INFIGEN ENERGY
INTERIM FINANCIAL REPORT
for the half-year ended 31 December 2017

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Front cover pictured: Run with the Wind 2017, Woodlawn Wind Farm, NSW

DIRECTORS' REPORT

About Infigen

Infigen is a business actively participating in the Australian energy market. It is a developer, owner and operator of generation assets delivering energy solutions to Australian businesses and large retailers.

Infigen has 557 MW of installed generation capacity across New South Wales, South Australia and Western Australia with a further 113 MW under construction in New South Wales. It sells electricity and Large-scale Generation Certificates (LGCs) through a combination of medium and long-term contracts and through the spot market.

Infigen is looking to diversify and expand its customer base and will grow its generation portfolio in response to strong price and investment signals.

Asset	Nameplate capacity (MW)	State	Commercial operation date
Alinta Wind Farm	89.1	WA	Jul 2006
Bodangora Wind Farm (under construction)	113.2	NSW	Aug 2018[1]
Capital Wind Farm	140.7	NSW	Jan 2010
Capital East Solar Farm	0.1	NSW	Sep 2013
Lake Bonney 1 Wind Farm	80.5	SA	Mar 2005
Lake Bonney 2 Wind Farm	159.0	SA	Sep 2008
Lake Bonney 3 Wind Farm	39.0	SA	Jul 2010
Woodlawn Wind Farm	48.3	NSW	Oct 2011
Total assets	669.9		
Under construction	113.2		
Operating assets	**556.7**		

[1] Scheduled for completion in Q1 FY19.

Corporate Structure

Infigen comprises Infigen Energy Limited (IEL), Infigen Energy Trust (IET), Infigen Energy (Bermuda) Limited (IEBL) and the controlled entities of IEL and IET.

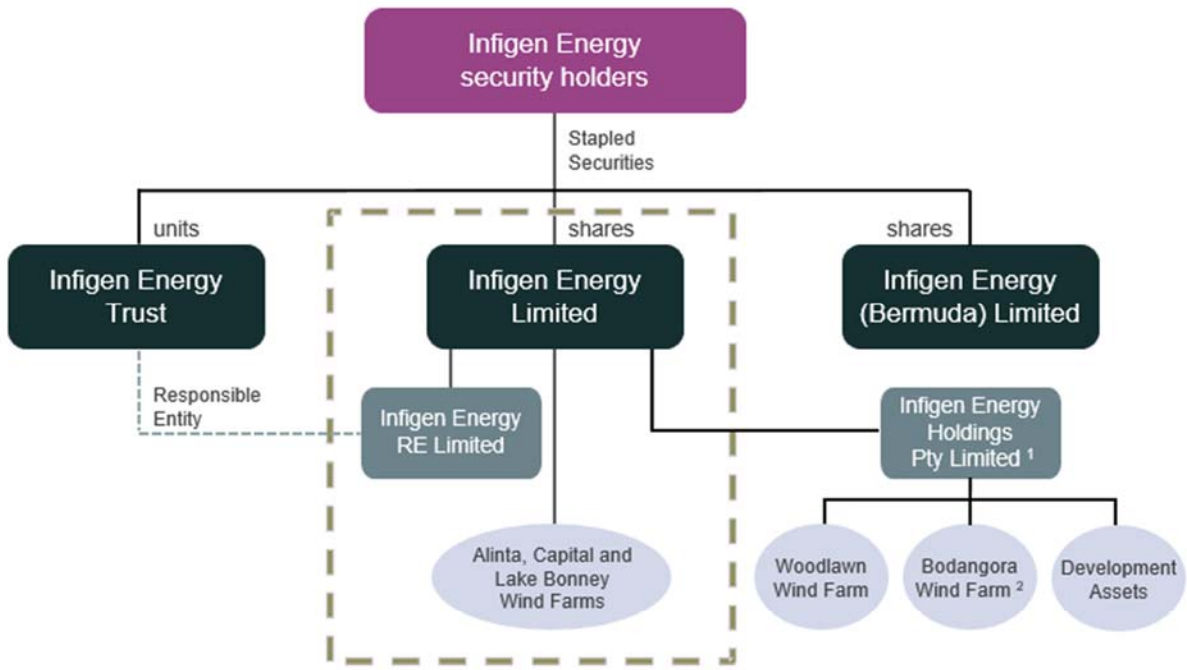
The Trust comprises IET and its controlled entities.

IET is a Registered Scheme (the Scheme) and Infigen Energy RE Limited (IERL) is 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 of IET. IET has raised the majority of the equity capital for Infigen. IET has also been the stapled entity through which distributions have historically been paid to security holders. During the reporting period, IET held interests in financial investments.

The stapled structure was established prior to Infigen listing on the ASX in 2005. No change is expected while Infigen's corporate debt facility (Global Facility) remains on foot. IEBL has never been used as an operating part of Infigen and it is expected to be destapled and wound up when it is feasible to do so.

The following diagram represents the structure of Infigen.

Corporate Structure and Global Facility



Entities and assets within the Global Facility borrower group as at 31 December 2017 that are subject to the cash sweep.

[1] Infigen Energy Holdings Pty Limited and its subsidiaries are "Excluded Companies" that are not subject to the Global Facility cash sweep or the restrictive covenants that apply to Global Facility borrower group members.

[2] Bodangora Wind Farm is currently under construction.

Operating and Financial Review

This Operating and Financial Review (OFR) for the six months ended 31 December 2017 forms part of the Directors' Report. The OFR contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events and future financial prospects. Such statements are not statements of fact, and there can be no certainty of outcome in relation to the matters to which the statements relate.

1. Strategy and Outlook

Over the course of the last 6 months, Infigen has continued to transition its business in response to the evolutionary pressures that have emerged in the Australian energy market. These pressures arise as a result of the progressive reduction of the role of thermal generation in the supply of energy to Australian consumers and its replacement with renewables. This progression is necessarily accompanied by market disruption – presenting both threats and opportunities for market participants.

Infigen has therefore concentrated on preserving and creating value for its security holders by delivering energy supply solutions to commercial and industrial customers (C&I) rather than focussing exclusively on sales to retailers under run of plant PPAs. Current policy intentions of the Commonwealth Government suggest that, going forward, there will be greater value associated with the delivery of low emissions generation as well as generation which is dispatchable.

Infigen's transition to an active energy market participant is currently focussed on the implementation of the Multi-Channel Route to Market strategy while continuing to develop additional strategies which engage with customers and deliver mutli-layered energy solutions. This responds to an increasing awareness by C&I customers of the likely higher costs of energy over a sustained period driving a deeper engagement into how Infigen can respond to energy requirements given changing technologies as well as the changing market per se.

The long-term growth of the business necessitates growing customer numbers and volumes at sustainable profit margins. Inifgen seeks a portfolio of supply options that includes existing and new generation, long-term offtake agreements with third parties, and physical and financial firming products.

The business is transitioning as a result of a number of factors including:

> changing and favourable energy market conditions that reflect an increasing proportion of renewables in the Australian energy mix

> an increasing and substantial portion of Infigen's generation capacity ceasing to be contracted in the medium term

> the traditional run of plant off take agreements as a sole source of revenue having ceased to provide attractive rates of return commensurate with Infigen's cost of capital and security holder expectations

A 5 Year Business Plan underpins the implementation of the business strategy, which has three priorities:

1. ensuring Infigen achieves appropriate value from the existing portfolio of assets on a risk adjusted basis
2. creating a capital structure to better support Infigen's business strategy
3. expanding the regions in which Infigen produces and supplies capacity in response to market signals

The Multi-Channel Route to Market

Infigen seeks to balance risk, tenor and price received from the sale of electricity and LGCs through multiple routes to market including:

> run of plant offtake agreements with electricity retailers or other counterparties

> contracting with large C&I customers

> short to long-term wholesale market contracts

> spot market electricity sales through the Australian Energy Market Operator (AEMO)

The fuel source for Infigen's generation is intermittent. In order to manage the risk associated with delivering firm electricity supply to customers, Infigen currently uses a range of mechanisms including:

> ensuring it contracts within prudent limits taking into account historic plant performance

> sculpting supply arrangements to meet customer needs in the most economically efficient way

> securing structured hedging products (such as swaps, futures and options)

Infigen is also actively pursuing a number of risk management options including physical alternatives, such as utility–scale batteries, relationships with gas peaking power generators and financial firming products. Having the capacity to sell additional firm contract loads will allow Infigen to increase its sales volumes to C&I customers and provide greater certainty over revenue.

Infigen is pursuing a regionally based electricity sales strategy reflecting the distinctive regional attributes within the "national" electricity market.

A national LGC sales strategy is being pursued given there are no regional differences.

Managing and Balancing the Portfolio

Infigen must actively trade off price and volume risk between contracting at fixed prices (with or without firming products) or accepting spot market risks knowing that contracts can increase Infigen's exposure to production risk. At different price points and for different quarters throughout the year there will be differing strategies. Infigen's strategy is to utilise the various channels to market to manage earnings certainty and co-optimise production, contract and spot exposures.

The composition of different revenue sources aims to limit spot/merchant exposures through a combination of run of plant PPAs, medium-term contracts, C&I retail market contracts and wholesale markets transactions.

Energy Market portfolio management involves the hedging of asset-backed electricity and environmental products, which in turn seeks to ensure certainty of earnings outcomes within tolerable limits and over varying tenors.

The level of asset-backed portfolio hedging undertaken and price achieved for electricity and environmental products is managed to ensure:

> security holder returns are achieved within appetite and risk limits, and simultaneously

> Infigen's minimum cash flow and liquidity requirements are met, having regard to corporate and operating costs, debt finance costs and any relevant debt amortisation requirements

Infigen uses three separate but interrelated broad measures to seek to achieve the required balance of earnings stability, earnings predictability, and earnings that deliver appropriate returns to all stakeholders:

1. quantitative volumetric limits
2. earnings at risk analysis
3. strategic portfolio balancing

This has resulted in the current portfolio balance being approximately 1/3 in each of run of plant PPAs, C&I contracts and short term forward and spot market sales.

Addressing the Challenge of Intermittency of Renewable Supply

The effectiveness of Infigen's strategy requires it to address the limitations of intermittency of supply for a range of reasons. These include:

> to prudently contract with a broader customer base it is necessary to manage the risk associated with variability of generation and exposure to purchasing from the spot electricity market

> the Reliability Guarantee of the National Energy Guarantee (NEG) is likely to reward generators in the NEM that are able to offer dispatchable energy

> the system stability issues that have emerged in parts of the NEM as thermal generation reduces militate in favour of investment in technologies that can assist in maintaining the integrity of the grid

It is for this combination of reasons that Infigen has conducted a detailed examination of the options available including storage, generation, and contracting to meet these requirements.

Creating a Capital Structure to better Support Infigen's Business Strategy

In 2017 Infigen foreshadowed that it was exploring the merits of an early refinancing of its global debt facility which has a maturity date of 31 December 2022 and the Woodlawn Facility (Refinancing). At the 2017 AGM, Infigen explained that the criteria against which it assesses the options available to it (including the continuing retention of the existing facilities) included:

> the capacity to use a substantial portion of free cash flow from operations after debt service for growth and to allow consideration of the resumption of distributions when appropriate

> the ability to operate Infigen's generation assets as a portfolio to enable us to better execute our business strategy

> obtaining of liquidity facilities to support the execution of the Multi-Channel Route to Market strategy

Subsequent to a detailed exploration of the possible capital structure options, the Board has determined that it is in Infigen's best interest to refinance the debt early through a new Australian dollar Facility with the Term Facilities provided by the institutional market and the Liquidity Facilities provided by the traditional bank market.

Accordingly, on 17 February 2018 Infigen entered into a Commitment Letter in respect of $525.0 million Term Facilities with five-year maturity. Goldman Sachs is providing the financing commitment, subject to agreed terms and conditions. Infigen is also seeking $80.0 million of Liquidity Facilities with five-year maturity. The Refinancing is targeted for closing by 31 March 2018, but ultimately the timing will be determined by the optimal outcome based on the syndication process. Given the underwriting of the Term Facilities the risk to closing is considered low.

Market and/or Generation Capacity Expansion

Subsequent to the detailed review of the NEM regions and assessment of the pipeline of development assets in late FY 2017, Infigen has accelerated development of the Cherry Tree (VIC); Flyers Creek (NSW); and Forsayth (QLD) wind farm projects over the last six months.

The Cherry Tree Wind Farm project is, as a result, now investment ready. Consistent with Infigen's strategy of seeking a balanced portfolio for electricity sales across the portfolio it is participating in processes which may provide a measure of contracting in relation to the output of Cherry Tree Wind Farm. Consistent with Infigen's strategy of capital "lite" expansion through being the offtaker of a PPA, Infigen is actively exploring such an option with potential third party capital providers to determine whether this is available. If so, then Infigen would compare a capital "lite" structure against constructing the wind farm on balance sheet.

Each of the Forsayth and Flyers Creek Wind Farm developments remain in active development. Both projects offer the potential to add substantial value to Infigen's portfolio, whether developed on balance sheet or through a capital "lite" financing structure.

The Regulatory and Political Environment

Consistent with the view of the Clean Energy Regulator, Infigen believes that the existing Renewable Energy Target will be met by 2020 and it is unlikely to be extended in its current form.

Infigen believes that energy market fundamentals continue to evolve with a bias in favour of investment in renewable sources of energy. Continued international pressure on Australia to reduce emissions and community expectation that a lower emissions economy is both desirable and achievable makes energy policy that delivers on community expectation and international obligations increasingly likely. Given the level of public interest in the energy supply industry, energy policy will inevitably be the subject of intense public debate and policy makers will respond to community sentiment to varying degrees.

There are, however, certain fundamental truths that are likely to result in renewable energy becoming an increasingly significant component of the national energy supply mix going forward. These include:

> the existing coal fired fleet will progressively retire over the course of the next two decades due to its age, the cost of maintaining aged plant and the exhaustion of existing supplies of coal to much of the installed fleet

> the Australian community continues to support a greater share of energy being generated from renewable fuel

> declining private sector equity and debt investment support for new coal fired generation makes replacement of exiting fleet with coal fired generation close to impossible

> the relative price of gas fired generation and the risk associated with the fluctuation in gas pricing over the life cycle of gas plants makes gas generation the marginal price setter for electricity and also new investment

> the declining cost of renewables and energy storage technologies makes renewable energy increasingly affordable and able to contribute to the reliability of the electricity network

Infigen's strategy is designed to ensure that it is an important part of that future.

Infigen is therefore actively engaged with government policy makers, and community stakeholders, including energy users, to articulate the important role that clean energy can play in the transition. There is of course a risk that near term events or short term solutions or intervention of regulation or law could adversely affect Infigen's interests and in that instance Infigen would be ready to respond thoughtfully to any such change.

The Commonwealth Government's NEG remains in development and there is little reliable information regarding its final form and structure should it become national policy. Infigen is, however, working on the basis that it would need to comply with both the Emissions Guarantee and Reliability Guarantee as it services its customers. Infigen produces zero emissions energy and therefore is reasonably expected to meet any Emissions Guarantee. Infigen can supply zero emissions energy to parties that require this to achieve their own Emissions Guarantee. The price received by Infigen will be likely affected by the spot market and importantly the Emissions Target – that is, there should be an effective "premium" paid for zero emissions energy by retailers obligated to meet the Emissions Target.

As noted above, Infigen's business strategy depends on it being able to contract firm supply to customers and accordingly, in relation to the Reliability Guarantee, Infigen's work on firming supply is expected to be of value to the business and compliance with any obligation introduced by the NEG.

Based on our assessment, the Emissions Target will be critical in determining the price at which Infigen sells electricity it produces. To attract the investment required to replace the generation that is exiting the system the price for electricity will need to signal that such investment is commercially rational. This should provide a floor for electricity prices at a cost of capital that delivers a return on and of capital taking into account all costs (including meeting the Reliability Guarantee requirement).

A key challenge for Infigen is to work to ensure that going forward there is a policy that supports the transition of the generation sector to one that delivers a greater amount of renewable generation whilst continuing to retain a highly reliable supply of power.

2. Business Risks

Key business risks that could affect Infigen's operating and financial performance are described below. These risks are not the only risks that may affect Infigen.

Risk	Description	How Infigen is equipped to manage and monitor this risk?
Operations & Safety	> Loss of life or serious harm to people, or serious harm to the environment, brings significant damage to Infigen's stakeholders, along with potential legal, reputation, operational and financial implications	> Policies are aligned to OHSAS 18001 (OHS) and ISO 14001 (Environment) Standards > Safety performance is linked to staff remuneration > Training and education of staff
Energy & Climate Change Policy	> Changes to the regulatory environment and the debate in relation to the energy markets' future design and rules may adversely affect the commercial performance of existing assets, the Infigen business or viability of proposed projects > The policy debate may alter market sentiment towards IFN securities	> Infigen is actively engaged with policy makers, government and industry stakeholders, including energy users, to articulate the important role that clean energy can play in Australia's future > Infigen monitors and assesses the effect of potential changes to energy policy on Infigen's operations and strategic planning
Demand & Price for Electricity and LGCs	> Adverse changes in the price for electricity and LGCs arising from decreasing demand, increasing competition, changes to the regulatory regime or other factors could affect Infigen's ability to capture appropriate value from the existing portfolio on a risk adjusted basis	> The Multi-Channel Route to Market strategy seeks to balance price, tenor and risk and thereby manage earnings certainty and co-optimise production, contract and spot exposures > Active energy market portfolio management: Quantative Volumetric Hedging limits; Earnings at Risk analysis; Strategic Portfolio balancing; daily compliance testing > Infigen undertakes analyses using in-house expertise and external consultancies to monitor market conditions and outlook
Operations & production	> Variation in wind resource will result in changes to Infigen's electricity production level (quantum) and generation profile (time). Fluctuations may adversely affect Infigen's revenue and market sentiment > The availability of generation assets affects production. The failure of generation assets to operate and be available as expected carries significant financial and operational risk > Infigen operates in predominately rural areas and requires strong community and landholder relationships to operate efficiently > Operating costs can be adversely affected by regulatory settings, equipment or key component failure	> Infigen's 24/7 Operations Control Centre (OCC) monitors available wind resources, Infigen's operating assets, the market operator's instructions, market participants' behaviour, NEM prices, meteorological data, and carries out an electricity dispatch bidding strategy accordingly > Use of asset-backed electricity and environmental hedging products > Service and maintenance agreements under which service providers are paid to carry the risk of component failure subject to certain limits, and maximise generation availability and output through scheduled and unscheduled maintenance > Community engagement and sponsorship program, along with structured landholder engagement maintains positive community relationships. Infigen's formal Complaints Handling Policy ensures that any negative engagement can be managed effectively
Construction & development projects	> Projects may not be delivered safely, on time and on budget. The delivered assets may fail to generate the expected earnings > Failure to engage positively with landholders, the local community and other stakeholders may lead to the loss of Infigen's ability to develop further projects	> Disciplined approach to expansion and the commitment of capital to growth projects > For development projects, a formal Project Control Group is created which monitors the project progress against the business case and internal policy requirements > Infigen is actively engaged with the local communities as outlined above
Capital Management	> As an energy markets participant, Infigen must retain sufficient liquidity to meet its prudential obligations to the market, business needs, including any ASX positions or other positions that it has taken, and its Australian Financial Services Licence (AFSL) conditions > Availability of capital from financial institutions supports the sustainability of the business	> Monitoring and stress testing of cash flow and liquidity requirements > Regular monitoring of AFSL requirements through the Energy Market Risk Committee
Regulatory, Legal & Accounting	> Potential exposure to litigation and claims > Adverse changes in law or regulation can increase the cost of doing business	> Where insurable, Infigen maintains insurance to address relevant exposures > Regulatory, legal and accounting risks are captured through Infigen's ERM framework and managed through Infigen's policies and procedures, as well as through external accounting and legal advice as appropriate
Financial Climate - Related Considerations	> Climate change creates a risk to the costs of and the way business is conducted generally > Climate change could adversely affect wind conditions / patterns upon which Infigen relies for energy > Regulations to effect changes to reduce the risk of climate change may impose additional costs on or affect the way business is conducted	> Infigen is actively engaged with policy makers and other relevant stakeholders to articulate the important role that clean energy can play in the transition to a lower emissions electricity future > The medium-term financial implication from weather-related risks, such as changes to long-term wind patterns and extreme weather events, are considered as part of Infigen's strategic planning (e.g. production, revenue and cost forecasting)

3. Results Overview

3.1. Financial Highlights[2]

Profit and loss and cash flow	Unit	31 Dec 2017	31 Dec 2016	Change	Change %
Net profit after tax (statutory)	$ million	26.7	21.4	5.3	25
Net profit after tax (statutory) - EPS	cents	2.8	2.7	0.1	4
Underlying EBITDA	$ million	88.0	84.0	4.0	5
Underlying EBITDA - EPS	cents	9.2	10.8	(1.6)	(15)
Underlying EBITDA margin	%	74.5	72.8	1.7 ppts	-
Revenue	$ million	118.2	115.4	2.8	2
Operating cash flow	$ million	49.2	33.0	16.2	49
Operating cash flow - EPS	cents	5.2	4.2	1.0	24

Balance sheet position	Unit	31 Dec 2017	30 Jun 2017	Change	Change %
Cash	$ million	282.3	251.8	30.5	12
Net debt	$ million	442.0	402.1	39.9	10
Security holders' equity	$ million	513.6	479.4	34.2	7
Net debt / LTM Underlying EBITDA	ratio	3.1	2.9	0.2	7
Book gearing[3]	%	46.2	45.5	0.7 ppts	-

[2] Individual items and totals reconcile with the Financial Statements, however, may not add due to rounding of individual components.
[3] Calculated as net debt divided by sum of net debt and net assets.

3.2. Business Highlights

A Capital Structure to better support the execution of Infigen's Strategy

- Fully underwritten A$525.0 million Term Facilities, subject to agreed terms and conditions
- Amortisation supports growth strategy and provides the capacity to consider reintroduction of distributions
- Flexibility to operate the business as one portfolio rather than a series of project financed entities
- Liquidity Facilities will support execution of the business strategy

Advancing Growth Projects

- Advance three development projects > Cherry Tree Wind Farm is "investment ready"
- Active exploration of capital "lite" options to develop assets off balance sheet
- Bodangora Wind Farm is on budget with commercial operations on track for Q1 FY19. Will provide important additional capacity for execution of Infigen's Strategy
- Completion of a detailed examination of options for firming intermittency of supply, including storage, generation and contracting

Executing Multi-Channel Route to Market strategy

- On target with preferred portfolio balance for electricity sales over 5-year forward period: H1 FY18 spot market exposure reduced from 56% in the pcp to 40%
- Expected FY18 portfolio-wide bundled price range $133 - 139/MWh, with a slight bias towards the upper end of the range

4. Financial Overview

4.1. Summary of Financial Performance

Profit and loss	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change %
Revenue	118.2	115.4	2.8	2
Operating costs	(23.0)	(21.1)	(1.9)	(9)
Operating EBITDA	**95.2**	**94.3**	**0.9**	**1**
Corporate costs	(6.2)	(8.9)	2.7	30
Development costs	(1.0)	(1.5)	0.5	33
Underlying EBITDA	**88.0**	**84.0**	**4.0**	**5**
Depreciation and amortisation	(25.8)	(26.0)	0.2	1
EBIT	**62.2**	**58.0**	**4.2**	**7**
Net finance costs	(22.6)	(26.6)	4.0	15
Profit before tax	**39.6**	**31.4**	**8.2**	**26**
Income tax expense	(12.9)	(10.0)	(2.9)	(29)
Net profit after tax	**26.7**	**21.4**	**5.3**	**25**

Revenue increased to $118.2 million, up $2.8 million (+2%) on the previous corresponding period (pcp) primarily due to higher electricity prices (+$6.6 million) and net revenue from hedge payout (+0.3 million), partially offset by lower LGC prices (-$2.7 million) and lower production sold (-$1.4 million).

Underlying Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) increased to $88.0 million, up $4.0 million (+5%) on the pcp due to higher revenue (+$2.8 million) and lower corporate and development costs (+$3.2 million), partially offset by higher operating costs (-$1.9 million).

Depreciation and amortisation expense of $25.8 million was consistent with the pcp.

Income tax expense increased to $12.9 million, up $2.9 million (+29%) on the pcp due to a stronger operating result.

Net profit after tax increased to $26.7 million, up $5.3 million (+25%) on the pcp.

5. Review of Operations

5.1. Safety[4]

As at 31 December measured on a rolling 12-month basis	2017	2016	Change
Lost Time Injury (LTI)	2	-	2
Medical Treatment Injury (MTI)	1	1	-
Lost Time Injury Frequency Rate (LTIFR)	7.4	-	7.4
Total Recordable Injury Frequency Rate (TRIFR)	11.0	4.8	6.2

On a rolling 12-month basis two LTIs were recorded compared with zero in the pcp. One LTI was recorded following a tower rescue simulation and another occurred whilst performing turbine service works. One MTI was recorded on the Bodangora Wind Farm construction project. This resulted in a LTIFR of 7.4 and a TRIFR of 11.0 for the 12 months. All workers have since returned to duties.

Infigen has implemented best practice incident investigation methodologies including the Incident Cause Analysis Method investigation process across its sites.

Infigen continues to actively work with its contractors to manage work, health and safety risks that arise during the construction phase of the Bodangora Wind Farm.

[4] Infigen's safety performance is measured on a rolling 12-month basis in accordance with standards of Safe Work Australia.

5.2. Summary of Operational Performance

Six months ended	Unit	31 Dec 2017	31 Dec 2016	Change	Change %
Production	GWh	854	889	(35)	(4)
Production sold	GWh	815	834	(19)	(2)
Capacity factor[5]	%	34.7	36.2	(1.5) ppts	-
Turbine availability[6]	%	97.4	96.7	0.7 ppts	-
Site availability[7]	%	96.9	96.6	0.3 ppts	-
Operating costs[8]	$/MWh	27.0	23.7	3.3	14

5.3. Production

Six months ended	Production (GWh)			Marginal loss factors			Production sold (GWh)		
	31 Dec 2017	31 Dec 2016	%	FY18	FY17	%	31 Dec 2017	31 Dec 2016	%
Alinta Wind Farm[9]	152	180	(16)	0.9487	0.9519	-	152	180	(16)
Capital Wind Farm	214	216	(1)	1.0163	0.9931	2	218	214	2
Lake Bonney 1 Wind Farm	113	112	1	0.8906	0.8768	2	101	98	3
Lake Bonney 2 Wind Farm	228	230	(1)	0.8906	0.8768	2	203	202	-
Lake Bonney 3 Wind Farm	58	58	-	0.8906	0.8768	2	52	51	2
Woodlawn Wind Farm	88	90	(2)	1.0163	0.9931	2	90	89	1
Compensated	-	4	N.m.						
Total	**854**	**889**	**(4)**				**815**	**834**	**(2)**

Production decreased to 854 GWh, down 35 GWh (-4%) on the pcp.

This was primarily due to lower wind across the portfolio (-51 GWh) noting the pcp involved above-average wind conditions at the Alinta Wind Farm. In addition, in the current period there was no compensated production (-4 GWh) and maintenance work at the Alinta Wind Farm adversely affected production (-2 GWh). These reductions were partially offset by:

> improved turbine availability at the Capital and Lake Bonney Wind Farms compared to the pcp where too high wind speeds reduced production, together with improved turbine reliability in the current period (+13 GWh)

> increased network availability at the Lake Bonney Wind Farms compared to lower availability in the pcp as a consequence of the September 2016 black system event in South Australia (+9 GWh)

[5] Calculated by production generated over the six months divided by the amount of electricity that would have been produced if all wind turbines had been running at full capacity for the full six months.
[6] Indicates the percentage of time wind turbines have been available to generate electricity.
[7] Indicates the percentage of time wind turbines and balance of plant have been available to generate electricity.
[8] Calculated by dividing operating costs by production.
[9] Marginal loss factor is not relevant to electricity sold at Alinta Wind Farm.

5.3.1. Electricity Spot Market

	Electricity spot price[10] (TWA $/MWh)				Electricity dispatch price (DWA $/MWh)			Dispatch price discount	
	H1 FY18	H1 FY17	%	10 year average	H1 FY18	H1 FY17	%	H1 FY18	H1 FY17
SA	89.42	96.03	(7)	60.41	78.49	71.90	9	12%	25%
NSW	86.37	58.10	49	48.62	85.58	53.33	60	1%	8%

Source: Nemsight Source: Infigen

Average spot prices in the NEM vary between each state and can be very volatile. For financial year 2018 electricity spot prices could vary between the market price floor of -$1,000/MWh and the market price cap of $14,200/MWh. A summary of market factors and outcomes for H1 FY18 in the key regions in which Infigen operates is outlined below.

South Australia

> There were 36 half-hourly trading intervals above $300/MWh (cf 288 in the pcp).
> There were 93 negative price trading intervals (cf 253 in the pcp).
> Time weighted average (TWA) spot electricity prices decreased to $89.42/MWh, down $6.61/MWh (-7%) on the pcp due to increases in supply of generation, a moderate reduction in gas prices, and increased availability of the Heywood interconnector.
> Dispatch weighted average (DWA) electricity price[11] from Infigen's spot market sales increased to $78.49/MWh, up $6.59/MWh (+9%) on the pcp largely as a result of increased pool prices coinciding with periods of strong production due to AEMO's constraints and interventions.
> TWA price is higher than the DWA price of Infigen's wind generation. Infigen's DWA price discount to TWA reduced to 12%, down 13 ppts on the pcp due to higher dispatch price.

New South Wales

> There were 2 half-hourly trading intervals above $300/MWh (cf 12 in pcp).
> There were no negative price trading intervals (cf none in pcp).
> TWA spot electricity prices increased to $86.37/MWh, up $28.27/MWh (+49%) on the pcp due to flow-on effects from the closure of the Hazelwood coal-fired power plant on 30 March 2017 as more generation is exported to Victoria and the market relies on market generators in NSW that are potentially more expensive.
> DWA electricity price from Infigen's spot market sales increased to $85.58/MWh, up $32.25/MWh (+60%) on the pcp.
> The generation profile of Infigen's NSW wind assets is well correlated to regional demand and therefore prices. Infigen's DWA price discount to TWA decreased to 1%, down 7 ppts on the pcp due to reduction in volatility in trading intervals.

5.3.2. LGC Inventory and Spot Market Sales

LGC inventory as at	Unit	31 Dec 2017	30 Jun 2017	Change	Change %
Volume	No. LGCs	539,700	374,300	165,400	44
Value	$ million	41.1	27.0	14.1	52

Daily closing market price	Unit	31 Dec 2017	30 Jun 2017	Change	Change %
Closing price	$/LGC	85.60	79.10	6.50	8
Six-month average	$/LGC	83.83	82.95	0.88	1

Source: Broker curve

At 31 December 2017 Infigen held LGC inventory, including to enable it to fulfil forward sale contracts with delivery dates after 31 December 2017. As Infigen increases its contracting activity through its Multi-Channel Route to Market strategy, higher inventory levels may be maintained at the interim and full financial year balance dates to meet such forward sales obligations.

Closing LGC inventory comprised uncontracted LGCs valued at the 31 December 2017 closing price and contracted commitments valued at their contract price.

[10] Time weighted average of spot electricity prices.
[11] Calculated as Infigen's merchant electricity revenue divided by production excluding short-term hedges.

5.4. Operating Costs

	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change (%)
Asset management	3.6	3.1	0.5	16
FCAS net costs[12]	1.9	1.6	0.3	19
Turbine O&M	11.8	11.3	0.5	4
Balance of plant	0.5	0.3	0.2	67
Other direct costs	3.6	3.5	0.1	3
Wind farm costs	**21.4**	**19.7**	**1.7**	**9**
Energy Markets	1.7	1.2	0.4	33
Operating costs	**23.0**	**21.1**	**1.9**	**9**

Operating costs increased to $23.0 million, up $1.9 million (+9%).

Turbine O&M expenses were higher due to costs associated with the transition of operations and maintenance from Suzlon to Vestas at the Capital and Woodlawn Wind Farms (+$0.5 million), a post-warranty step-up in costs at the Woodlawn Wind Farm (+$0.3 million) and other maintenance costs (+$0.3 million), partially offset by lower production-linked payments to Vestas (-$0.6 million).

Higher FCAS costs represent the allocation of NEM charges between the market participants for maintaining the integrity of the grid (+$0.3 million).

The increase in asset management costs reflected the expansion of internal capability (+$0.5 million).

Energy Markets costs increased by $0.4 million (+33%) due to increased professional fees and personnel costs as greater resources were introduced to deepen and broaden internal capability within the business.

5.5. Corporate and Development Costs

	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change (%)
Corporate costs	6.2	8.9	(2.7)	(30)
Development costs	1.0	1.5	(0.5)	(33)
Corporate and development costs	**7.2**	**10.4**	**(3.2)**	**(31)**

Corporate costs decreased to $6.2 million, down $2.7 million (-30%) primarily due to prior period transition costs associated with restructuring and transitioning the business and prior period costs associated with undertaking and responding to corporate strategic activities.

Development costs expensed during the period decreased to $1.0 million, down $0.5 million (-33%) on the pcp. The nature of the development activity undertaken resulted in capitalisation of costs, where appropriate, in line with existing accounting policy.

[12] Frequency control ancillary services (FCAS) charges relate to services that maintain key technical characteristics of the power system. Reflects FCAS costs net of hedge payout.

5.6. Net Finance Costs

	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change (%)
Interest expense	(19.9)	(24.6)	4.7	19
Bank fees, other charges, capitalised commitment and upfront fee amortisation	(3.6)	(1.1)	(2.5)	(227)
Amortisation of decommissioning costs	(0.1)	(0.1)	-	-
Total borrowing costs	**(23.6)**	**(25.7)**	**2.1**	**8**
Interest income	3.0	0.4	2.6	650
Net borrowing costs	**(20.6)**	**(25.4)**	**4.8**	**19**
Net movement in fair value of financial instruments	(2.1)	(0.4)	(1.7)	(425)
Net movement in FX	0.2	(0.8)	1.0	125
Net finance costs	**(22.6)**	**(26.6)**	**4.0**	**15**

Net borrowing costs decreased to $23.6 million, down $2.1 million (-8%) on the pcp. This was primarily due to lower interest expense resulting from the lower balance of Global Facility and Woodlawn Facility borrowings partially offset by $2.2 million in costs incurred in exploring refinancing options for the Global Facility and Woodlawn Facility. During the construction phase of the Bodangora Wind Farm interest payments on the Bodangora construction facility borrowings are capitalised to the value of the asset.

Interest income increased to $3.0 million, up $2.6 million due to a higher average cash balance compared to the pcp.

During the period Infigen terminated four of the five remaining USD interest rate derivative contracts for $8.1 million cost. The net movement in fair value of financial instruments of $2.1 million represented the change in fair value of these derivatives prior to their termination.

Net movement in FX on USD balances held during the period resulted in a $0.2 million gain.

5.7. Net Operating Cash Flow

	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change (%)
Operating EBITDA	95.2	94.3	0.9	1
Corporate and development costs	(7.2)	(10.4)	3.2	31
Movement in LGC inventory	(14.1)	(22.9)	8.8	38
Movement in other working capital	(5.2)	(2.6)	(2.6)	(100)
Non-cash items	0.4	(0.9)	1.3	144
Net finance costs paid	(19.9)	(24.6)	4.7	19
Net operating cash flow	**49.2**	**33.0**	**16.2**	**49**

Net operating cash flow increased to $49.2 million, up $16.2 million (+49%) primarily due to a movement in LGC inventory from a higher number and value of uncontracted LGCs in the pcp, lower corporate and development costs, and lower net finance costs paid. This was partially offset by higher receivables compared to the pcp due to the Multi-Channel Route to Market strategy.

6. Funding

6.1. Summary of Financial Position and Key Financial Metrics

	Unit	31 Dec 2017	30 Jun 2017	Change	Change %
Cash	$ million	282.3	251.8	30.5	12
Debt	$ million	724.2	653.9	70.3	11
Net debt	$ million	442.0	402.1	39.9	10
Security holders' equity	$ million	513.6	479.4	34.2	7
Book gearing[13]	%	46.2	45.5	0.7 ppts	-
EBITDA / (net debt + equity)[14]	%	15.0	15.8	(0.8) ppts	-
Net debt / LTM Underlying EBITDA	ratio	3.1	2.9	0.2	7
LTM Underlying EBITDA / interest	ratio	3.3	2.9	0.4	14
Net assets per security	$	0.54	0.50	0.04	8
Net tangible assets per security	$	0.41	0.38	0.03	9

6.2. Cash

Cash balance increased to $282.3 million at 31 December 2017, up $30.5 million (+12%) from 30 June 2017. The movements primarily included:

- $114.4 million proceeds from the Bodangora construction facility
- $49.2 million net operating cash
- $8.1 million payment for the termination of four of five USD interest rate derivative contracts
- $79.9 million of capital expenditure
- $44.4 million of debt repayments

Restricted cash balance primarily relating to the construction of the Bodangora Wind Farm was $72.1 million (cf $40.5 million as at 30 June 2017).

6.3. Debt

Total debt increased to $724.2 million (including capitalised loan costs[15]) at 31 December 2017, up $70.3 million (+11%) from 30 June 2017.

Infigen repaid $41.1 million of Global Facility borrowings and $3.3 million of Woodlawn Facility borrowings, and drew $114.4 million of the Bodangora construction facility. As at 31 December 2017 the total debt comprised:

- $580.0 million of Global Facility borrowings (US$45.5 million and AUD $521.8 million)
- $30.7 million of Woodlawn Facility borrowings
- $116.2 million of Bodangora construction facility borrowings [16]

Infigen's book gearing as at 31 December 2017 was 46.2% compared to 45.5% at 30 June 2017.

6.4. Security Holders' Equity

Security holders' equity increased to $513.6 million, up $34.2 million (+7%) from 30 June 2017. The increase was due to:

- $26.7 million net profit
- $4.6 million increase in reserves
- $2.9 million increase from the issue of vested performance rights under the Infigen Energy Equity Plan

The number of securities on issue increased by 3,800,619 to 954,060,175.

[13] Calculated as net debt divided by the sum of net debt and net assets.
[14] Calculated on a 12-month lookback basis.
[15] Capitalised loan costs were $2.7 million as at 31 December 2017 and $3.5 million as at 30 June 2017.
[16] $163 million construction facility.

7. Capital Expenditure

	31 Dec 2017 ($ million)	31 Dec 2016 ($ million)	Change ($ million)	Change (%)
Development projects	2.0	1.5	0.5	33
Property, plant and equipment and IT equipment	1.5	0.2	1.3	650
Bodangora Wind Farm construction	76.3	-	76.3	N.m.
Capital expenditure	**79.9**	**1.7**	**78.2**	**N.m.**

Capital expenditure increased to $79.9 million, up $78.2 million on the pcp due to increased growth activities, including Bodangora Wind Farm (+$76.3 million) and project development activity (+$0.5 million). Expenditure on property, plant and equipment related to the refinement of operational safety and organisational culture attributes, an upgrade of safety and energy bidding systems, and expansion of the energy risk management system (+$1.3 million).

Directors

Appointment of New Independent Directors and Board Succession

On 21 September 2017, Mark Chellew and Emma Stein were appointed as independent non-executive directors of IEL, IEBL and IERL.

On 31 December 2017, Mike Hutchinson retired as a director and chairman of IEL, IEBL and IERL, with Len Gill being elected chairman of IEL, IEBL and IERL from that date. Mark Chellew succeeded Mike Hutchinson as chairman of the IEL Nomination & Remuneration Committee.

The following people were Directors of IEL, IEBL and IERL during the six months ended 31 December 2017 and up to the date of this report (unless otherwise indicated):

Non-executive Directors

- Len Gill (appointed Chairman effective 31 December 2017)
- Mike Hutchinson (retired as Director and Chairman effective 31 December 2017)
- Philip Green
- Fiona Harris
- Mark Chellew (appointed as an independent non-executive director on 21 September 2017)
- Emma Stein (appointed as an independent non-executive director on 21 September 2017)

Executive Directors

- Ross Rolfe AO
- Sylvia Wiggins

Other Disclosures

Environmental regulation

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

Events occurring after the reporting period

As outlined in the section *Creating a Capital Structure to better Support Infigen's Business Strategy* of this report, on 17 February 2018, Infigen entered into a Commitment Letter subject to agreed terms and conditions in respect of $525.0 million Term Facilities with five-year maturity (the Loan). The Refinancing is targeted for closing by 31 March 2018, but ultimately the timing will be determined by the optimal outcome based on the syndication process. Given the underwriting of the Term Facilities the risk to closing is considered low.

Combined with cash held by Infigen, the proceeds of the Loan will be utilised to:

- repay the Global Facility and Woodlawn Facility (the Facilities) with a combined debt drawn of $610.8 million as at 31 December 2017;
- terminate the existing interest rate derivative contracts (the Derivatives) associated with the Global Facility with a fair value of $48.8 million as at 31 December 2017; and
- pay the advisory and upfront fees directly attributable to the Refinancing (the Transaction Costs) estimated to be $27.0 million.

In addition, the cost of the Derivatives termination and the existing capitalised commitment and upfront fees of $2.7 million associated with the Facilities will be expensed in the Income Statement.

The Loan will be brought to account net of the Transaction Costs.

The Commitment Letter was not contemplated nor in place at 31 December 2017. If it had been, the Facilities may have been disclosed as current liabilities due to the high degree of certainty of Refinancing.

There were no other transactions or events of a material or unusual nature, not otherwise dealt with within this report, likely to affect significantly the operations or affairs of Infigen or the Trust in future financial periods.

Auditor's Independence Declaration

A copy of the Auditor's Independence Declaration as required under section 307C of the Corporations Act 2001 is set out on page 19.

Rounding

All figures are presented in Australian Dollars with all values rounded off to the nearest thousand dollars, unless otherwise stated, in accordance with the ASIC Corporations Instrument 2016/191.

Approval of Directors' Report

Pursuant to section 298(2) of the Corporations Act 2001, this report is made in accordance with resolutions of the Directors of IEL and the Directors of IERL, the responsible entity of the IET.

On behalf of the Directors of IEL and IERL:

L. F. Gill

Ross Rolfe

Len Gill
Chairman

Ross Rolfe AO
Chief Executive Officer / Managing Director

Auditor's Independence Declaration

As lead auditor for the review of Infigen Energy Group and Infigen Energy Trust Group for the half-year ended 31 December 2017, 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 review; and

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

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.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
19 February 2018

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FINANCIAL REPORT

Pictured: Wind turbine foundation pour at the Bodangora Wind Farm, NSW

Consolidated Statements of Comprehensive Income

For the half-year ended 31 December 2017

		INFIGEN		TRUST	
	Note	31 December 2017 $'000	31 December 2016 $'000	31 December 2017 $'000	31 December 2016 $'000
Revenue	2	118,213	115,365	-	-
Other income					
Interest income		2,970	351	33	2
Other		210	4	16,303	13,861
Share of net profit of equity accounted investments		-	25	-	-
Total revenue and other income		**121,393**	**115,745**	**16,336**	**13,863**
Expenses					
Depreciation and amortisation expense	3	(25,807)	(25,958)	-	-
Operating expenses		(23,043)	(21,095)	(349)	(343)
Interest expenses	3	(19,910)	(24,566)	-	-
Corporate costs		(6,208)	(8,901)	-	-
Other finance costs	3	(5,821)	(2,416)	(3)	(1)
Development costs		(953)	(1,453)	-	-
Share of net loss of equity accounted investments		(40)	-	-	-
Profit before income tax expense		**39,611**	**31,356**	**15,984**	**13,519**
Income tax expense		(12,878)	(9,990)	-	-
Net profit for the half-year		**26,733**	**21,366**	**15,984**	**13,519**
Other comprehensive income for the half-year that may not be reclassified to profit or loss					
Changes in the fair value of cash flow hedges, net of tax		7,792	15,343	-	-
Total comprehensive income for the half-year		**34,525**	**36,709**	**15,984**	**13,519**
Net profit attributable to:					
- Equity holders of the parent		26,953	21,797	-	-
- Equity holders of the other stapled entities		(220)	(431)	15,984	13,519
		26,733	**21,366**	**15,984**	**13,519**
Total comprehensive income attributable to:					
- Equity holders of the parent		34,745	37,140	-	-
- Equity holders of the other stapled entities		(220)	(431)	15,984	13,519
		34,525	**36,709**	**15,984**	**13,519**
Basic and diluted earnings per stapled security from net profit attributable to:		cents	cents	cents	cents
- Equity holders of the parent	8	2.8	2.8	1.7	1.7
- Stapled security holders of Infigen	8	2.8	2.7	-	-

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Consolidated Statements of Financial Position

As at 31 December 2017

		INFIGEN		TRUST	
	Note	31 December 2017 $'000	30 June 2017 $'000	31 December 2017 $'000	30 June 2017 $'000
Current assets					
Cash and cash equivalents	11(b)	282,262	251,786	436	5,515
Receivables		18,651	12,416	24	24
Inventories		41,073	26,951	-	-
Derivative financial instruments	6	940	1,551	-	-
		342,926	**292,704**	**460**	**5,539**
Non-current assets					
Property, plant and equipment	4	854,444	799,937	-	-
Intangible assets		117,859	118,279	-	-
Deferred tax assets		4,137	20,315	-	-
Receivables		3,522	3,475	765,642	746,432
Investments accounted for using the equity method		1,211	1,209		-
Derivative financial instruments	6	1	2		-
		981,174	**943,217**	**765,642**	**746,432**
Total assets		**1,324,100**	**1,235,921**	**766,102**	**751,971**
Current liabilities					
Payables		21,454	19,786	349	5,109
Borrowings	5	81,670	83,252	-	-
Derivative financial instruments	6	21,564	28,118	-	-
Provisions		1,529	2,146	-	-
		126,217	**133,302**	**349**	**5,109**
Non-current liabilities					
Borrowings	5	642,555	570,600	-	-
Derivative financial instruments	6	33,181	44,264	-	-
Provisions		8,502	8,381	-	-
		684,238	623,245	**-**	**-**
Total liabilities		**810,455**	**756,547**	**349**	**5,109**
Net assets		**513,645**	**479,374**	**765,753**	**746,862**
Equity					
Contributed equity	10	918,870	915,963	910,304	907,397
Reserves		(86,924)	(91,555)	-	-
Retained losses		(318,301)	(345,034)	(144,551)	(160,535)
Total equity		**513,645**	**479,374**	765,753	**746,862**
Attributable to:					
Equity holders of the parent					
Contributed equity		2,305	2,305	910,304	907,397
Reserves		(86,924)	(91,555)	-	-
Retained losses		(293,807)	(320,760)	(144,551)	(160,535)
		(378,426)	**(410,010)**	**765,753**	**746,862**
Equity holders of the other stapled entities					
Contributed equity		916,565	913,658	-	-
Retained losses		(24,494)	(24,274)	-	-
		892,071	**889,384**	**-**	**-**
Total equity		**513,645**	**479,374**	**765,753**	**746,862**

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Consolidated Statements of Changes in Equity

For the half-year ended 31 December 2017

	INFIGEN					
	Attributable to equity holders of the parent				Attributable to equity holders of the other stapled entities	
	Contributed equity $'000	Reserves $'000	Retained losses $'000	Total $'000	$'000	Total equity $'000
Total equity at 1 July 2016	**2,305**	**(106,451)**	**(353,125)**	**(457,271)**	**737,836**	**280,565**
Net profit / (loss) for the half-year	-	-	21,797	21,797	(431)	21,366
Changes in the fair value of cash flow hedges, net of tax	-	15,343	-	15,343	-	15,343
Total comprehensive income / (loss) for the half-year	**-**	**15,343**	**21,797**	**37,140**	**(431)**	**36,709**
Transactions with equity holders in their capacity as equity holders:						
Recognition of share-based payments	-	(5,683)	-	(5,683)	-	(5,683)
Securities issued – Infigen Energy Equity Plan	-	-	-	-	7,297	7,297
Total equity at 31 December 2016	**2,305**	**(96,791)**	**(331,328)**	**(425,814)**	**744,702**	**318,888**
Total equity at 1 July 2017	**2,305**	**(91,555)**	**(320,760)**	**(410,010)**	**889,384**	**479,374**
Net profit / (loss) for the half-year	-	-	26,953	26,953	(220)	26,733
Changes in the fair value of cash flow hedges, net of tax	-	7,792	-	7,792	-	7,792
Total comprehensive income / (loss) for the half-year	**-**	**7,792**	**26,953**	**34,745**	**(220)**	**34,525**
Transactions with equity holders in their capacity as equity holders:						
Recognition of share-based payments	-	(3,161)	-	(3,161)	-	(3,161)
Securities issued – Infigen Energy Equity Plan	-	-	-	-	2,907	2,907
Total equity at 31 December 2017	**2,305**	**(86,924)**	**(293,807)**	**(378,426)**	**892,071**	**513,645**

	TRUST			
	Contributed equity $'000	Reserves $'000	Retained losses $'000	Total $'000
Total equity at 1 July 2016	**755,748**	**-**	**(191,755)**	**563,993**
Net profit for the half-year	-	-	13,519	13,519
Total comprehensive income for the half-year	**-**	**-**	**13,519**	**13,519**
Transactions with equity holders in their capacity as equity holders:				
Securities issued – Infigen Energy Equity Plan	7,297	-	-	7,297
Total equity at 31 December 2016	**763,045**	-	**(178,236)**	**584,809**
Total equity at 1 July 2017	**907,397**	**-**	**(160,535)**	**746,862**
Net profit for the half-year	-	-	15,984	15,984
Total comprehensive income for the half-year	**-**	**-**	**15,984**	**15,984**
Transactions with equity holders in their capacity as equity holders:				
Securities issued – Infigen Energy Equity Plan	2,907	-	-	2,907
Total equity at 31 December 2017	**910,304**	**-**	**(144,551)**	**765,753**

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

Consolidated Cash Flow Statements

For the half-year ended 31 December 2017

	Note	INFIGEN 31 December 2017 $'000	INFIGEN 31 December 2016 $'000	TRUST 31 December 2017 $'000	TRUST 31 December 2016 $'000
Cash flows from operating activities					
Receipts from customers (inclusive of GST)		117,248	108,740	-	-
Payments to suppliers (inclusive of GST)		(48,263)	(46,513)	(3)	-
Interest received		2,425	448	33	2
Interest and other finance costs paid		(22,176)	(24,521)	-	-
Foreign taxes paid relating to disposal of US business		-	(5,178)	-	-
Net cash inflow from operating activities	11(a)	**49,234**	**32,976**	**30**	**2**
Cash flows from investing activities					
Payments for property, plant and equipment		(77,897)	(180)	-	-
Payments for intangible assets		(1,996)	(1,336)	-	-
Proceeds from disposal of property, plant and equipment		-	38	-	-
Payments for equity accounted investments		(42)	(140)	-	-
Net cash outflow from investing activities		**(79,935)**	**(1,618)**	**-**	**-**
Cash flows from financing activities					
Proceeds from borrowings		114,367	-	-	-
Repayment of borrowings		(44,379)	(37,349)	-	-
Payment for interest rate derivatives termination		(8,095)	-	-	-
Loans provided to related parties		-	-	(5,109)	-
Net cash inflow / (outflow) from financing activities		**61,893**	**(37,349)**	**(5,109)**	**-**
Net increase / (decrease) in cash and cash equivalents		31,192	(5,991)	**(5,079)**	2
Cash and cash equivalents at the beginning of the half-year		**251,786**	147,602	**5,515**	405
Effects of exchange rate changes on the balance of cash held in foreign currencies		(716)	3,069	-	-
Cash and cash equivalents at the end of the half-year	11(b)	**282,262**	**144,680**	**436**	**407**

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

About this Report

Infigen comprises Infigen Energy Limited (IEL), Infigen Energy Trust (IET), Infigen Energy (Bermuda) Limited (IEBL) and the controlled entities of IEL and IET.

The Trust comprises IET and its controlled entities.

IEL is determined to be the parent entity of Infigen.

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security and listed on the Australian Securities Exchange (ASX) under the code "IFN". They cannot be traded separately and can only be traded as stapled securities.

IEL is incorporated and domiciled in Australia. IET was established in and is domiciled in Australia. IEBL is incorporated in Bermuda.

Trust information

IET is a Registered Scheme (the Scheme) and Infigen Energy RE Limited (IERL) is 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 of IET.

Statement of compliance

As permitted by Australian Securities and Investments Commission (ASIC) *Corporations Instrument 2015/843*, this report consists of the consolidated interim financial statements and accompanying notes of both Infigen and the Trust.

As permitted by ASIC *Class Order 13/1050*, the consolidated interim financial statements treat IEL as the 'parent' of the stapled entities.

Basis of Preparation

Infigen and the Trust are for-profit entities for the purpose of preparing these consolidated interim financial statements for the six months ended 31 December 2017. This report does not include all the notes normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual financial report for each of Infigen and the Trust for the year ended 30 June 2017 and any public announcements made by Infigen during the interim reporting period.

These consolidated interim financial statements have been prepared in accordance with the *Corporations Act 2001,* Accounting Standard AASB 134 *Interim Financial Reporting* and International Financial Reporting Standards (IFRS).

These consolidated interim financial statements have been prepared on the basis of the legislative and regulatory regime that existed as at 31 December 2017 and at the date of this report. Changes to the regulatory regime could affect the carrying values of assets and future renewable energy project developments.

These consolidated interim financial statements have been prepared on the going concern basis using the historical cost conventions modified, where applicable, by the revaluation of financial assets and liabilities (including derivative financial instruments) measured at fair value.

All figures are presented in Australian Dollars with all values rounded off to the nearest thousand dollars, unless otherwise stated, in accordance with the ASIC *Corporations Instrument 2016/191*.

Critical accounting estimates and judgements

The preparation of these consolidated interim financial statements requires estimation and judgement. The areas involving estimation and judgement were the same as those applied in the annual financial report for each of Infigen and the Trust for the year ended 30 June 2017.

Significant Accounting Policies

The same accounting policies have been applied by Infigen and the Trust, and are consistent with those applied in the annual financial report for each of Infigen and the Trust for the year ended 30 June 2017.

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ended 31 December 2017. These have not been adopted early by Infigen or the Trust. In financial year 2017, Infigen established a project team to review the effect of these new standards on the financial statements and the effect and any change required to finance systems, processes and policies. The current assessment of the effects of these new standards is set out below:

Accounting standard	Nature of change	Effect on financial statements
AASB 15 *Revenue from Contracts with Customers* (effective for Infigen and the Trust for the accounting period starting 1 July 2018)	AASB 15 replaces AASB 118 *Contracts for Goods and Services* and AASB 111 *Construction Contracts*. It is based on the principle that revenue is recognised when control of a good or service transfers to a customer. The new standard requires a five step analysis of transactions to determine whether, how much and the point at which revenue is recognised. In addition, the standard requires new and expanded disclosures related to the nature, amount, timing and uncertainty of revenue and cash flows arising from customers and key judgements made. A full retrospective or a modified retrospective approach is permitted on adoption.	The new standard will affect the way revenue from LGCs and certain long-term contracts is described and disclosed in the financial statements. However, as at 31 December 2017, no change is expected with respect to the recognition and measurement of these revenue streams once AASB 15 is adopted.
AASB 16 *Leases* (effective for Infigen and the Trust for the accounting period starting 1 July 2019)	AASB 16 will require leases, except short-term or low-value leases, to be recognised on the balance sheet, because the distinction between operating and finance leases is removed. A right-of-use asset and associated lease liability for the lease payments is recognised on the balance sheet. Interest expense will be recognised in the income statement using the effective interest rate method and the right-of-use asset will be depreciated. The accounting for lessors will not significantly change.	Infigen's operating lease commitments relating to land leases, option fees and office leases expected to be recognised as a right-of-use asset and an associated lease liability. Infigen's maintenance and capital expenditure commitments and connection fees expected not to be classified as leases under AASB 16.

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

1. Segment Information

Infigen is an active participant in the Australian energy market. It is a developer, owner and operator of generation assets delivering energy solutions to businesses and large retailers located in Australia. Revenues are derived from various channels to market within Australia. As a result of Infigen's performance from a geographic and product perspective, Australia has been identified as Infigen's sole reportable segment.

Only the single segment information of Infigen is provided to the chief operating decision-makers, defined to be the Board of Directors. For this reason, the segment information has only been disclosed for Infigen.

The Board of Directors assess the performance of the operating segment based on a measure of underlying earnings before interest, tax, depreciation and amortisation (Underlying EBITDA), an important indicator of the underlying performance of Infigen. Since Infigen operates in a single segment, the assets and liabilities are those disclosed in the consolidated statements of financial position.

The segment information provided to the Board of Directors for the operating segment together with a reconciliation of Underlying EBITDA to net profit after tax for the period ended 31 December 2017 is below.

		INFIGEN	
	Note	31 December 2017 $'000	31 December 2016 $'000
Revenue	2	118,213	115,365
Operating expenses		(23,043)	(21,095)
Operating earnings before interest, tax, depreciation and amortisation		**95,170**	**94,270**
Corporate costs		(6,208)	(8,901)
Development costs		(953)	(1,453)
Share of net (loss)/profit of equity accounted investments		(40)	25
Other income		-	4
Underlying EBITDA		**87,969**	**83,945**
Depreciation and amortisation expense	3	(25,807)	(25,958)
Earnings before interest and tax		**62,162**	**57,987**
Net finance costs		(22,551)	(26,631)
Profit before tax		**39,611**	**31,356**
Income tax expense		(12,878)	(9,990)
Net profit after tax		**26,733**	**21,366**
		cents	**cents**
Underlying EBITDA per stapled security		**9.2**	**10.8**

The reconciliation between the statement of comprehensive income and net finance costs for the purposes of the segment information (above) is shown below:

		INFIGEN	
	Note	31 December 2017 $'000	31 December 2016 $'000
Interest income		2,970	351
Foreign exchange gain included within other income		210	-
Interest expense	3	(19,910)	(24,566)
Other finance costs	3	(5,821)	(2,416)
Net finance costs		**(22,551)**	**(26,631)**

2. Revenue

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognised if it meets the criteria outlined below.

Sale of energy and environmental products

Sale of energy and environmental products revenue include:

> sale of electricity; and
> sale of Large-scale Generation Certificates (LGCs).

Infigen recognises revenue when the amount of revenue can be reliably measured, when the significant risks and rewards of ownership of the products have passed to the buyer and Infigen has the right to be compensated. LGC revenue is recognised at fair value when the LGC is generated and in the same period as when the costs are incurred.

Revenues are recognised on an accruals basis net of the amount of associated goods and services tax (GST) unless the GST incurred is not recoverable from the taxation authority.

Sale of energy and environmental products from certain long term contracts

In accordance with UIG 4 *Determining whether an Asset Contains a Lease*, revenue that is generated under certain long-term contracts, where Infigen sells electricity and LGCs produced by owned generation having regard to actual production outcomes to one customer, is classified as lease income.

Compensated revenue

Compensated revenue includes insurance proceeds and proceeds arising from compensation claims made against the Australian Electricity Market Operator or maintenance service providers.

	INFIGEN	
	31 December 2017 $'000	31 December 2016 $'000
Sale of energy and environmental products	77,260	72,239
Sale of energy and environmental products from certain long term contracts	40,926	42,823
Compensated revenue	27	303
	118,213	**115,365**

3. Expenses

	INFIGEN		TRUST	
	31 December 2017 $'000	31 December 2016 $'000	31 December 2017 $'000	31 December 2016 $'000
Depreciation and amortisation expense				
Depreciation of property, plant and equipment	23,390	23,264	-	-
Amortisation of intangible assets	2,417	2,694	-	-
	25,807	**25,958**	**-**	**-**
Interest expenses				
Interest expense on borrowings	10,140	11,721	-	-
Interest expense on derivative financial instruments	9,770	12,845	-	-
	19,910	**24,566**	**-**	**-**
Other finance costs				
Net loss on change in fair value of derivative financial instruments	2,119	395	-	-
Bank fees, other charges and capitalised commitment and upfront fee amortisation	3,641	1,118	3	-
Foreign exchange loss	-	843	-	1
Recognition and unwinding of discount on decommissioning provisions	61	60	-	-
	5,821	**2,416**	**3**	**1**

4. Property, Plant and Equipment

Plant and equipment primarily comprises wind turbines and associated plant from the 557 megawatts (MW) of installed generation capacity across New South Wales (NSW), South Australia and Western Australia. The value of plant and equipment is measured as the cost of the asset less accumulated depreciation.

Bodangora Wind Farm, a 113 MW wind generation asset located in central-western NSW, is scheduled for completion by quarter one Financial Year (FY) 2019. Costs arising directly from the construction are recognised as assets under construction.

The book value and the movements of property, plant and equipment are disclosed below.

	INFIGEN					
	6 months to 31 December 2017			12 months to 30 June 2017		
	Plant and equipment $'000	Assets under construction $'000	Total $'000	Plant and equipment $'000	Assets under construction $'000	Total $'000
Balance as at 1 July	738,023	61,914	799,937	783,819	-	783,819
Additions	1,541	73,924	75,465	858	42,953	43,811
Interest capitalised	-	2,432	2,432	-	-	-
Acquisition of assets under construction	-	-	-	-	8,236	8,236
Revaluation of assets under construction	-	-	-	-	8,236	8,236
Disposals	-	-	-	(38)	-	(38)
Depreciation expense	(23,390)	-	(23,390)	(46,516)	-	(46,516)
Transfers (to)/from intangible assets	-	-	-	(100)	2,489	2,389
Balance	**716,174**	**138,270**	**854,444**	**738,023**	**61,914**	**799,937**
Cost	1,161,695	138,270	1,299,965	1,160,154	61,914	1,222,068
Accumulated depreciation	(445,521)	-	(445,521)	(422,131)	-	(422,131)
Net book value	**716,174**	**138,270**	**854,444**	**738,023**	**61,914**	**799,937**

5. Borrowings

Infigen's borrowings are secured and comprise a multi-currency Global Facility, a project finance debt facility relating to Woodlawn Wind Farm (Woodlawn PF) and a project finance debt facility relating to Bodangora Wind Farm (Bodangora PF).

At 31 December 2017, Infigen's total Global Facility AUD borrowings were $521,797,000 and the AUD equivalent of the USD borrowings is $58,240,000 (30 June 2017: $529,709,000 and $91,819,000 respectively).

The drawn debt of Tranche A of the Woodlawn PF maturing in September 2018 has been transferred from non-current liabilities to current liabilities as at 31 December 2017.

	INFIGEN	
	31 December 2017 $'000	**30 June 2017 $'000**
Current		
Global Facility	61,000	78,500
Woodlawn PF	17,873	4,752
Bodangora PF	2,797	-
	81,670	**83,252**
Non-current		
Global Facility	519,037	543,028
Woodlawn PF	12,862	29,253
Bodangora PF	113,395	1,825
	645,294	**574,106**
Capitalised commitment and upfront fees	(2,739)	(3,506)
	642,555	**570,600**
Total borrowings	**724,225**	**653,852**
Borrowings movement		
Balance as at 1 July	653,852	742,490
Debt drawdown/(repayments):		
Bodangora PF	114,367	1,825
Global Facility	(41,109)	(82,606)
Woodlawn PF	(3,270)	(5,893)
Net loan costs expensed	767	1,556
Net foreign currency exchange differences	(382)	(3,520)
Balance	**724,225**	**653,852**

Specific details of Infigen's borrowings are summarised below.

Facility	Maturity	Repayment terms
Global Facility	> 31 December 2022	> Semi-annual based on surplus cash flows and net disposal proceeds of the Borrower Group*
Woodlawn PF	> Tranche A (50%): September 2018 > Tranche B (50%): September 2023	> Quarterly fixed repayment in accordance with repayment schedule > Outperformance repayment required in certain circumstances
Bodangora PF	> Construction facility converts to a term facility after construction phase (expected quarter one FY19) > Term facility matures September 2034	> Construction facility: no principal repayment. > Term facility: semi-annual fixed repayment in accordance with repayment schedule

*Comprises IEL and substantially all of its subsidiaries except for Infigen Energy Holdings Pty Limited and its subsidiaries (IEH Group). The IEH Group primarily includes Woodlawn, Bodangora and Infigen's development asset project entities.

Early refinance of the Global Facility and Woodlawn PF

Refer to Note 12 for details of the early refinance of the Global Facility and Woodlawn PF.

6. Derivative Financial Instruments

Infigen uses electricity derivative contracts to hedge the risk associated with the fluctuations in electricity commodity price and production.

Infigen uses interest rate derivative contracts to hedge the risk of interest rate fluctuations on its borrowings.

The portion of the derivative contracts that are expected to be settled within 12 months are classified as current assets or liabilities. Otherwise they are classified as non-current assets or liabilities.

Derivative financial instruments are not held for speculative purposes.

Derivative financial instruments are initially recognised at fair value and subsequently re-measured to their fair value. Fair value gains or losses for derivatives that are designated to be in an effective hedge relationship are recognised in the statement of other comprehensive income and held in a separate hedging reserve in equity. Fair value gains or losses for derivatives that are not designated to be an effective hedge are recognised in the income statement.

	INFIGEN	
	31 December 2017 $'000	**30 June 2017 $'000**
Current assets		
Electricity derivative contracts	940	1,551
	940	**1,551**
Non-current assets		
Interest rate derivative contracts	1	2
	1	**2**
Current liabilities		
Foreign currency derivative contracts	-	509
Electricity derivative contracts	2,685	2,105
Interest rate derivative contracts	18,879	25,504
	21,564	**28,118**
Non-current liabilities		
Electricity derivative contracts	28	888
Interest rate derivative contracts	33,153	43,376
	33,181	**44,264**

7. Fair Value of Assets and Liabilities

Infigen and the Trust measure various financial assets and liabilities at fair value which, in some cases, may be subjective and depend on the inputs used in the calculations. The different levels of measurement are described below:

Level 1: on quoted market prices (unadjusted) in active markets for identical assets and liabilities;

Level 2: not traded in active markets but calculated with significant inputs coming from observable market data; and

Level 3: significant inputs to the calculation that are not based on observable market data (unobservable inputs).

There have been no transfers between levels of the fair value hierarchy for the half-year ended 31 December 2017 and the year ended 30 June 2017.

All of Infigen's derivative financial instruments are classified as level 2 and are measured at fair value on a non-recurring basis.

The fair value of both interest rate and electricity derivative contracts are measured at the present value of the estimated future cash flows discounted based on the applicable observable market yield curves having regard to timing of cash flows.

8. Earnings Per Stapled Security

Basic EPS is calculated by dividing the net profit attributable to equity holders of Infigen or the Trust by the weighted average number of securities (WANOS) outstanding during the period.

Diluted EPS adjusts the figures used in the determination of basic EPS to take into account the WANOS issued under the Infigen Energy Equity Plan during the period.

	INFIGEN		TRUST	
	31 December 2017	31 December 2016	31 December 2017	31 December 2016
Parent entity share				
Net profit attributable to equity holders ('000s)	26,953	21,797	15,984	13,519
Basic WANOS outstanding ('000s)	952,938	777,845	952,938	777,845
Diluted WANOS outstanding ('000s)	953,336	785,953	953,336	785,953
Basic and diluted EPS (cents)	2.8	2.8	1.7	1.7
Stapled securities				
Net profit attributable to equity holders ('000s)	26,733	21,366	-	-
Basic WANOS outstanding ('000s)	952,938	777,845	-	-
Diluted WANOS outstanding ('000s)	953,336	785,953	-	-
Basic and diluted EPS (cents)	2.8	2.7	-	-

9. Distributions

Stapled securities

There were no distributions in respect of the half-years ended 31 December 2017 and 31 December 2016.

Franking credits

Franking credits available for future years, based on a tax rate of 30 per cent, total $6,228,000 (30 June 2017: $6,228,000).

10. Contributed Equity

Carrying amount of stapled securities	INFIGEN		TRUST	
	6 months to 31 December 2017 $'000	12 months to 30 June 2017 $'000	6 months to 31 December 2017 $'000	12 months to 30 June 2017 $'000
Balance as at 1 July	915,963	764,314	907,397	755,748
Securities issued – Infigen Energy Equity Plan	2,907	7,297	2,907	7,297
Securities issued – capital raise (April 2017)	-	151,017	-	151,017
Transaction costs – capital raise (April 2017)	-	(6,665)	-	(6,665)
Balance	**918,870**	**915,963**	**910,304**	**907,397**

Number of stapled securities	INFIGEN		TRUST	
	6 months to 31 December 2017 No.'000	12 months to 30 June 2017 No.'000	6 months to 31 December 2017 No.'000	12 months to 30 June 2017 No.'000
Balance as at 1 July	950,259	772,469	950,259	772,469
Securities issued – Infigen Energy Equity Plan	3,801	8,108	3,801	8,108
Securities issued – capital raise (April 2017)	-	169,682	-	169,682
Balance	**954,060**	**950,259**	**954,060**	**950,259**

11. Cash and Cash Equivalents

a) Reconciliation of net profit for the half-year to net cash inflow from operating activities

	INFIGEN		TRUST	
	31 December 2017 $'000	31 December 2016 $'000	31 December 2017 $'000	31 December 2016 $'000
Net profit for the half-year	26,733	21,366	15,984	13,519
Adjustments for:				
Change in fair value of derivative financial instruments	2,119	395	-	-
Depreciation and amortisation	25,807	25,958	-	-
Unwind of discount on related party loan receivables	-	-	(16,303)	(13,861)
Unrealised foreign exchange (gain)/loss	(210)	843	-	-
Amortisation of share based payments expense	269	745	-	-
Amortisation of borrowing costs	767	753	-	-
Share of profits of equity accounted investments	40	(25)	-	-
Accretion of decommissioning and restoration provisions	61	60	-	-
Decrease in deferred tax assets	12,878	9,990	-	-
Net cash inflow/(outflow) from operating activities for the half-year before changes in working capital	**68,464**	**60,085**	**(319)**	**(342)**
Changes in working capital:				
Increase in receivables and inventory	(20,404)	(17,271)	-	-
Increase/(decrease) in payables	1,174	(9,838)	349	344
Net cash inflow from operating activities for the half-year	**49,234**	**32,976**	**30**	**2**

b) Reconciliation of cash and cash equivalents

Cash and cash equivalents comprise cash on hand and term deposits held at call with financial institutions.

Restricted cash is held by Infigen in accordance with the minimum cash requirements for the Australian Financial Services Licence compliance, the Bodangora PF facility construction account and the Woodlawn PF facility debt service reserve account.

	INFIGEN	
	31 December 2017 $'000	30 June 2017 $'000
Cash and cash equivalents – unrestricted	210,175	211,332
Cash and cash equivalents – restricted	72,087	40,454
	282,262	**251,786**

12. Events Occurring After the Reporting Period

In 2017 Infigen foreshadowed that it was exploring the merits of an early refinancing of its Global Facility which has a maturity date of 31 December 2022 and the Woodlawn PF (Refinancing) to better support the execution of the business strategy. Subsequent to a detailed exploration of the possible capital structure options, the Board has determined that it is in Infigen's best interest to refinance the debt early through a new Australian dollar Facility with the Term Facilities provided by the institutional market and the Liquidity Facilities provided by the traditional bank market.

On 17 February 2018, Infigen entered into a Commitment Letter, subject to agreed terms and conditions in respect of $525.0 million Term Facilities Loan with five-year maturity (the Loan). The Refinancing is targeted for closing by 31 March 2018, but ultimately the timing will be determined by the optimal outcome based on the syndication process. Given the underwriting of the Term Facilities the risk to closing is considered low.

Combined with cash held by Infigen, the proceeds of the Loan will be utilised to:

- repay the Global Facility and Woodlawn PF (the Facilities) with a combined debt drawn of $610.8 million as at 31 December 2017;
- terminate the existing interest rate derivative contracts (the Derivatives) associated with the Global Facility with a fair value of $48.8 million as at 31 December 2017; and
- pay the advisory and upfront fees directly attributable to the Refinancing (the Transaction Costs) estimated to be $27.0 million.

In addition, the cost of the Derivatives termination and the existing capitalised commitment and upfront fees of $2.7 million associated with the Facilities will be expensed in the Income Statement.

The Loan will be brought to account net of the Transaction Costs.

The Commitment Letter was not contemplated nor in place at 31 December 2017. If it had been, the Facilities may have been disclosed as current liabilities due to the high degree of certainty of Refinancing.

There were no other transactions or events of a material or unusual nature, not otherwise dealt with within this report, likely to affect significantly the operations or affairs of Infigen or the Trust in future financial periods.

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 Infigen and the Trust set out on pages 20 to 34 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 each of Infigen and the Trust's financial position as at 31 December 2017 and of their performance for the financial half-year ended on that date;

b) there are reasonable grounds to believe that both Infigen and the Trust will be able to pay their debts as and when they become due and payable; and

c) 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:

Len Gill
Chairman

Ross Rolfe AO
Chief Executive Officer / Managing Director

Sydney, 19 February 2018

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Infigen Energy Group and Infigen Energy Trust Group, which comprises the consolidated statement of financial position as at 31 December 2017, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Infigen Energy Group and Infigen Energy Trust Group. The Infigen Energy Group comprises Infigen energy Limited and the entities it controlled during that half-year. The Infigen Energy Trust Group comprises the Infigen Energy Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Infigen Energy Limited and the directors of Infigen Energy RE, the responsible entity of Infigen Energy Trust (collectively referred to as 'the directors'), are responsible for the preparation of the half-year 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 half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2017 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Infigen Energy Group and Infigen Energy Trust Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infigen Energy Group and Infigen Energy Trust Group is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of Infigen Energy Group's and Infigen Energy Trust Group's financial position as at 31 December 2017 and of its performance for the half-year ended on that date;
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

Marc Upcroft
Partner

Sydney
19 February 2018

GLOSSARY

AEMO	Australian Energy Market Operator
ASX	Australian Securities Exchange Limited (ABN 98 008 624 691) or Australian Securities Exchange as the context requires
AUD	Australian dollars
BOARD or BOARDS	Unless otherwise stated, the Boards of IEL, IERL and IEBL
CAPACITY	The maximum power that a wind turbine generator was designed to produce.
CAPACITY FACTOR	A measure of the productivity of a wind turbine, calculated by the amount of power that a wind turbine produces over a set time period, divided by the amount of power that would have been produced if the turbine had been running at full capacity during that same time period.
CF	Compared with
COMPENSATED PRODUCTION	Compensated production is notional production that represents compensated revenue
COMPENSATED REVENUE	Compensated revenue includes insurance proceeds and proceeds arising from compensation claims made against AEMO or maintenance service providers
C&I	Commercial and industrial
DEVELOPMENT PROJECTS (also DEVELOPMENTS)	Infigen's prospective renewable energy projects that are in various stages of development prior to commencing construction. Stages of development include: landowner negotiations; wind and solar monitoring, project feasibility and investment evaluation; community consultation, cultural heritage assessment, environmental assessment; design, supplier negotiations and connection.
DWA	Dispatch weighted average (electricity prices)
EARNINGS AT RISK ANALYSIS	Measuring potential changes in revenue in a given period having regard to relevant factors and varying degrees of confidence
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EMISSIONS GUARANTEE	The obligation proposed in the National Energy Guarantee (13 October 2017) to be applied to retailers to supply energy at a certain emissions level
EPS	Earnings per security
ERM	Enterprise Risk Management
FCAS	Frequency control ancillary services
FX	Foreign exchange
FY	Financial year. A period of 12 months starting on 1 July and ending on 30 June in the next calendar year.
GRID	The network of power lines and associated equipment required to deliver electricity from generators to consumers.
GW	Gigawatt. One billion watts of electricity.
H1 FY	Financial half year. A period of 6 months starting on 1 July and ending on 31 December.
IEBL	Infigen Energy (Bermuda) Limited (ARBN 116 360 715)
IEL	Infigen Energy Limited (ABN 39 105 051 616)
IERL	Infigen Energy RE Limited (ACN 113 813 997) (AFSL 290 710), the responsible entity of IET
IET	Infigen Energy Trust (ARSN 116 244 118)
IFN	The code for the trading of listed IFN stapled securities on the ASX
INFIGEN	Infigen Energy, comprising IEL, IEBL, IET and the controlled entities of IEL and IET

LGC	Large-scale Generation Certificate. The certificates are created by large-scale renewable energy generators and each certificate represents 1 MWh of generation from renewable resources.
LTI	Lost Time Injury
LTIFR	Lost Time Injury Frequency Rate. Calculated as Lost Time Injuries multiplied by 1,000,000 divided by total hours worked.
LTM	Last twelve months
MLF	Marginal Loss Factor. As electricity flows through the transmission and distribution networks, energy is lost due to electrical resistance and the heating of conductors. Revenue is subject to marginal loss factors that are fixed annually by the Australian Energy Market Operator to account for network losses.
MTI	Medical Treatment Injury
MW	Megawatt. One million watts of electricity.
NEM	National Electricity Market
NEG	National Energy Guarantee
N.M.	Not meaningful
O&M	Operations and maintenance
OCC	Operations Control Centre. A centrally located business function within Infigen that monitors and directs the operations of Infigen's wind and solar farms.
OPERATING COSTS	Includes wind farm costs (scheduled and unscheduled turbine O&M and balance of plant costs, asset management costs, and other direct costs such as insurance, land lease payments and connection and network fees) and Energy Markets costs
OPERATING EBITDA	Operating EBITDA excludes corporate costs, non-operating costs and non-operating income
PCP	Previous corresponding period
PF	Project finance
PPA	Power purchase agreement
PPTS	Percentage points
QUANTITATIVE VOLUMETRIC HEDGING LIMITS	Maximum volume based trading limits, determined having regard to known historical generation profiles and a predictable seasonality of operating performance from the operating assets
RELIABILITY GUARANTEE	The obligation proposed in the National Energy Guarantee (13 October 2017) to be applied to retailers to meet a percentage of their load requirements with flexible and dispatchable resources
STRATEGIC PORTFOLIO BALANCING	The targeted contract mix for Infigen's electricity and LGC sales between the channels to market as adjusted from time to time
TRIFR	Total Recordable Injury Frequency Rate. Calculated as the sum of recordable Lost Time Injuries and Medical Treatment Incidents multiplied by 1,000,000 divided by total hours worked.
TRUST	IET and its controlled entities
TWA	Time weighted average (electricity prices)
UNDERLYING EBITDA	The Directors of Infigen consider Underlying EBITDA an important indicator of underlying performance noting it is a non-international financial reporting standard measure. To calculate Underlying EBTIDA statutory EBTIDA is adjusted to exclude certain significant non-cash and one-off items that are unrelated to the operating performance of Infigen.
USD	US dollars
WANOS	Weighted average number of securities