



**Babcock & Brown
Wind Partners Trust**

ARSN 116 244 118

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2008

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BBW CORPORATE STRUCTURE

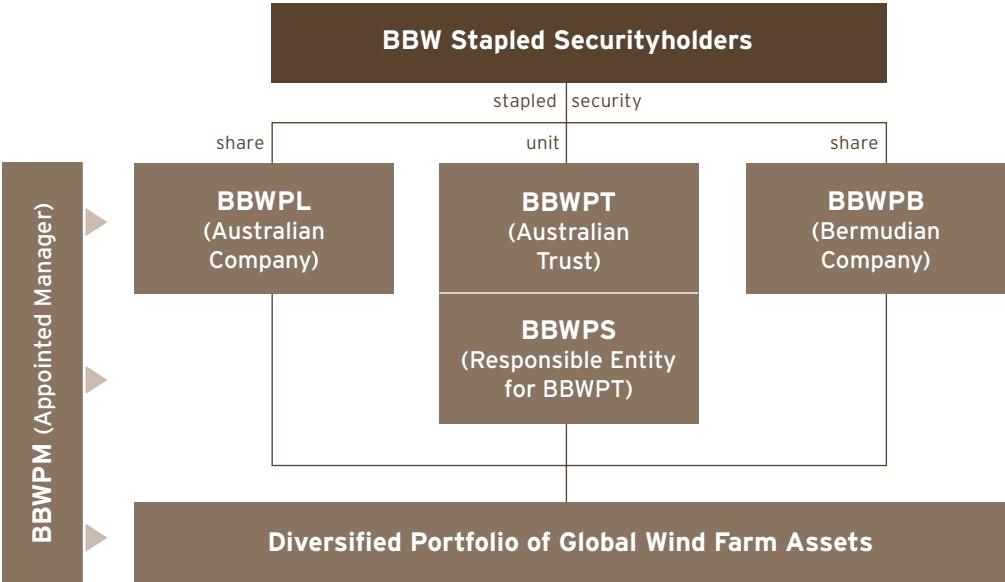
The Babcock & Brown Wind Partners Group (“BBW”) consists of the following entities:

- Babcock & Brown Wind Partners Limited (“BBWPL”), a public company incorporated in Australia;
- Babcock & Brown Wind Partners Trust (“BBWPT”), a managed investment scheme registered in Australia;
- Babcock & Brown Wind Partners (Bermuda) Limited (“BBWPB”), a company incorporated in Bermuda; and
- the subsidiary entities of BBWPL and BBWPT.

One share in each of BBWPL and BBWPB and one unit in BBWPT have been stapled together to form a single BBW stapled security, tradable on the Australian Securities Exchange.

Babcock & Brown Wind Partners Management Pty Ltd (“BBWPM”) is the Manager of BBW. Babcock & Brown Wind Partners Services Limited (“BBWPS”) is the Responsible Entity of BBWPT. BBWPM and BBWPS are wholly owned subsidiary entities of Babcock & Brown Limited (“Babcock & Brown”).

The following diagram provides an overview of BBW’s structure.



DIRECTORS' REPORT

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY

In respect of the year ended 30 June 2008, the Directors of BBWPS, the Responsible Entity of BBWPT, submit the following report on the financial results of BBWPT and its controlled entities.

DIRECTORS

The names and particulars of the Directors of BBWPS during or since the end of the financial year are set out below.

Name	Particulars
PETER HOFBAUER (Babcock & Brown executive) Chairman Appointed on 14 April 2005	<p>Peter joined Babcock & Brown in 1989 and has worked in both the Sydney and London offices. He is currently based in London.</p> <p>Peter is the Chief Investment Officer of the Babcock & Brown Group, and is also a director of Babcock & Brown Infrastructure Limited.</p> <p>Prior to joining Babcock & Brown, Peter worked with Price Waterhouse and Westpac Project and Advisory Services Limited. Peter worked in the Sydney office of Babcock & Brown until early 1996 covering a range of business areas including large scale asset, property and tax based structured financing transactions. From 1996 until 2000 Peter worked in the London office of Babcock & Brown where he was responsible for establishing Babcock & Brown's European property and infrastructure principal finance group. This involved, amongst other things, the establishment and ongoing management of a wholesale investment fund for Babcock & Brown and its clients.</p> <p>Peter has a Bachelor of Business from the Swinburne University. He is a member of the Institute of Chartered Accountants in Australia, the Taxation Institute of Australia and the Financial Services Institute of Australasia.</p>
ANTHONY BATTLE Lead Independent Director Appointed on 9 September 2005	<p>Anthony (Tony) Battle gained extensive experience in the banking and finance industry over a period of more than 30 years. During this time he held various executive management, credit committee and director roles with major international and domestic financial institutions. His experience includes the evaluation and funding of numerous major project, structured and corporate financings across a wide range of industry sectors.</p> <p>Tony holds a Bachelor of Commerce degree, is a Fellow of the Australian Institute of Company Directors and an Associate of Chartered Secretaries Australia. Tony is based in Melbourne.</p>
DOUGLAS CLEMSON Independent Director Appointed on 9 September 2005	<p>Doug Clemson is the former Finance Director and CFO of Asea Brown Boveri (ABB) where he was responsible for the corporate and project finance needs of the ABB group in Australia and New Zealand. He was instrumental in the establishment of the activities of ABB Financial Services and its participation in the co-development, construction and funding of important power generation, transportation and infrastructure projects in this region.</p> <p>Prior to joining ABB, Doug held senior line management and finance executive positions with manufacturing groups, ACI and Smiths Industries. He is the recent chairman of Redbank Power and director of Powerco NZ. His previous directorships include General and Cologne Reinsurance, Electric Power Transmission Group, ABB Australia, and New Zealand, and Smiths Industries.</p> <p>Doug is a qualified accountant and a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Doug is based in Sydney.</p>

DIRECTORS' REPORT

Name	Particulars
NILS ANDERSEN Independent Director Appointed on 9 September 2005	<p>Nils Andersen worked at Vestas, the Danish wind turbine manufacturer, for over 20 years. Nils was managing director of Vestas-Australia throughout 2003 and 2004, and in this role Nils was also responsible for sales and marketing in the Pacific Region and South Africa.</p> <p>Nils started his career with Vestas as the export manager, responsible for market development worldwide and with a special focus on Indian sub-continent and Asia-Pacific countries. He subsequently held a number of management positions in sales and market development reporting to the CEO and then the board. Nils also held a number of board positions within the Vestas group of companies, and his experience expands across the globe.</p> <p>Nils has also held industry positions such as export trade and international development councils and between 1994 and 1998 he was the vice-president of the European Wind Industry Association. Prior to joining Vestas, Nils worked for FL Smidth (a leading manufacturer in cement plants based in Denmark) in Brazil, South Africa and Denmark.</p> <p>Nils holds a Bachelor of Engineering degree and is a mechanical engineer by training. Nils is based in Denmark.</p>
WARREN MURPHY (Babcock & Brown executive) Director Appointed on 14 April 2005	<p>Warren Murphy is Head of Australian Energy in the Infrastructure group at Babcock & Brown, based in the Sydney office. Warren has led the development of Babcock & Brown's energy sector capability in Australia and New Zealand. He is also a director of the ASX listed Sydney Gas Limited.</p> <p>Warren has led the development of Redbank, Oakey, NewGen Kwinana, Braemar and Uranquinty power stations, and the co-development of a number of renewable energy projects, including the Alinta, Lake Bonney and Capital wind farms. Warren joined Babcock & Brown in 1997. Prior to joining Babcock & Brown, Warren was a director of the project finance division of AIDC and before that worked at Westpac Banking Corporation.</p> <p>Warren holds a Bachelor of Engineering (Hons) and a Bachelor of Commerce in Accounting and Economics.</p>
MICHAEL GARLAND (Babcock & Brown executive) Alternate Director for Peter Hofbauer and Warren Murphy Appointed on 8 May 2007	<p>Michael Garland manages the US Infrastructure team of Babcock & Brown. Prior to joining Babcock & Brown in 1986, Michael was a director of the State of California Energy Assessments Office where he was responsible for the implementation of the State Government's environmental and energy policies. Michael also coordinated and oversaw certain design, construction, financing and operations relating to the California State energy facilities.</p> <p>Michael is a graduate of the University of California at Berkeley. Michael is based in San Francisco.</p>
ANTONINO LO BIANCO (Babcock & Brown executive) Alternate Director for Warren Murphy and Peter Hofbauer Appointed on 8 May 2007	<p>Antonino Lo Bianco manages the European Infrastructure team of Babcock & Brown.</p> <p>Prior to joining Babcock & Brown in 1993, Antonino worked with Nomura International plc as a member of its Italian Corporate Finance Group.</p> <p>Antonino is a graduate in Business Administration from Bocconi University in Milan. Antonino is based in Milan.</p>

DIRECTORS' REPORT

COMPANY SECRETARIES

The names and particulars of the company secretaries of BBWPS during or since the end of the financial year are set out below.

Name	Particulars
DAVID RICHARDSON Appointed 26 October 2005	<p>David Richardson joined Babcock & Brown in 2005 as Company Secretary for a number of the Specialised Funds and is principally responsible for the company secretarial function and corporate governance requirements of Babcock & Brown Wind Partners.</p> <p>Prior to joining Babcock & Brown, David was a Company Secretary within the AMP Group, and at various stages was appointed Company Secretary for the AMP Capital Investors, Financial Services and Insurance divisions.</p> <p>David holds a Diploma of Law, Bachelor of Economics and a Graduate Diploma in Company Secretarial Practice. David is a Member of Chartered Secretaries Australia.</p>
JOHN REMEDIOS Appointed 28 June 2007	<p>John Remedios joined Babcock & Brown in November 2006 and is principally responsible for the company secretarial function and corporate governance requirements of Babcock & Brown Power.</p> <p>Prior to joining Babcock & Brown, John was a Senior Legal Counsel for AMP Capital Investors and held various company secretarial positions including Company Secretary of AMP Life Limited and Assistant Company Secretary of AMP Limited.</p> <p>John holds Bachelor of Economics and Bachelor of Law (Hons.) degrees from the University of Sydney and is a Member of the Law Society of New South Wales.</p>

FORMER PARTNERS OF THE AUDIT FIRM

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

PRINCIPAL ACTIVITIES

BBWPT holds interests in financial investments and non-controlling interests in wind energy generation assets.

REVIEW OF OPERATIONS

A review of the operations of BBW and the results of those operations for the year ended 30 June 2008 is included in the BBW 2008 Annual Report.

The profit attributable to unitholders for the year amounted to \$4,000,000 compared to a profit of \$8,151,000 for the prior year. The change in profit is predominantly due to an increase in management fees and a decrease in interest income. Further specific information relating to the operations of BBWPT for the year ended 30 June 2008 is included in the attached Financial Statements and accompanying Notes.

UNITS ON ISSUE

As at 30 June 2008, BBWPT had 868,600,694 units on issue (30 June 2007: 673,070,882). During the financial year BBWPT issued 195,529,812 units (2007: 97,769,916). Further detail regarding the units issued by BBWPT during the financial year are set out in Note 9 to the Financial Statements.

TRUST ASSETS

As at 30 June 2008, BBWPT held assets to a total value of \$1,050,919,000 (30 June 2007: \$843,822,000). Further detail regarding the assets held by BBWPT during the financial year are set out in the Balance Sheet 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 financial year there was no significant change in the state of affairs of BBWPT other than that referred to in the Financial Statements and accompanying Notes.

DIRECTORS' REPORT

SUBSEQUENT EVENTS

SALE OF SPANISH ASSETS

On 21 August 2008, BBW agreed to sell its portfolio of operating Spanish wind energy assets with an installed capacity of 420.7MW to Formento de Construcciones y Contratas, S.A. The sale is subject to local authority consents in Spain, which are expected to take approximately three months, with financial close occurring thereafter.

PROPOSED NEW CHAIRMAN

On 26 August 2008, Mr Peter Hofbauer, Chairman of the BBWPS Board, advised the Board of his intention to step down as a Director upon a new independent Chairman being appointed to the Board. The BBWPS Board confirmed that it is their intention to replace Mr Hofbauer with a Babcock & Brown executive once the new independent Chairman is appointed. As at the date of this report, the new independent Chairman has not yet been appointed.

FUTURE DEVELOPMENTS

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

ENVIRONMENTAL REGULATIONS

To the best of their knowledge and belief after making due enquiry, the Directors have determined that BBWPS and BBWPT have complied with all significant environmental regulations applicable to BBW's operations.

DISTRIBUTIONS

An interim distribution of 7.25 cents per stapled security for the half year to 31 December 2007 was paid on 18 March 2008. BBWPT will also pay a final distribution of 7.25 cents per stapled security for the full year to 30 June 2008 on 18 September 2008. Further details regarding the distributions paid by BBWPT are set out in Note 12 to the Financial Statements.

DIRECTORS' AND COMMITTEE MEETINGS

Below are the number of BBWPS Directors' meetings and Audit, Risk & Compliance Committee meetings held during the year to 30 June 2008 and the number of meetings attended by each Director. P Hofbauer is Chairman of the BBWPS Board and D Clemson is Chairman of the Audit, Risk & Compliance Committee.

Directors	BBWPS Board		Audit, Risk & Compliance Committee	
	Held	Attended	Held	Attended
P Hofbauer	10	10	5	5
A Battle	10	10	5	5
D Clemson	10	10	5	5
N Andersen	10	10	N/A	N/A
W Murphy	10	10	N/A	N/A

INTERESTS OF THE RESPONSIBLE ENTITY

The responsible entity of BBWPT does not directly hold any units in BBWPT. As at 30 June 2008, the Babcock & Brown Group and its associates held 96,725,347 units in BBWPT.

REMUNERATION OF THE RESPONSIBLE ENTITY

The basis of fees paid to BBWPS as responsible entity of BBWPT is set out in Note 14 to the Financial Statements. Under BBWPT's Constitution, BBWPS is entitled to a management fee of 2% per annum of the value of the gross assets of BBW. BBWPS has exercised its right under the Constitution to waive the fee referred to above such that it is paid remuneration of \$500,000 per annum, increased for movements in the consumer price index. BBWPT incurred an amount of \$542,000 in the year ended 30 June 2008 (2007: \$533,000) as remuneration paid to the responsible entity.

DIRECTORS' REPORT

DIRECTORS' SECURITY HOLDINGS

Below are the Directors' and Alternate Directors' relevant interests in BBW stapled securities throughout the financial year.

	Balance 1 July 2007	Acquired during the year	Sold during the year	Balance 30 June 2008
P Hofbauer	3,421,874	147,379	0	3,569,253
A Battle	32,316	5,318	0	37,634
D Clemson	140,000	0	0	140,000
N Andersen	11,109	585	0	11,694
W Murphy	2,033,708	372,533	0	2,406,241
M Garland ¹	2,142,000	0	0	2,142,000
A Lo Bianco ¹	2,142,000	0	0	2,142,000

¹ Alternate Directors.

PROCEEDINGS ON BEHALF OF BBW

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

NON-AUDIT SERVICES

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 any amounts paid or payable to the Auditor for non-audit services provided during the year by the Auditor are set out in Note 3 to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

BBWPT's Auditor has provided a written declaration under section 307C of the *Corporations Act 2001* that to the best of their 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.

INDEMNIFICATION AND INSURANCE OF OFFICERS

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

During the financial year BBWPT paid insurance premiums for a Directors' and Officers' liability insurance contract, that provides cover for the current and former Directors, Alternate Directors, Secretaries and Executive Officers of BBWPS. 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.

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 off to the nearest thousand dollars, unless otherwise indicated.

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

On behalf of the Directors of Babcock & Brown Wind Partners Services Limited, the responsible entity of Babcock & Brown Wind Partners Trust:



PETER HOFBAUER
Director

Sydney, 17 September 2008



WARREN MURPHY
Director

AUDITOR'S INDEPENDENCE DECLARATION



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Auditor's Independence Declaration

As lead auditor for the audit of Babcock & Brown Wind Partners Trust for the year ended 30 June 2008, 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 Babcock & Brown Wind Partners Trust and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'A J Wilson', with a stylized flourish at the end.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
18 September 2008

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the unitholders of Babcock & Brown Wind Partners Trust

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Report on the financial report

We have audited the accompanying financial report of Babcock & Brown Wind Partners Trust (the Trust) which comprises the balance sheet as at 30 June 2008, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Babcock & Brown Wind Partners Trust and the Babcock & Brown Wind Partners Trust Group (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of Babcock & Brown Wind Partners Services Limited are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

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

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

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

INDEPENDENT AUDITOR'S REPORT



Independent auditor's report to the unitholders of Babcock & Brown Wind Partners Trust (continued)

For further explanation of an audit, visit our website <http://www.pwc.com/au/financialstatementaudit>.

Our audit did not involve an analysis of the prudence of business decisions made by directors or management of Babcock & Brown Wind Partners Services Limited.

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

Matters relating to the electronic presentation of the audited financial report

This audit report relates to the financial report of Babcock & Brown Wind Partners Trust (the Trust) for the financial year ended 30 June 2008 included on the Babcock & Brown Wind Partners Trust web site. The directors of Babcock and Brown Wind Partners Services Limited are responsible for the integrity of the Babcock & Brown Wind Partners Trust web site. We have not been engaged to report on the integrity of this web site. The audit report refers only to the financial report. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on this web site.

Independence

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

Auditor's opinion on the financial report

In our opinion:

- (a) the financial report of Babcock & Brown Wind Partners Trust is in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 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*; and
- (b) the financial report complies with International Financial Reporting Standards as disclosed in Note 1(a)

A handwritten signature in black ink, appearing to read 'A J Wilson'.

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'A J Wilson'.

A J Wilson
Partner

18 September 2008

INCOME STATEMENT FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest income	2	7,248	9,161	7,248	9,161
Share of net profit of associates	7	211	3,418	-	-
Operating expenses	2	(924)	(1,673)	(924)	(1,668)
Management charges	2	(2,468)	(1,661)	(2,468)	(1,661)
Profit from operating activities		4,067	9,245	3,856	5,832
Finance costs - net profit attributable to the minority interest	7	(67)	(1,094)	-	-
Net profit attributable to the unit holders		4,000	8,151	3,856	5,832
Basic and diluted earnings per unit (cents)	11	0.5	1.4	0.5	1.0

The above income statement should be read in conjunction with the accompanying Notes to the financial statements.

BALANCE SHEET

AS AT 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT ASSETS					
Cash and cash equivalents	16	661	337	661	337
Trade and other receivables	5	805	5,039	805	5,039
Total current assets		1,466	5,376	1,466	5,376
NON-CURRENT ASSETS					
Receivables	5	995,133	784,337	993,917	783,121
Investment in associate	7	54,320	54,109	-	-
Interests in controlled entities	6	-	-	21,639	21,639
Total non-current assets		1,049,453	838,446	1,015,556	804,760
Total assets		1,050,919	843,822	1,017,022	810,136
CURRENT LIABILITIES					
Trade and other payables	8	888	1,020	883	1,015
Total current liabilities		888	1,020	883	1,015
NON-CURRENT LIABILITIES					
Payables	8	494	494	-	-
Share of net assets attributable to minority interests		29,785	29,718	-	-
Total non-current liabilities		30,279	30,212	-	-
Total liabilities		31,167	31,232	883	1,015
Net assets		1,019,752	812,590	1,016,139	809,121
EQUITY					
Contributed equity	9	1,003,487	800,325	1,003,487	800,325
Retained profits	10	16,265	12,265	12,652	8,796
Total equity and net assets attributable to the unit holders		1,019,752	812,590	1,016,139	809,121

The above Balance Sheet should be read in conjunction with the accompanying Notes to the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Total equity at the beginning of the year		812,590	702,653	809,121	700,795
Share of movement in associate's hedge reserve		-	(708)	-	-
Net income recognised directly in equity		-	(708)	-	-
Net profit for the year		4,000	8,151	3,856	5,832
Total recognised income and expense		4,000	7,443	3,856	5,832
TRANSACTIONS WITH EQUITY HOLDERS IN THEIR CAPACITY AS EQUITY HOLDERS:					
Contributions of equity, net of costs	9	306,714	166,989	306,714	166,989
Securities issued as consideration in relation to services	9	-	1,101	-	1,101
Distributions paid, net of distribution reinvestment plan	9	(103,552)	(65,596)	(103,552)	(65,596)
Total equity at the end of the year		1,019,752	812,590	1,016,139	809,121

The above Statement of Changes in Equity should be read in conjunction with the accompanying Notes to the financial statements.

CASH FLOW STATEMENT

FOR THE YEAR ENDED 30 JUNE 2008

	Note	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit/(loss) for the year		4,000	8,151	3,856	5,832
Share of associate's profit (less dividends)		(144)	(2,324)	-	-
Foreign exchange (gain)/loss		-	917	-	917
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:					
(Increase)/decrease in assets:					
Current receivables		4,233	(1,051)	4,233	(1,051)
Increase/(decrease) in liabilities:					
Current payables		(4)	414	(4)	409
Net cash provided by/(used in) operating activities		8,085	6,107	8,085	6,107
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds from issues of units, net of costs		277,613	152,184	277,613	152,184
Repayment of borrowings		636,170	299,413	636,170	299,413
Distributions paid to security holders		(74,490)	(50,513)	(74,490)	(50,513)
Loans advanced to related parties		(847,054)	(407,773)	(847,054)	(407,773)
Net cash provided by financing activities		(7,761)	(6,689)	(7,761)	(6,689)
Net increase in cash and cash equivalents		324	(582)	324	(582)
Cash and cash equivalents at the beginning of the financial year		337	919	337	919
Cash and cash equivalents at the end of the financial year	16	661	337	661	337

The above Cash Flow Statement should be read in conjunction with the accompanying Notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

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NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for the Babcock & Brown Wind Partners Trust as an individual entity and the consolidated entity consisting of the Babcock & Brown Wind Partners Trust and its subsidiaries.

(A) BASIS OF PREPARATION

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Stapled security

The shares of Babcock & Brown Wind Partners Limited ("BBWPL") and Babcock & Brown Wind Partners (Bermuda) Limited ("BBWPB") and the units of Babcock & Brown Wind Partners Trust ("BBWPT" or the "Trust") are combined and issued as stapled securities in Babcock & Brown Wind Partners Group ("BBW"). The shares of BBWPL and BBWPB and the units of BBWPT cannot be traded separately and can only be traded as stapled securities.

Compliance with IFRS

Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of BBWPT comply with International Financial Reporting Standards ("IFRS").

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through the income statement.

(B) PRINCIPLES OF CONSOLIDATION

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of BBWPT as at 30 June 2008 and the results of all subsidiaries for the year then ended. BBWPT and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

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

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

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests results in gains and losses for the Group that are recorded in the income statement. Purchases from minority investments result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

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

Minority interests in the financial results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheets respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of BBWPT.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Refer to Note 7 for a further explanation of equity accounting of associates.

(C) TRUST FORMATION

BBWPT was established in Australia on 16 June 2003. On 26 September 2005, the Trust became a registered scheme. On 26 September 2005 Babcock & Brown Wind Partners Services Limited became the responsible entity of the Trust.

(D) TRADE AND OTHER PAYABLES

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

(E) GOODS AND SERVICES TAX

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

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

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

(F) SEGMENT REPORTING

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(G) INCOME TAX

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

(H) REVENUE RECOGNITION

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

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

Revenue is recognised for the major business activities as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(I) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents comprise cash on hand and in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

(J) 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.

(K) CONTRIBUTED EQUITY

Units are classified as equity. Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

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

(L) EARNINGS PER UNIT

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

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

(M) FAIR VALUE ESTIMATION

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

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market prices for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

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

(N) ROUNDING OF AMOUNTS

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(O) NEW ACCOUNTING STANDARDS AND UIG INTERPRETATIONS

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2008 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 8 Operating Segments and AASB 2007-3 Amendments to Australian Accounting Standards arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group has not yet decided when to adopt AASB 8. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 Borrowing Costs and AASB 2007-6 Amendments to Australian Accounting Standards arising from AASB 123 (AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12)

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and - when adopted - will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to assets under construction.

(iii) Revised AASB 101 Presentation of Financial Statements and AASB 2007-8 Amendments to Australian Accounting Standards arising from AASB 10

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(P) CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Estimated useful economic life of property, plant and equipment

The Trust's associate depreciates property, plant and equipment over 25 years. This period of depreciation is utilised for assets that have useful economic lives in excess of 25 years as the life of the project is 25 years and no determination to extend the life of the project has been made at this stage.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

2. PROFIT FROM OPERATIONS

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Interest income	7,248	9,161	7,248	9,161
	7,248	9,161	7,248	9,161

PROFIT BEFORE INCOME TAX HAS BEEN ARRIVED AT AFTER CHARGING THE FOLLOWING EXPENSES:

Operating expenses:

Administration, consulting and legal fees	924	1,673	924	1,668
	924	1,673	924	1,668

Management charges:

Base fees ¹	2,468	1,661	2,468	1,661
	2,468	1,661	2,468	1,661

¹ Refer to Note 14 for further details.

3. REMUNERATION OF AUDITOR

	Note	Consolidated		Parent	
		2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
ASSURANCE SERVICES					
PricewaterhouseCoopers: Audit services					
Audit and review of the financial report		40,152	25,543	29,400	16,500

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

4. KEY MANAGEMENT PERSONNEL REMUNERATION

The responsible entity of Babcock & Brown Wind Partners Trust is Babcock & Brown Wind Partners Services Limited (BBWPS).

DIRECTORS AND ALTERNATE DIRECTORS

The following were Directors and Alternate Directors of Babcock & Brown Wind Partners Services Limited during the financial year:

Name	Role
P Hofbauer	Chairman and Non-Executive Director
A Battle	Lead Independent Director
D Clemson	Independent Director
N Andersen	Independent Director
W Murphy	Non-Executive Director
M Garland	Alternate Non-Executive Director for P Hofbauer and W Murphy
A Lo Bianco	Alternate Non-Executive Director for W Murphy and P Hofbauer

DETAILS OF OTHER KEY MANAGEMENT PERSONNEL

In addition to the Directors and Alternate Directors, the following Key Management Personnel (KMP) had authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, during the financial year:

Name	Role
M George	Chief Executive Officer
G Dutailis	Chief Operating Officer
G Dover	Chief Financial Officer
D Richardson	Company Secretary

SECURITY HOLDINGS IN BBW

Security holdings of the Directors, Alternate Directors and KMPs, including their personally related parties, in BBW securities over the period 1 July 2007 to 30 June 2008 are set out below.

	Balance 1 July 2007	Acquired during the year	Sold during the year	Balance 30 June 2008
P Hofbauer	3,421,874	147,379	-	3,569,253
A Battle	32,316	5,318	-	37,634
D Clemson	140,000	-	-	140,000
N Andersen	11,109	585	-	11,694
W Murphy	2,033,708	372,533	-	2,406,241
M Garland	2,142,000	-	-	2,142,000
A Lo Bianco	2,142,000	-	-	2,142,000
M George	500,000	-	-	500,000
G Dutailis	565,000	42,820	-	607,820
G Dover	10,000	-	-	10,000
D Richardson	5,000	3,530	-	8,530

KEY MANAGEMENT PERSONNEL REMUNERATION

KMPs are not paid by the Trust. Payments made by the Trust to the responsible entity do not include any amounts attributable to the compensation of KMPs.

No BBW securities were granted as remuneration to KMPs during the 2007 and 2008 financial years.

No BBW securities were acquired by KMPs upon the exercise of options during the 2007 and 2008 financial years.

No options were granted over BBW securities to KMPs during the 2007 and 2008 financial years.

LOANS TO KEY MANAGEMENT PERSONNEL AND THEIR PERSONALLY RELATED ENTITIES FROM BBW

No loans have been made by BBW to any KMPs or their personally related entities throughout the 2007 and 2008 financial years.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

5. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT				
Interest receivable	749	4,847	749	4,847
GST and other tax receivables	56	192	56	192
	805	5,039	805	5,039
NON-CURRENT				
Loans to related parties	993,917	783,121	993,917	783,121
Loans to associates	1,216	1,216	-	-
	995,133	784,337	993,917	783,121

6. CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

There were no changes in the composition of the consolidated entity during the year ended 30 June 2008 and the year ended 30 June 2007.

7. INVESTMENT IN ASSOCIATE

	2008 \$'000	2007 \$'000		
Investment in associate	54,320	54,109		
Name of entity	Principal activity	Country of incorporation	Ownership interest	
Walkaway Wind Power Pty Limited	Wind farm	Australia	17% ¹	17% ¹
			2008 \$'000	2007 \$'000
SUMMARISED FINANCIAL INFORMATION OF ASSOCIATE¹				
Current assets			5,788	13,204
Non-current assets			68,548	63,719
			74,336	76,923
Current liabilities			3,905	6,541
Non-current liabilities			55,844	56,073
			59,749	62,614
Net assets			14,587	14,309
Revenue			9,702	11,701
Net profit			144	2,324
SHARE OF ASSOCIATE'S PROFIT¹:				
Share of profit/(loss) before income tax			573	4,953
Income tax expense			(362)	(1,535)
Share of associate's profit/(loss)			211	3,418
Less: minority interest			(67)	(1,094)
			144	2,324

¹ The ownership interest of 17% is based on voting rights. The voting rights are not consistent with the economic returns which vary over the life of the investment. As at the balance sheet date, BBWPT's share of the economic returns from Walkaway Wind Power Pty Limited was estimated at 32%.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

7. INVESTMENT IN ASSOCIATE (CONTINUED)

DIVIDENDS RECEIVED FROM ASSOCIATE

During the year, the Trust received no dividends (2007: nil) from its associate.

CONTINGENT LIABILITIES AND CAPITAL COMMITMENTS

The Trust's share of the contingent liabilities of the associate was \$2,584,000 (2007: \$2,584,000). This represented a letter of credit. There were no capital commitments or other expenditure commitments of associates.

8. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
CURRENT				
Trade payables	-	127	-	127
Accrued liabilities	-	18	-	18
Amounts due to related parties	888	875	883	870
	888	1,020	883	1,015
NON-CURRENT				
Loans from related parties	494	494	-	-
	494	494	-	-

9. CONTRIBUTED EQUITY

	2008		2007	
	No. '000	\$'000	No. '000	\$'000
FULLY PAID UNITS				
Balance at beginning of financial year	673,071	800,325	575,302	697,831
Capital distributions	-	(103,552)	-	(65,596)
Distribution reinvestment plan (i)	20,042	28,974	10,044	14,932
Lake Bonney Stage 2 (ii)	-	-	625	1,101
Institutional placement (iii)	4,350	7,807	87,100	155,212
Alinta scheme of arrangement (iv)	130,148	210,424	-	-
Security purchase plan (v)	26,935	46,142	-	-
Capital Wind Farm acquisition (vi)	14,055	24,407	-	-
Transaction costs arising on security issue	-	(11,040)	-	(3,155)
Balance at end of financial year	868,601	1,003,487	673,071	800,325

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

(i) Distribution reinvestment plan

BBW has established a distribution reinvestment plan under which holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by being paid in cash. To date, securities have been issued under the plan at a 2.5% discount to the weighted average price of BBW securities on the ASX over the 10 trading days ending on the trading day which is 3 trading days before the date the stapled securities are due to be allotted.

On 14 September 2007, BBW issued 6,267,665 stapled securities at a price of \$1.6151 per security in relation to the payment of the final distribution for the year ended 30 June 2007. As part of this re-investment BBWPT issued 6,267,665 units for consideration of \$10,093,000.

On 18 March 2008, BBW issued 13,774,279 stapled securities at a price of \$1.3748 per security in relation to the payment of the interim distribution for the year ended 30 June 2008. As part of this re-investment BBWPT issued 13,774,279 units for consideration of \$18,881,000.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

9. CONTRIBUTED EQUITY (CONTINUED)

(ii) Lake Bonney stage 2

Under an arrangement to provide certain management services to the Lake Bonney stage 2 wind farm, 625,287 fully paid stapled securities, including 625,287 units in BBWPT, were issued to NPP Projects II LLC on 10 April 2007 at a price of \$1.778 per stapled security.

(iii) Institutional placement

On 4 May 2007, BBWPT issued 87,100,000 units as part of a combined issuance of 87,100,000 stapled securities pursuant to an institutional placement. Each stapled security was priced at \$1.80 and total proceeds amounted to \$156,780,000 before costs of \$3,187,000. The proceeds for BBWPT arising from the issue were \$155,212,000.

In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4.35 million stapled securities at the same price as the institutional placement conditional upon the approval of BBW securityholders at the Annual General Meeting held on 9 November 2007.

Securityholders approved the issue and on 14 November 2007 BBW issued 4,350,000 stapled securities at a price of \$1.80 per stapled security. As part of this issue of stapled securities, BBWPT issued 4,350,000 units for consideration of \$7,807,000.

(iv) Alinta scheme of arrangement

On 30 March 2007, BBW announced that it was a member of the consortium bidding for the whole of the issued capital of Alinta Limited via a scheme of arrangement.

On 31 August 2007, under the scheme of arrangement, BBWPT issued 128,754,789 units as part of a combined stapled security issuance of 128,754,789 at a price of \$1.6214 net of transaction costs of \$9.5 million. The gross proceeds attributable to BBWPT units was determined by management as \$208,133,000.

On 6 September 2007, BBWPT issued a further 1,392,852 units as part of a final stapled security issuance of 1,392,852 at a price of \$1.65 per security to option holders in Alinta Limited as foreshadowed in the Scheme Booklet. The net proceeds attributable to BBWPT units as a result of this issuance was determined by management as \$2,291,000. Total gross proceeds from units issued as part of the scheme were \$210,424,000 with associated transaction costs of \$9,500,000.

(v) Security purchase plan

On 18 September 2007, BBW announced a Security Purchase Plan enabling existing shareholders to acquire up to \$5,000 in value of additional BBW securities at a discount to the market price. Pursuant to this plan, BBWPT issued 26,935,224 units as part of a combined issue of 26,935,224 stapled securities on 24 October 2007 at a price of \$1.7188 per security. The proceeds received by BBWPT amounted to \$46,142,000.

(vi) Capital wind farm

On 20 December 2007, BBWPT issued 7,294,836 units as part of a combined issuance of 7,294,836 stapled securities at a price of \$1.7766 per security as part consideration for the acquisition of the Capital wind farm. Pursuant to the Sale and Purchase Agreement a further 6,760,167 stapled securities (6,760,167 units) were issued on 3 January 2008 at a price of \$1.7041 per security. The proceeds attributable to BBWPT for the issue of units as part of the acquisition of the Capital wind farm were \$12,921,000 and \$11,486,000 respectively.

10. RETAINED EARNINGS

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000
Balance at beginning of financial year	12,265	4,114	8,796	2,964
Net profit/(loss) attributable to unit holders	4,000	8,151	3,856	5,832
Balance at end of financial year	16,265	12,265	12,652	8,796

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

11. EARNINGS PER UNIT

	Consolidated		Parent	
	2008	2007	2008	2007
Basic and diluted earnings per unit (cents)	0.5	1.4	0.5	1.0
Earnings used in calculation of basic and diluted earnings per unit to unit holders (\$'000)	4,000	8,151	3,856	5,832
Weighted average number of units on issue used in calculation of earnings per unit ('000)	818,301	594,227	818,301	594,227

12. DISTRIBUTIONS PAID

	2008		2007	
	Cents per security	Total \$'000	Cents per security	Total \$'000
Ordinary securities				
Final distribution in respect of 2007 year of 6.25 cents per stapled security (2006: 5.1 cents) paid in September 2007 (2006: September 2006), 100% tax deferred from BBWPT's contributed equity	6.25	42,067	5.10	29,340
Interim distribution in respect of 2008 year of 7.25 cents (2007: 6.25 cents) per stapled security paid in March 2008 (2007: March 2007), 100% tax deferred (2007: 100% tax deferred)	7.25	61,485	6.25	36,256
		103,552		65,596
Distributions paid in cash or satisfied by the issue of new stapled securities under the Distribution Reinvestment Plan during the year ended 30 June 2008 and the year ended 30 June 2007 were as follows:				
Paid in cash		74,490		50,513
Satisfied by the issue of stapled securities		29,062		15,083
		103,552		65,596

On 28 August 2008, the board of directors of BBW declared a final distribution in respect of the year ended 30 June 2008 of 7.25 cents per stapled security (2007: 6.25 cents), 100% tax deferred. The amount that will be paid on 18 September 2008 (2007: 14 September 2007) will be \$62,974,000 (2007: \$42,067,000). As the distribution was declared subsequent to 30 June 2008 no provision has been included as at 30 June 2008.

13. SEGMENT INFORMATION

The principal activities of the consolidated entity during the period were to lend and manage funds to entities carrying on wind farm businesses. During the year ended 30 June 2006, the Trust also acquired a non-controlling interest in entities that carry on wind farm businesses. These activities were based in Australia.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

14. RELATED PARTY DISCLOSURES

(A) EQUITY INTERESTS IN RELATED PARTIES

Equity interests in subsidiaries

Details of the percentage ownership held in subsidiaries are disclosed in Note 15 to the financial statements.

Equity interests in associate

Details of interest in associate are disclosed in Note 7 to the financial statements.

(B) KEY MANAGEMENT PERSONNEL DISCLOSURES

Details of key management personnel remuneration are disclosed in Note 4 to the financial statements.

(C) OTHER RELATED PARTY TRANSACTIONS

Transactions involving other related parties

Receivables from related parties are disclosed in Note 5. Payables to related parties are disclosed in Note 8. Transactions were made on normal commercial terms and conditions and under normal market rates.

Custodian, Responsible Entity and Manager fees and costs

Under the terms of the Custodian Agreement with Babcock & Brown Asset Holdings Pty Limited ("BBAH"), which is a subsidiary of Babcock & Brown Limited, 0.0125% of the gross asset value of BBWPT is payable as custodian fees. During the year ended 30 June 2008, fees paid or payable to the Custodian by the Group were \$132,000 (2007: \$94,000).

Babcock & Brown Wind Partners Services Limited ("BBWPS") acts as the responsible entity of BBWPT. Under BBWPT's constitution, BBWPS is entitled to a management fee of 2% per annum of the value of the gross assets of BBW. BBWPS has exercised its right under the constitution to waive the fee referred to above such that it is paid remuneration of \$500,000 per annum, increased for CPI. BBWPT incurred an amount of \$542,000 (2007: \$533,000) in the year ended 30 June 2008.

A management agreement was previously entered into with Babcock & Brown Infrastructure Management Pty Limited ("BBIM"), a subsidiary of Babcock & Brown Limited. During the year ended 30 June 2007, this agreement was novated from BBIM to Babcock & Brown Wind Partners Management Pty Ltd ("BBWPM" or the "Manager"), which is another subsidiary company of Babcock & Brown Limited. Under the management agreement between BBWPM and BBWPS (as responsible entity of BBWPT), a base fee of 0.2% per annum of the net investment value of BBW at the end of each quarter is payable. During the year ended 30 June 2008, BBWPT incurred base fees of \$2,468,000 (2007: \$1,661,000).

Transactions with associate

Ownership interests in, and distributions received from, associate are set out in Note 7.

Other related party transactions

Companies within the Babcock & Brown Limited group held 96,725,347 (2007: 81,162,000) stapled securities in BBW and during the year ended 30 June 2008 received \$11,862,000 (2007: \$9,212,000) as distributions on stapled securities held.

During the year ended 30 June 2008, BBWPT charged interest of \$6,563,000 (2007: \$8,432,000) on certain loans receivable from BBWPL. The interest rate was 6.25% (2007: ranged between 5.25% and 5.75%).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

14. RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

At the year end BBWPT owed the following amounts to various subsidiaries of Babcock & Brown and Babcock & Brown Wind Partners Limited:

Babcock & Brown Wind Partners Management Pty Ltd	\$664,000
CS Walkaway Pty Limited	\$178,000
NPP Projects V LLC	\$158,000
B&B Walkaway Pty Limited	\$158,000
Babcock & Brown Wind Partners Services Limited	\$136,000
Babcock & Brown Asset Holdings Pty Limited	\$34,000
Babcock & Brown Wind Partners Limited	\$5,000

At the year end BBWPT was owed the following amounts by Babcock & Brown Wind Partners Limited and its various subsidiaries:

Babcock & Brown Wind Partners Limited	\$950,232,000
Babcock & Brown Wind Partners (Bermuda) Limited	\$715,000
Walkaway Wind Power Pty Limited	\$1,215,000
BBWP (US) 2 Pty Limited	\$30,009,000
BBWP CWF Pty Limited	\$12,960,000

(D) PARENT ENTITIES

The parent entity in the consolidated entity is BBWPT.

The ultimate Australian parent entity is BBWPT.

The ultimate parent entity is BBWPT.

15. SUBSIDIARY ENTITIES

Name of entity	Country of incorporation	Ownership interest	
		2008 %	2007 %
PARENT ENTITY			
Babcock & Brown Wind Partners Trust	Australia		
SUBSIDIARIES OF BBWPT			
B&B Walkaway Trust	Australia	100%	100%
CS Walkaway Trust	Australia	100%	100%
Renewable Power Ventures Investment Trust	Australia	68%	68%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

16. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Parent	
	2008 \$'000	2007 \$'000	2008 \$'000	2007 \$'000

RECONCILIATION OF CASH AND CASH EQUIVALENTS

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

Cash and cash equivalents	661	337	661	337
	661	337	661	337

17. FINANCIAL RISK MANAGEMENT

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

The principal financial instruments that give rise to this risk comprise cash, receivables, & intercompany payables and receivables.

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

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

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group.

The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, and other price risks, and aging analysis for credit risk.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(A) MARKET RISKS

Interest rate risks

BBWPT receives interest on certain loans made to BBWPL. It is exposed to interest rate changes on the interest it receives from these loans. BBWPT also has a small amount of cash balances. Interest earnings on these cash balances are affected when interest rates move.

Sensitivity

The sensitivity to interest rate movement of net profit 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.

Consolidated & Parent Entity

2008 AUD \$'000			AUD +100 bps	AUD -100 bps
IMPACT ON INCOME STATEMENT				
Cash	AUD	661	7	(7)
Interest bearing loans	AUD	54,755	548	(548)
2007				
2007 AUD \$'000			AUD +100 bps	AUD -100 bps
IMPACT ON INCOME STATEMENT				
Cash	AUD	337	3	(3)
Interest bearing loans	AUD	155,324	1,553	(1,553)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(B) CREDIT RISK

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

BBWPT does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

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

Consolidated Entity

	Within credit terms \$'000	Past due but not impaired \$'000	Impaired \$'000	Description
2008				
Bank deposits	661	-	-	Banks are investment grade or above
GST receivable	56	-	-	Due from the Australian Government
Interest receivable related parties	749	-	-	Due from BBWPL and BBWPB
Loans to related parties	993,917	-	-	Due from BBWPL and BBWPB
Loans to associates	1,216	-	-	Due from Walkaway Wind Power Pty Ltd
	996,599	-	-	
2007				
Bank deposits	337	-	-	Banks are investment grade or above
GST receivable	192	-	-	Due from the Australian Government
Interest Receivable related parties	4,847	-	-	Due from BBWPL and BBWPB
Loans to related parties	783,121	-	-	Due from BBWPL and BBWPB
Loans to associates	1,216	-	-	Due from Walkaway Wind Power Pty Ltd
	789,713	-	-	

Parent Entity

	Within credit terms \$'000	Past due but not impaired \$'000	Impaired \$'000	Description
2008				
Bank deposits	661	-	-	Banks are investment grade or above
GST receivable	56	-	-	Due from the Australian Government
Interest receivable related parties	749	-	-	Due from BBWPL and BBWPB
Loans to related parties	993,917	-	-	Due from BBWPL and BBWPB
	995,383	-	-	
2007				
Bank deposits	337	-	-	Banks are investment grade or above
GST receivable	192	-	-	Due from the Australian Government
Interest Receivable related parties	4,847	-	-	Due from BBWPL and BBWPB
Loans to related parties	783,121	-	-	Due from BBWPL and BBWPB
	788,497	-	-	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2008

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(C) LIQUIDITY RISKS

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

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

Consolidated Entity

2008	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade Payables	-	-	-	-
Amounts due to related parties	888	494	-	1,382

2007	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade Payables	127	-	-	127
Amounts due to related parties	875	494	-	1,369

Parent Entity

2008	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade Payables	-	-	-	-
Amounts due to related parties	883	-	-	883

2007	Up to 12 months \$'000	1 to 5 years \$'000	Over 5 years \$'000	Total contractual cash flows \$'000
Trade Payables	127	-	-	127
Amounts due to related parties	870	-	-	870

CAPITAL RISK MANAGEMENT

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

The Board of Directors review the capital structure, and as part of this review, consider the cost of capital and the risks and rewards associated with each class of capital.

18. SUBSEQUENT EVENTS

On 21 August 2008, BBW agreed to sell its portfolio of operating Spanish wind energy assets with an installed capacity of 420.7MW to Formento de Construcciones y Contratas, S.A. The sale is subject to local authority consents in Spain, which are expected to take approximately three months, with financial close occurring thereafter.

DIRECTORS' DECLARATION

In the opinion of the directors of Babcock & Brown Wind Partners Services Limited ("BBWPS"):

- (a) the financial statements and notes set out on pages 11 to 31 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - (ii) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2008 and of their performance for the financial year ended on that date; and
- (b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

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

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

On behalf of the Directors:



PETER HOFBAUER
Director



WARREN MURPHY
Director

Sydney, 17 September 2008

CORPORATE INFORMATION

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SECURITY REGISTER

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Babcock & Brown Wind Partners stapled securities are listed on the Australian Securities Exchange and trade under the code "BBW".

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