreign exchange rates	30 June 2014	30 June 2013	Change %
AUD:USD (average rate)	0.9179	1.0242	(10)
AUD:EUR (average rate)	0.6764	0.7941	(15)
AUD:USD (closing rate)	0.9420	0.9275	2
AUD:EUR (closing rate)	0.6906	0.7095	(3)

Revenue was \$303.2 million, up 6% or \$17.1 million reflecting higher overall production and favourable FX movement, offset by lower compensated revenue and lower Large-scale Generation Certificate (LGC) prices in Australia.

- In Australia, revenue decreased \$0.9 million or 1% to \$145.4 million as a result of lower LGC prices (-\$6.7 million), lower merchant electricity prices (-\$2.4 million) and higher compensated revenue in the prior year (-\$3.0 million), offset by higher production (+\$9.9 million), contracted CPI increase (+\$0.7 million) and a favourable marginal loss factor (MLF) movement (+\$0.6 million).
- In the US, revenue increased 1% or US\$2.0 million to US\$144.9 million⁵ reflecting higher production (+US\$1.9 million) and higher Renewable Energy Credit (REC) revenue (+US\$1.3 million) offset by lower electricity prices (-US\$0.6 million) and lower compensated and other revenue (-US\$0.6 million).

⁵ Includes asset management revenue related to third party IAM activity

Operating Earnings Before Interest, Tax, Depreciation and Amortisation (**Operating EBITDA**) was \$185.5 million, up 5% or \$8.7 million. This was primarily due to:

- Australia: a 1% or \$0.7 million decrease in operating EBITDA to \$109.3 million reflecting lower LGC prices and lower compensated revenue, slightly offset by lower operating costs – including savings in payroll costs from reduction to staff head count and professional fees that occurred in pcp, offset by higher turbine O&M incentive payments.
- US: a 3% or US\$1.9 million increase to US\$70.0 million reflecting higher revenue from higher production and higher REC revenue, and steady operating costs.
- FX: the depreciation of the Australian Dollar (AUD) against the US Dollar (USD) resulted in a \$7.6 million EBITDA benefit.

Other income of \$4.4 million represents the gain on sale of two US solar development assets during the year.

Development costs expensed were \$6.3 million, up 91% or \$3.0 million primarily reflecting costs of further progressing attractive development opportunities in the US and steady costs in the Australian business.

Corporate costs were \$13.6 million, down 4% or \$0.5 million. This was primarily due to the organisational restructure and cost saving initiatives announced in February 2013 partially offset by costs associated with undertaking market testing for the potential sale of Capital wind farm.

EBITDA was \$170.0 million, up 7% or \$11.8 million reflecting higher operating EBITDA and lower corporate costs partially offset by higher development costs.

Depreciation and amortisation expense was \$141.7 million, 9% or \$11.4 million higher than the prior year largely due to FX movements.

Earnings Before Interest and Tax (**EBIT**) was \$28.3 million, 193% or \$58.7 million higher. The prior year's EBIT included an impairment charge of \$58.4 million in relation to the US cash generating unit.

Net borrowing costs were \$75.5 million, down 1% or \$0.5 million. Interest expense reduced by \$0.9 million due to lower outstanding Global Facility and Woodlawn facility borrowings partially offset by interest expense related to the new Union Bank facility. Higher bank fees (+\$1.3 million) primarily related to the refinancing of the Woodlawn project finance facility and the new Union Bank facility and lower interest income (-\$1.3 million) due to lower cash balances were offset by lower amortisation of decommissioning costs (-\$2.3 million).

Year ended (\$M)	30 June 2014	30 June 2013	Change %
Interest expense	(70.7)	(71.6)	1
Bank fees & amortisation of loan costs	(5.6)	(4.3)	(30)
Amortisation of decommissioning costs	(0.3)	(2.6)	88
Total Borrowing costs	(76.6)	(78.5)	2
Interest income	1.1	2.4	(54)
Net borrowing costs	(75.5)	(76.0)	1

Year ended (\$M)	30 June 2014	30 June 2013	Change %
FX gain/(loss)	1.7	(9.1)	119
Non-hedge FX derivatives	(2.2)	1.5	(247)
Non-hedge interest rate derivatives	0.3	0.3	-
Non-hedge electricity derivatives	0.2	-	n.m.
FX gain/(loss) & revaluation of derivatives	-	(7.3)	100
Allocation of return (interest)	4.2	-	n.m.
Interest rate swap termination costs	(16.8)	-	n.m.

The **foreign exchange gain** of \$1.7 million was due to the appreciation of the AUD and revaluation of the USD and EUR debt held by an Australian company within the Group at 30 June 2014, and was offset by movements in non-hedge derivatives.

The **allocation of return** of \$4.2 million relates to the investment in Class A interests in the US.

Termination of interest rate swaps resulted in an expense of \$16.8 million and was recorded in significant items. As a result of hedge accounting, this item had already been reflected in securityholders' equity in prior periods.

Net income from US IEPs⁶ was \$48.4 million, up 65% or \$19.1 million compared with \$29.3 million in the pcp. Further details are available in Appendix B including an explanation of the structure of IEPs (including accounting treatment).

Income tax benefit of \$2.6 million was \$1.9 million lower than the prior year.

Infigen reported a **net loss after tax** for the year of \$8.9 million, a favourable movement of \$71.1 million compared with the prior year. Excluding the interest rate swap termination costs, Infigen earned a **net profit after tax** but before significant items of \$7.9 million.

⁶ Institutional Equity Partnerships

3 Cash Flow

3.1 Cash movement

Cash at 30 June 2014 was \$83 million, 33% or \$41 million lower than 30 June 2013. The cash balance at 30 June 2014 comprises \$23 million held by entities within the Global Facility Borrower Group⁷ with \$61 million (\$105 million at 30 June 2013) held by entities outside of that group ('Excluded Companies').

Cash inflows for the year included \$96.2 million of net operating cash flow (including \$16.4 million of distributions from the investment in Class A interests), \$113.9 million of proceeds from borrowings related to the investment in Class A interests and the refinance of Woodlawn wind farm (refer to Section 4.1), and \$8.3 million in proceeds from the sale of solar PV development projects in the US.

Cash outflows were \$100 million for the investment in US Class A interests, \$98.6 million for debt repayments (including capitalised costs associated with obtaining financing (refer to Section 4.1), \$41.4 million in distributions to US IEP Class A members, \$15.7 million for development and property plant and equipment (PP&E) capex and \$3.8 million unrealised FX gains on cash balances held in USD and EUR due to the depreciation of the AUD.

Expenditure on PP&E and development included \$4.0 million in Australia for development pipeline activity (\$2.1 million) and wind farm and IT systems (\$1.9 million) including balance of plant equipment modifications and communication upgrades. In the US payments of \$10.4 million comprised wind farm capex of \$9.0 million primarily related to a turbine replacement at Allegheny Ridge following a nacelle fire, expenditure related to the post-warranty agreements at sites with Gamesa turbines, and major component replacements at sites not covered by post warranty agreements. \$1.4 million related to US solar PV development activities.

The \$44.0 million reduction in cash held by Excluded Companies is largely due to the equity investment made in Class A interests and the operating and capital expenditure related to development in the US and Australia, partially offset by income received from the investment in Class A interests, the proceeds from the sale of US solar PV developments and the net income from Woodlawn after refinancing costs.

3.2 Net Operating Cash Flow (NOCF)

Year ended (\$M)	30 June 2014	30 June 2013	Change %
Operating EBITDA	185.5	176.8	5
Corporate, development & other costs	(15.5)	(18.6)	17
Movement in working capital & non-cash items	(4.2)	(2.0)	(110)
Net financing costs and taxes paid	(69.2)	(72.1)	4
Distributions received from financial assets ⁸	16.4	-	n.m.
NOCF before significant items	113.0	84.2	34
Interest rate swap termination costs	(16.8)	-	n.m.
Net operating cash flow	96.2	84.2	14
NOCF of associates and joint ventures	(13.0)	(8.7)	(49)
NOCF of non-controlling interests	12.2	13.6	(10)
Operating cash flow (statutory)	95.5	89.0	7

⁷ Infigen's borrowings include a multi-currency Global Facility secured by Infigen's interests in all of its operational wind farms except Woodlawn and Infigen's US Class A interests - 'the Borrower Group'

⁸ Investments in US Class A interests

Net operating cash flow was \$96.2 million, 14% or \$12.0 million higher than the pcp due to distributions received from investments in US Class A interests (+\$16.4 million), higher EBITDA (+\$11.8 million) and lower net financing costs and taxes paid (+\$2.9 million) partially offset by interest rate swap termination costs (-\$16.8 million) and adverse movements in working capital (-\$2.2 million).

4 Capital Management

4.1 Debt

At 30 June 2014 total borrowings⁹ (including capitalised loan costs) were \$1,076.5 million¹⁰ comprising Global Facility borrowings (\$979.5 million), Woodlawn project finance (\$50.0 million) and the Union Bank facility (\$57.6 million), with \$12.1 million attributable to capitalised loan costs. This was \$16.5 million higher than the pcp due to the \$62.2 million drawdown of the Union Bank facility offset by \$35.3 million in Global Facility debt repayments, a \$1.9 million net decrease in Woodlawn project finance facility borrowings, and \$4.0 million in Union Bank facility debt repayments. Net loan costs capitalised and foreign exchange differences had the effect of reducing the reported borrowings by \$4.5 million.

The Woodlawn project finance facility was refinanced with Westpac Banking Corporation and Clean Energy Finance Corporation during the year. The new facility was arranged to finance both Woodlawn and the proposed Capital solar farm. December 2018 is the earliest maturity date for 50% of the new facility. The terms of the facility include review events for changes in regulatory conditions that affect the expected future price of electricity and LGCs. The review events provide an agreed mechanism by which the facility can be re-sized after a specified review event has occurred. The repeal of the carbon pricing mechanism in July 2014 triggered a review event and as a result a portion of the cash generated by Woodlawn in FY15 has been applied to fund debt prepayment.

The average margin across all facilities was 134 basis points. Infigen has interest rate hedges in place for the majority of its borrowings.

Forward prices for electricity in Australia have declined materially following the removal of the carbon price and due to the softening of National Electricity Market demand - which has declined approximately 8% over the last five years. The uncertainty concerning the Australian Government's intentions for the future of the Renewable Energy Target (RET) has also resulted in low LGC market prices. If there is a sustained improvement to the regulatory outlook then LGC prices should materially increase leading to an improvement in operating conditions.

Infigen expects to continue to satisfy the Global Facility leverage ratio covenant in conformity with the terms of the facility in the short term. In the event that weak Australian LGC and electricity prices persist, Infigen will likely need to use mitigants or remedies available under the Global Facility in order to satisfy the leverage ratio covenant test in future testing periods. Foreign exchange (FX) risk also becomes increasingly relevant as the operating cash flow from Infigen's US assets is progressively reallocated to the Class A members, given that a substantial portion of the Global Facility borrowings is USD denominated. Deterioration of the Australian dollar against the US dollar would therefore place additional pressure on leverage ratio covenant compliance.

⁹ Further information is available in note 17 to the financial statements

¹⁰ \$1,075 million on a statutory basis, which includes \$1.5 million joint venture borrowings

Should Infigen utilise available mitigants or remedies to support Global Facility leverage ratio compliance, this is likely to involve applying cash currently held in Excluded Companies. Excluded Company cash could be contributed to the Global Facility Borrower Group, with any contributed amount then applied to repay Global Facility debt semi-annually in accordance with the terms of the facility. If the current Australian RET review were to result in significant value destruction to Infigen's existing assets, or if current market conditions continue for an extended period, then Infigen would consider carefully whether the use of Excluded Company cash for those purposes was then appropriate.

The Global Facility leverage ratio covenant was met at 30 June 2014.

4.2 Net debt

Net debt for the consolidated entity (economic interest) increased from \$938 million at 30 June 2013 to \$994 million at 30 June 2014. The net movement of \$56 million was primarily due to new borrowings in the year related to the investment in Class A interests.

4.3 Equity

Total equity increased 2% from \$484.0 million at 30 June 2013 to \$492.1 million at 30 June 2014. The increase of \$8.1 million is attributable to:

- the net loss for the period (-\$8.9 million);
- a change in the fair value of interest rate hedges (+\$22.4 million);
- exchange difference on the translation of foreign operations and movement in fair value of net investments (-\$6.3 million); and
- net increase in the share based payments reserve (+\$0.8 million).

During the year the number of securities on issue increased by 2,727,462 to 764,993,434. These securities were issued to key management personnel as deferred remuneration under the short term incentive plan.

4.4 Gearing

The following table provides a comparison of Infigen's book gearing (economic interest) at 30 June 2013 and 30 June 2014. The change reflects the movements in net debt and equity described above.

As at (\$M)	30 June 2014	30 June 2013	Change %
Net debt	994	938	(6)
Total equity	492	484	2
Book gearing	66.9%	65.9%	1.0 ppts
US IEP tax equity ¹¹	516	589	12
Total gearing	75.4%	75.9%	

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. Of these, 14 have Power Purchase Agreements (PPAs) that account for 872 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.

Fifteen of Infigen's US wind farms continue to generate Production Tax Credits (PTCs) which apply for 10 years from the date of first commercial operation. Wind farms that no longer qualify for PTCs are Sweetwater 1, Blue Canyon and Combine Hills. PTCs are worth US\$23 per MWh for the 2014 calendar year.

Each wind farm is entitled to one PTC per MWh of production. The Group accounts for PTCs as other income in the period that the credit is derived, on the basis that it reduces the liability to the Class A members. Further information on Infigen's US Institutional Equity Partnerships is 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 Western Australia (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 New South Wales (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 a long term retail supply agreement, 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, 40% of annual P50 production is currently contracted under medium and long term agreements.

Each wind farm is entitled to create one LGC for each MWh that is exported to the grid after applying the marginal loss factor.

5.2 United States

Year ended	30 June 2014	30 June 2013	Change	Change %
Operating capacity (MW)	1,089	1,089	-	-
Production (GWh)	3,098	3,089	9.0	-
P50 production (GWh)	3,313	3,313	-	-

US Business	30 June 2014	30 June 2013	Change	Change %
Total revenue (US\$M)	144.9	142.9	2.0	1
Operating costs (US\$M)	74.9	74.8	(0.1)	-
Operating EBITDA (US\$M)	70.0	68.1	1.9	3
EBITDA margin	48.3%	47.7%	-	0.6 ppt
Average price (US\$/MWh)	45.5	45.0	0.5	1
Operating costs (US\$/MWh)	24.2	24.2	-	-
PTCs (US\$M)	67.7	71.1	(3.4)	(5)

US Business Translation to AUD				
Revenue (A\$M)	157.8	139.8	18.0	13
Operating EBITDA (A\$M)	76.2	66.8	9.4	14

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:

- **Delivery of steady operating costs** within the guidance range of US\$73 - \$76 million.
- **The acquisition of US Class A interests**, improving total cash flow to the business.
- **The profitable sale of Wildwood I and Pumpjack** solar PV development projects.
- **Enhancement of the solar development pipeline**, which now accounts for over 780 MW of late, mid and early stage projects across six states.

5.2.1 Production

Year ended	30 June 2014	30 June 2013	Change
Operating capacity (MW)	1,089	1,089	-
Capacity factor	32.5%	32.4%	0.1 ppt
Turbine availability	96.0%	96.1%	(0.1) ppt
Site availability	95.2%	95.2%	-
Production (GWh)	3,098	3,089	9

Site availability of 95.2% was in line with the prior year and turbine availability decreased 0.1 percentage points to 96.0% due to certain sites that were transitioning onto the new Gamesa warranty agreements.

Production increased 9 GWh or 0.3% to 3,098 GWh primarily due to better wind conditions across all regions other than the South Central, offset by lower Gamesa turbine availability at Mendota and GSG due to inspections, maintenance and repairs.

Improved wind conditions and turbine availability at Cedar Creek (+27 GWh) and Caprock (+23 GWh) together with improved wind conditions at Allegheny (+22 GWh) contributed to increased production. This was partially offset by lower production at GSG (-28 GWh) and Mendota (-19 GWh) primarily due to lower turbine availability, and lower production at Sweetwater 4 (-16 GWh) due to less favourable wind conditions.

5.2.2 Price

Approximately 80% of Infigen's US capacity is contracted for a weighted average duration of 10.5 years. The capacity contracted and the PPA expiry dates are provided in the following table.

Wind Farm	Equity MW	PPA End Date
Sweetwater 2	45.8	Feb-17
Buena Vista	38.0	Apr-17
Sweetwater 3 ¹²	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	80.0	Dec-24
Sweetwater 3 ¹²	50.6	Dec-25
Kumeyaay	50.0	Dec-25
Bear Creek	14.2	Mar-26
Aragonne Mesa	90.0	Dec-26
Sweetwater 4	127.6	May-27
Jersey Atlantic	2.2	Mar-26
Allegheny Ridge	80.0	Dec-29
Total	872.0	

¹² Note there are two PPAs related to the Sweetwater 3 wind farm

The simple average electricity price (total wind farm revenue divided by total production) of US\$45.5/MWh was 1% higher compared to US\$45.0/MWh in the pcp. This was due to higher merchant electricity prices as a result of severe winter conditions and higher PJM REC prices, partially offset by lower average prices from Crescent Ridge following the expiration of its PPA in the pcp.

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)	FY14	FY13	Change %
PJM-AECO (Jersey Atlantic)	53.62	38.26	40
PJM-CE (GSG, Mendota & Crescent Ridge)	39.47	31.59	25
ERCOT-W (Sweetwater 5)	36.62	29.55	24

Dispatch weighted average

Period (US\$/MWh)	FY14	FY13	Change %
PJM-AECO (Jersey Atlantic)	37.66	30.14	25
PJM-CE (GSG & Mendota)	32.23	25.57	26
PJM-CE (Crescent Ridge)	34.55	n/a ¹³	
ERCOT-W (Sweetwater 5)	30.74	21.08	46

Infigen's merchant DWA price was 30%, 18%, 12% and 16% less than the TWA price in the PJM-AECO, PJM-CE, PJM-CE (including Crescent) and ERCOT-W markets respectively during the period.

Fundamentally the PJM REC market is adequately supplied, however, availability of RECs through the 'over-the-counter' market has been limited resulting in average market prices trading at US\$14.6/REC compared to US\$4.5/REC in the prior year.

The ERCOT REC average market prices were trading at US\$1.3/REC compared to US\$0.8/REC in the prior year.

5.2.3 Revenue

Revenue increased 1% or US\$2.0 million to US\$144.9 million¹⁴ reflecting higher production (+US\$1.9 million) primarily at Allegheny, Cedar Creek and Caprock and higher REC revenue (+US\$1.3 million), offset by lower electricity prices (-US\$0.6 million) related to expiration of the PPA at Crescent Ridge in the pcp, and lower compensated and other revenue (-US\$0.6 million) primarily due to insurance proceeds received in the pcp, partially offset by liquidated damages in relation to the Gamesa extended warranty agreements.

¹³ Crescent Ridge's PPA expired at the end of FY13

¹⁴ Includes asset management revenue related to third party IAM activity

5.2.4 Operating costs

Year ended (US\$M)	30 June 2014	30 June 2013	Change	Change %
Asset management ¹⁵	13.8	15.9	2.1	13
Turbine O&M	35.6	33.1	(2.5)	(8)
Balance of plant	8.1	6.9	(1.2)	(17)
Other direct costs	17.4	18.9	1.5	8
Total operating costs	74.9	74.8	(0.1)	-

Total operating costs increased US\$0.1 million to US\$74.9 million reflecting:

- US\$2.1 million decrease in asset management costs primarily reflecting lower legal costs following the resolution of the Gamesa dispute (-US\$2.4 million) and savings following the organisational restructure and cost savings initiatives implemented in early 2013 (-US\$0.6 million), partially offset by transaction costs associated with the acquisition of Class A interests (+US\$1.0 million);
- US\$2.5 million increase in turbine O&M costs due to higher Gamesa O&M and turbine warranty costs (+US\$3.5 million) and higher MHI bonus payments (+US\$0.4 million), offset by reduced component and consumable expenses (-US\$1.5 million);
- US\$1.2 million increase in balance of plant costs associated with road maintenance and equipment repairs at Aragonne and Cedar Creek (+US\$0.7 million), and routine maintenance and equipment upgrades (+US\$0.5 million); and
- US\$1.5 million decrease in other direct costs associated with lower transmission and connection fees and lower insurance and tax expenses.

5.2.5 Operating EBITDA

Operating EBITDA for the US business increased US\$1.9 million or 3% to US\$70.0 million reflecting higher revenue.

Operating EBITDA margin was 48.3% compared with 47.7% in the prior year reflecting higher revenue and steady cost outcomes.

5.2.6 Depreciation and amortisation

Depreciation and amortisation decreased US\$0.5 million to US\$81.8 million.

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

¹⁵ Includes asset management costs related to third party IAM activity

5.2.7 Development

During the year the development team continued to advance the Wildwood I and Pumpjack projects in the solar photovoltaic (PV) development pipeline and sold the projects to Duke Energy Renewables, a business unit of Duke Energy. These two projects are the first of a multi-stage development opportunity that Infigen has cultivated within California.

These transactions demonstrate Infigen's capabilities to realise value from its development pipeline where opportunities arise.

The development team completed interconnection studies for the Rio Bravo I and Wildwood II projects in California, and initiated the development of additional solar PV projects in New York and California.

Infigen's US development pipeline now accounts for over 780 MW of late, mid and early stage projects in six states.

5.3 Australia

Year ended (\$M) unless stated otherwise	30 June 2014	30 June 2013	Change	Change %
Operating capacity (MW)	557	557	-	-
Production (GWh)	1,572	1,516	56	4
P50 production (GWh)	1,599	1,599	-	-
Total revenue (\$M)	145.4	146.3	(0.9)	(1)
Operating costs (\$M)	(36.1)	(36.3)	0.2	1
Operating EBITDA (\$M)	109.3	110.0	(0.7)	(1)
Operating EBITDA margin (%)	75.2	75.2	-	-
Average price (A\$/MWh)	92.5	96.6	(4.1)	(4)
Operating costs (A\$/MWh)	23.0	23.9	0.9	4

Infigen's operating capacity in Australia remained at 556.7 MW during the period.

Key achievements during the year included:

- **Strong operating EBITDA performance** in a challenging market driven by improved wind conditions and by delivering operating costs of \$36.1 million, within the guidance range of \$35 to \$37 million.
- **Improved operational performance** from generation assets through enhanced energy market activities and aligning OEM servicing to market conditions.
- **Capital East solar demonstration facility** - the first stage (approximately 130 kW) of the facility was completed and registered as a generator with AEMO in September 2013.
- **Development** approvals received for Bodangora, Cherry Tree and Flyers Creek wind farms with a total proposed installed capacity of approximately 300 MW.

5.3.1 Production

Year ended	30 June 2014	30 June 2013	Change
Operating capacity (MW)	557	557	-
Capacity factor	32.2%	31.1%	1.1 ppt
Turbine availability	97.2%	97.6%	(0.4) ppt
Site availability	96.6%	96.8%	(0.2) ppt
Production (GWh)	1,572	1,516	56

Production increased 4% or 56 GWh to 1,572 GWh. The pcg included 40 GWh of compensated production, therefore on a normalised basis production increased 6% or 96 GWh from 1,476 GWh to 1,572 GWh as a result of better wind conditions.

Higher production was primarily due to better wind conditions at all wind farms except Alinta (+102 GWh), lower network constraints (+11 GWh) and higher turbine availability (+4 GWh) at Alinta. This was partially offset by lower wind conditions at Alinta (-7 GWh), increased network constraints at Lake Bonney (-6 GWh) due to line works, and lower turbine availability due to equipment failures at Capital (-6 GWh).

5.3.2 Prices

Electricity

The TWA spot electricity prices in SA and NSW were 12% and 5% lower than the pcg respectively due to lower demand and the non-recurrence of market events that led to high price events in the pcg.

TWA wholesale electricity (\$/MWh)	FY14	FY13	10 Year Average
SA (Lake Bonney)	61.71	69.75	49.96
NSW (Capital & Woodlawn)	52.26	55.10	43.37

Infigen's DWA electricity prices decreased 6% to \$55.17/MWh in SA and 3% to \$52.91/MWh in NSW. The decreases broadly correlate with the TWA price decreases 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 \$13,100/MWh.

During the year there were only seven half-hourly settlement prices above \$300/MWh in NSW and 74 in SA. There were also 33 half-hourly settlement prices in SA above \$1,000/MWh largely driven by competitive bidding, plant failures, low wind, high demand and transmission constraints.

Large-scale Generation Certificates (LGCs)

Period (\$/MWh)	FY14	FY13	Change %
Large-scale Generation Certificates	30.84	35.94	(14)

The average merchant LGC price for the year of \$30.84/LGC was 14% lower compared to an average price of \$35.94/LGC in the prior year. The closing LGC price at 30 June 2014 was \$28.50/LGC compared to \$33.25/LGC at 30 June 2013.

Bundled pricing

The realised weighted average portfolio bundled (electricity and LGCs) price was \$92.5/MWh, 4% lower than \$96.6/MWh realised in the prior year. This reflected lower dispatch weighted wholesale electricity prices from mild weather and lower demand, and lower average LGC prices due to regulatory uncertainty.

5.3.3 Revenue

Revenue decreased \$0.9 million or 1% to \$145.4 million as a result of lower LGC prices (-\$6.7 million), lower electricity prices (-\$2.4 million) and higher compensation in prior year (-\$3.0 million), offset by higher production (+\$9.9 million), contracted CPI increase (+\$0.7 million) and favourable MLF movement (+\$0.6 million).

5.3.4 Operating Costs

Infigen's Australian wind turbines are covered by their Original Equipment Manufacturer's warranty (Suzlon) or post-warranty service agreements (Vestas). This contributes to stability and predictability of wind farm costs.

Year ended (A\$M)	30 June 2014	30 June 2013	Change	Change %
Asset management	6.0	7.0	1.0	14
Turbine O&M	18.3	17.2	(1.1)	(6)
Balance of plant	1.6	0.9	(0.7)	(78)
Other direct costs	7.3	7.5	0.2	3
Total wind farm costs	33.1	32.6	(0.5)	(2)
Energy Markets	3.0	3.7	0.7	19
Total operating costs	36.1	36.3	0.2	1

Total operating costs decreased \$0.2 million or 1% to \$36.1 million. The key variances include:

- \$1.0 million decrease in asset management costs due to the organisational restructure and cost saving initiatives undertaken in early 2013 (-\$0.8 million) and savings in professional fees due to one-off legal costs in relation to the AEMO dispute that were incurred in pcp (-\$0.2 million);
- \$1.1 million increase in turbine O&M costs associated with higher unscheduled turbine maintenance costs at Alinta (+\$0.5 million), higher variable payments due to higher generation (+\$0.4 million) and higher incentive payments for exceeding contract availabilities across the wind farms with Vestas turbines (+\$0.2 million);
- \$0.7 million increase in balance of plant costs associated with scheduled maintenance programs (+\$0.5 million) and higher unscheduled works (+\$0.2 million);
- \$0.2 million decrease due to lower insurance costs; and
- \$0.7 million lower professional fees for Energy Markets activities.

5.3.5 Operating EBITDA

Operating EBITDA decreased \$0.7 million or 1% to \$109.3 million reflecting lower LGC prices and lower compensated revenue, slightly offset by lower operating costs – including savings in payroll costs from reduction to staff head count and professional fees that occurred in the pcp.

EBITDA margin of 75.2% was in line with the prior year.

5.3.6 Depreciation and amortisation

Depreciation and amortisation (including corporate assets) increased \$1.7 million to \$52.6 million reflecting higher decommissioning costs, plant and IT system additions and write-offs.

Infigen depreciates its Australian wind farms and associated plant using the straight line method over 25 years.

5.3.7 Development

During the year development consent was received for Bodangora and Flyers Creek wind farms in New South Wales, and Cherry Tree wind farm in Victoria. The Capital solar farm has been progressed to a very advanced stage.

Work to advance the development pipeline continued in areas of wind and solar resource monitoring, connection negotiations, securing lease options and licences, and community initiatives.

Options for a circa 55 km easement and to acquire land were secured to facilitate the connection of the proposed 450 MW Woakwine wind farm in South Australia. This enables access into the Victorian high voltage network.

Agreement was reached with TransGrid to expand the Woodlawn connection point agreed capability to accommodate the proposed Capital solar farm and Capital 2 wind farm.

Construction of the first stage of the Capital East solar farm, a solar photovoltaic (PV) and energy storage demonstration facility (approximately 130 kW) including 10 kW of solar modules from several different suppliers, was completed. The experience gained from this project will benefit future large-scale solar PV projects.

6 Outlook

Infigen begins the 2015 financial year (FY15) with a goal of maintaining steady operational performance, further reducing Global Facility and IEP liabilities and improving the capital structure of the business.

In Australia, the acute regulatory uncertainty that has developed since the Australian Government's appointment of a Panel to conduct another review of the legislated Renewable Energy Target (RET) has resulted in poor liquidity in the LGC market and a significant decline in LGC prices. The LGC spot market price is currently below \$30 levels having traded in the low \$20s in June 2014. The outlook for LGC prices remains highly uncertain, with a recovery in LGC prices predicated on lasting restoration of regulatory certainty.

Wholesale electricity prices in Australia have also declined significantly following the repeal of the carbon price (which took effect from 1 July 2014) and due to demand reduction in the National Electricity Market of approximately 8% over the last five years. As a result, subject to the outcome of the RET review, the average bundled price across Infigen's Australian portfolio is expected to be around 10% lower than FY14 based on current forward markets.

In the US, average prices are expected to be only slightly higher than in FY14 due to slightly higher expected merchant prices and some indexation related increases.

In FY15:

- US operating costs are forecast to be between US\$76 and US\$78 million (including Infigen Asset Management costs)
- Australian operating costs are forecast to be between A\$36 and A\$38 million (including Energy Markets costs)
- US production is expected to improve primarily due to improved availability across the Gamesa fleet, and
- Australian production is expected to be broadly in line with FY14.

Cash flow to Infigen from its Class B interests in US wind farms is expected to be approximately US\$33 million. Subject to the outcome of the RET review, the total cash flow that we expect to have available to repay Global Facility debt and distribute to US Class A tax equity members will be approximately \$90 million.

In FY15, Infigen will continue to pursue certain growth opportunities. In the US, the development team will continue to advance the solar development pipeline including new projects in California and New York. In Australia, the development team will continue to explore opportunities that are supported by State and Territory Government initiatives.

The outlook for Infigen's Australian business is currently highly uncertain. This is primarily attributable to regulatory instability caused by the latest RET review and associated industry and political positioning and commentary. The current review commenced just 14 months after the last review was concluded. The review Panel's report is expected to be released imminently. Recent media reports indicate that the Australian Government may be considering significant adverse changes to annual targets, subject to enactment of necessary legislation. Significant reductions to the annual targets would have a material adverse effect on the Australian renewable energy industry, including Infigen, unless appropriate grandfathering or other effective arrangements were implemented to reflect the fact that existing investments were made in good faith in pursuit of explicit Commonwealth objectives and legislation.

LGC prices are currently significantly below those required to sustain existing investment or encourage new investment. If this were to continue it would likely lead to significant asset impairments across the industry, including for Infigen. Continuing depressed prices would also create significant pressure on Infigen's capacity to meet financial covenants in our borrowing facilities.

7 Appendix A – Balance Sheet by Country

A\$M	30-Jun-14 IFN Statutory Interest	Add: US Equity Accounted Investments	Less: US Minority Interest	30-Jun-14 IFN Economic Interest	Australia	United States
Cash	80.7	2.8	(0.6)	82.9	69.5	13.5
Receivables	30.0	5.5	(1.4)	34.1	24.8	9.3
Inventory	16.2	1.3	(0.3)	17.2	12.9	4.3
Prepayments	12.2	1.2	(0.1)	13.2	6.5	6.8
PPE	1,895.4	435.6	(149.8)	2,181.2	875.5	1,305.6
Goodwill & intangibles	257.1	(3.5)	(13.5)	240.1	124.4	115.7
Investments in financial assets & other assets	88.1	(1.0)	(0.7)	86.4	2.6	83.8
Investment in associates	96.3	(96.3)	-	-	-	-
Deferred tax assets	50.5	-	(0.1)	50.4	50.4	-
Total assets	2,526.4	345.5	(166.5)	2,705.5	1,166.5	1,539.0
Payables	32.4	2.8	(2.4)	32.8	7.4	25.3
Provisions	22.0	7.5	(1.9)	27.6	10.9	16.7
Borrowings	1,075.0	1.4	-	1,076.5	693.6	382.9
Tax equity (US)	439.4	190.0	(113.5)	515.9	-	515.9
Deferred benefits (US)	333.3	143.7	(48.7)	428.3	-	428.3
Derivative liabilities	132.3	-	-	132.3	103.7	28.6
Total liabilities	2,034.4	345.5	(166.5)	2,213.4	815.6	1,397.8
Net assets	492.1	-	(0.0)	492.1	350.9	141.2
Foreign exchange rates as at	30 June 2014	30 June 2013	Change %			
USD	0.9420	0.9275	2			
EUR	0.6906	0.7095	(3)			

8 Appendix B – Institutional Equity Partnerships

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

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

8.1 Funding

Each IEP is funded on a stand-alone, non-recourse basis for Class A and Class B members (Infigen is for the most part a Class B member¹⁶).

The long term equity funding is contributed by Class A members and Class B members, in varying proportions – depending on the IEP, Class A Members have contributed between 50% and 80% of initial capital and the Class B members have contributed the remainder.

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

Infigen holds mostly Class B membership interests. Infigen’s interest ranges from 50% to 100% of total Class B membership interests in any given IEP.

8.2 Economic interests

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

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

The Class A and Class B members have varying entitlements to the economic interests depending on the stage that the wind farms are in during their lifespan as follows:

Membership interest	Stage 1: Until the earlier of Class B capital repaid or a fixed date*	Stage 2: After Stage 1 and until the reallocation date	Stage 3: Post reallocation date
Class A	All taxable income/loss and PTCs	All taxable income/loss, PTCs and cash distributions	Depending on the IEP, between 5%-25% of taxable income/loss, PTCs and cash distributions
Class B	All cash distributions	Nil	Depending on the IEP, between 75%-95% of taxable income/loss, PTCs and cash distributions

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

¹⁶ In FY14 Infigen acquired certain Class A interests in wind farm entities in which it is also a Class B member. Refer to Appendix C

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

8.3 Accounting for IEPs

Australian equivalents to International Financial Reporting Standards (AIFRS) preclude the use of the proportional consolidation method previously employed. For statutory purposes Infigen must now account for seven of its US joint ventures using the equity method in the “Share of net profits of associates” line item.

Infigen recognises assets and liabilities of the IEPs in its AIFRS financial statements based on the following Infigen Class B interests and accounting method:

Institutional Equity Partnership	Relevant wind farms	Infigen Class B interest	AIFRS accounting
2003/2004 Portfolio			
Blue Canyon Windpower LLC	Blue Canyon	50%	Equity method
Caprock Wind LLC	Caprock	100%	100%
Eurus Combine Hills LLC	Combine Hills	50%	Equity method
Sweetwater Wind 1 LLC	Sweetwater 1	50%	Equity method
Sweetwater Wind 2 LLC	Sweetwater 2	50%	Equity method
2005 Portfolio			
JB Wind Holdings LLC	Bear Creek, Jersey Atlantic	59%	Equity method
Crescent Ridge Holdings LLC	Crescent Ridge	75%	100% with 25% non-controlling interest
Kumeyaay Holdings LLC	Kumeyaay	100%	100%
Sweetwater Wind 3 LLC	Sweetwater 3	50%	Equity method
2006 Portfolio			
Wind Portfolio Holdings 1 LLC	Allegheny, Aragonne, Buena Vista, GSG, Mendota	100%	100%
2007 Portfolio			
CCWE Holdings LLC	Cedar Creek	67%	100% with 33% non-controlling interest
Sweetwater 4-5 Holdings LLC	Sweetwater 4, Sweetwater 5	53%	Equity method

8.4 IEP Liabilities

8.4.1 Class A Liability (AIFRS)

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

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

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

Infigen currently forecasts that on an economic interest basis its portfolio of wind farms in which it holds Class B interests will generate a further US\$158 million of PTC income.

US\$m	FY15	FY16	FY17	FY18	Total
2003/2004	5.8	-	-	-	5.8
2005	12.6	5.6	-	-	18.2
2006	18.0	18.8	13.9	-	50.6
2007	25.3	26.4	25.6	6.2	83.5
Total	61.6	50.7	39.4	6.2	158.0

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

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

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

The change in residual interest (Class A) reflects period on period changes in expectations of future tax allocations and cash distributions and the effect of rolling forward the Class A liability calculation each period.

Class A Capital Balance:

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

The following provides a summary of Class A capital balances.

Class A Capital Balance Amortisation (US\$ million) by Asset Vintage

Year ended 30 June 2014	2003/04	2005	2006	2007	Total
Closing balance (30 Jun 13)	51.4	86.9	153.5	230.2	522.0
Tax true-up	(0.8)	0.1	0.5	0.3	0.1
Opening balance (1 Jul 13)	50.6	87.0	154.0	230.5	522.1
Production tax credits	(13.7)	(12.7)	(17.0)	(31.9)	(75.3)
Tax (losses)/gains	2.7	3.9	(0.1)	10.0	16.6
Cash distributions	(9.0)	(10.3)	-	(18.8)	(38.0)
Allocation of return (interest)	3.8	5.9	9.0	16.4	35.3
Closing balance (30 June 14)	34.4	73.8	146.0	206.3	460.5

The Class A capital balance is reduced or increased for items 1 to 4 in the first table on page 30, but there is no adjustment in relation to the residual interest (item 5 in that table).

8.4.2 Class B Liability (AIFRS)

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

8.4.3 Deferred Revenue

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

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

- Should future operational revenues from the US wind farm investments be insufficient, there is no contractual obligation on the Group to repay the IEP liabilities;
- Institutional balances outstanding (Class A and Class B non-controlling interests) do not impact Infigen's leverage covenant.

There is no exit mechanism for institutional investors and consequently there is no refinancing risk.

8.5 US Performance by Asset Vintage for Year Ended 30 June 2014

Production (GWh) by Asset Vintage

Year ended 30 June	2014	2013	Change	Change %
2003/2004	740	722	18	2
2005	511	509	2	-
2006	760	776	(16)	(2)
2007	1,087	1,082	5	-
Total	3,098	3,089	9	-

Revenue (US\$ million) by Asset Vintage

Year ended 30 June	2014	2013	Change	Change %
2003/2004	22.3	22.5	(0.2)	(1)
2005	22.7	24.6	(1.9)	(8)
2006	46.8	42.6	4.2	10
2007	53.1	53.1	-	-
Total	144.9	142.9	2.0	1

Profit and Loss (US\$ million) by Asset Vintage

Year ended 30 June 2014	2003/04	2005	2006	2007	Total
Revenue	22.3	22.7	46.8	53.1	144.9
Costs	(12.7)	(12.8)	(28.9)	(19.6)	(74.0)
EBITDA	9.6	9.9	17.8	33.6	70.9
Depreciation & amortisation	(11.7)	(12.9)	(29.6)	(30.8)	(85.1)
EBIT	(2.2)	(2.9)	(11.7)	2.8	(14.1)

8.6 US Performance by Asset Vintage for 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 ¹⁷	32.6	68.4
Depreciation & amortisation	(11.8)	(12.9)	(26.9)	(29.6)	(81.3)
EBIT¹⁸	(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 July 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 (30 June 13)	51.4	86.9	153.5	230.2	522.0

¹⁷ Includes \$0.3m gain on disposal

¹⁸ Before impairment expense of US\$55m related to the US CGU

8.7 US Cash Distributions

Cash flow from the operating wind farms in 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.

Cash flow allocated to Class A members during the period was US\$38.0 million compared with US\$13.9 million in the pcp. This relates to the 2003/2004 and 2005 vintage portfolios and the Cedar Creek wind farm where 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	2014	2013	Change	Change %
2003/2004	34.4	51.4	17.0	33
2005	73.8	86.9	13.1	15
2006	146.0	153.5	7.5	5
2007	206.3	230.2	23.9	10
Total	460.5	522.0	61.5	12

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	2014	2013	Change	Change %
2003/2004	-	-	-	-
2005	1.1	4.2	3.1	74
2006	88.1	104.3	16.2	16
2007	30.5	44.4	13.9	31
Total	119.8	152.9	33.1	22

Class B capital balances are held at the limited liability company (LLC) level. 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.

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 has already reached its cash flip point after having its Class B capital balance repaid ahead of investment case expectations. Cedar Creek accounted for 61% of the distributions from the 2007 vintage portfolio in FY14. 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.

Once the Class A members achieve their agreed target return, the cash flow is 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 as Class B member no later than July 2016, with the Caprock (2003/04 vintage) and Crescent Ridge (2005 vintage) wind farms expected to follow before December 2016 and June 2018 respectively. The Cedar Creek wind farm is currently expected to return to distributing cash to Infigen as Class B member no later than June 2019.

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 Class B member 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 Class B 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 FY19. The timing and duration of the cash flow dip will be influenced by the performance of the US wind farms during the intervening period.

For the Infigen Group, the effect of the cash flow 'dip' has been partly ameliorated following the acquisition of certain Class A interests in FY14. Refer to Appendix C.

8.8 US IEPs Net Income

The following table summarises the components of net income from IEPs in USD.

Year ended 30 June (US\$M)	2014	2013	Change %
Value of production tax credits (Class A)	51.5	51.8	(1)
Value of tax losses/(gains) (Class A)	(13.3)	(5.2)	(156)
Deferred revenue recognised during the period	17.0	6.3	170
Income from IEPs	55.2	52.9	4
Allocation of return (Class A)	(24.2)	(26.1)	7
Movement in residual interest (Class A)	3.1	(15.2)	120
Non-controlling interest (Class B)	(5.5)	(3.2)	(72)
Financing costs related to IEPs	(26.5)	(44.5)	40
Net income from IEPs (statutory)	28.7	8.4	242
US equity accounted investments	12.8	18.2	(30)
Non-controlling interests (Class B & Class A)	2.5	3.4	(26)
Net income from IEPs (economic interest)	44.0	30.0	47

The following table summarises the components of net income from IEPs in AUD.

Year ended 30 June (A\$M)	2014	2013	Change %
Value of production tax credits (Class A)	56.3	50.2	12
Value of tax losses/(gains) (Class A)	(14.7)	(4.5)	(227)
Deferred revenue recognised during the period	18.5	6.3	194
Income from IEPs	60.1	52.0	16
Allocation of return (Class A)	(26.3)	(25.4)	(4)
Movement in residual interest (Class A)	3.5	(15.3)	123
Non-controlling interest (Class B)	(6.1)	(3.0)	(103)
Financing costs related to IEPs	(28.9)	(43.8)	34
Net income from IEPs (statutory)	31.2	8.2	280
US equity accounted investments	14.4	17.8	(19)
Non-controlling interests (Class B & Class A)	2.8	3.3	(15)
Net income from IEPs (economic interest)	48.4	29.3	65

Value of production tax credits (Class A) was \$56.3 million, up 12% or \$6.1 million. By the end of 2013, Sweetwater 1, Blue Canyon and Combine Hills had passed 10 years of commercial operation and were no longer eligible to create PTCs. The value of PTCs per megawatt hour (MWh) was US\$23 for the 2013 and 2014 calendar years.

Value of tax gains (Class A) was a net cost of \$14.7 million compared to \$4.5 million in FY13 due to the reduction in tax depreciation as all of the assets that benefit from accelerated depreciation are now fully depreciated.

Benefits deferred during the year also increased \$12.2 million to \$18.5 million, reflecting unwinding of deferred revenue during the period. 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 \$26.3 million expense for the year, up 4% or \$0.9 million reflecting unfavourable FX movements partially offset by lower Class A capital balances.

The movement in residual interest (Class A) was a positive \$3.5 million movement compared with a negative \$15.3 million movement in the prior year. This reflects period on period changes in expectations of future tax allocations and cash flow, the difference between the actual and expected performance of the portfolio during the period and the effect of rolling forward the Class A liability calculation by one year.

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).

9 Appendix C – Investment in Class A Interests

Class A interests in seven of the US wind farm projects were acquired by a new investment vehicle that is jointly owned by Infigen and the seller of the Class A tax equity interests. The investment vehicle apportions the vast majority of the cash flow attributable to those interests to Infigen. From an economic perspective, the effective date of the transaction was 31 October 2013.

This transaction is recorded as “investment in financial assets” in Infigen’s financial statements and referenced as such throughout this document.

Infigen also purchased 100% of the seller’s Class A interests in the Sweetwater 1 and Blue Canyon wind farm projects. Completion of this aspect of the transaction occurred in early January 2014, with an effective date of 1 January 2014 from an economic perspective.

9.1 Interests acquired

Wind farm project	Total capacity (MW)	Infigen Class B interest	Class A interest held by the seller	Percentage of those Class A interests acquired	PPA expiration date
Jersey Atlantic	7.5	59%	100%	50%	March 2026
Bear Creek	24.0	59%	100%	50%	March 2026
Blue Canyon	74.3	50%	46%	100%	December 2023
Caprock	80.0	100%	31%	100%	December 2024
Crescent Ridge	54.5	75%	100%	100%	Merchant
Cedar Creek	300.0	67%	28%	100%	November 2027
Sweetwater 1	37.5	50%	67%	100%	December 2023
Sweetwater 2	91.5	50%	30%	100%	February 2017
Sweetwater 3	135.0	50%	23%	100%	December 2017 & December 2025
	804.3				

9.2 Cash flow

During the year the cash inflow from this investment was \$16.4 million. Cash outflows comprised repayment of Union Bank borrowings related to the funding of this investment (\$4.0 million) and interest expense. All of these wind farms are currently distributing cash to Class A members.

The Blue Canyon wind farm (2003/04 vintage) is currently expected to cease distributing cash to Class A members no later than July 2016, with the Caprock (2003/04 vintage) and Crescent Ridge (2005 vintage) wind farms expected to follow before December 2016 and June 2018 respectively. The Cedar Creek wind farm is currently expected to cease distributing cash to Class A members no later than June 2019. The remaining wind farms are expected to start distributing cash flow to Class B members no earlier than late 2022.

10 Appendix D – Five year financial information

The following five year information is on an economic interest basis.

A\$ million unless otherwise stated	FY10	FY11	FY12	FY13	FY14
Revenue	263.8	267.6	266.6	286.1	303.2
EBITDA	149.1	145.6	140.5	158.2	170.0
Depreciation & amortisation	(127.4)	(128.5)	(132.6)	(130.3)	(141.7)
Impairments	-	-	-	(58.4)	-
EBIT	13.8	17.0	7.9	(30.4)	28.3
Significant items	(24.6)	(35.0)	0.0	0.0	(16.8)
Net loss after tax	(74.4)	(61.0)	(55.9)	(80.0)	(8.9)
Net operating cash flow	98.5	49.6	62.1	84.2	96.2
Capex	113.8	85.1	35.2	20.5	15.7
Cash	217.3	303.3	126.2	124.0	82.9
EURO (€ million)	167.7	133.2	93.4	77.5	76.5
USD (US\$ million)	464.5	458.3	378.1	341.2	371.1
AUD (\$ million)	649.0	655.2	592.8	591.2	582.4
Gross Debt	1,434.3	1,263.7	1,078.1	1,069.8	1,088.6
Total Borrowings	1,422.6	1,252.4	1,069.2	1,060.0	1,076.5
Class A capital balance (US\$ million)	646.8	605.9	560.9	522.1	460.5
Net assets	721.9	640.8	525.8	484.0	492.1