

# INFIGEN ENERGY GROUP

## APPENDIX 4D

### Half Year Report

Name of entity:	<b>Infigen Energy (ASX: IFN), a stapled entity comprising Infigen Energy Limited (ABN 39 105 051 616), Infigen Energy (Bermuda) Limited (ARBN 116 360 715), and the Infigen Energy Trust (ARSN 116 244 118)</b>
ABN:	<b>As Above</b>

#### 1. Reporting period

Current Period:	1 July 2010 - 31 December 2010
Previous Corresponding Period:	1 July 2009 - 31 December 2009

#### 2. Results for announcement to the market

	<b>% Movement</b>	<b>2011 A\$'000</b>	<b>2010 A\$'000</b>
2.1 Revenues from ordinary activities	1%	145,807	144,389
2.2 Profit / (Loss) from ordinary activities after tax attributable to members	(118.3%)	(34,402)	(15,762)
2.3 Profit / (Loss) for the period attributable to members	(118.3%)	(34,402)	(15,762)
2.4 Distributions	<b>Amount per security</b>	<b>Franked amount per security</b>	
Interim distribution (FY11) – per fully paid stapled security	1.0 cent	-	
Final distribution (FY10) – per fully paid stapled security	2.0 cents	-	
2.5 Record date for determining entitlement to the Interim Distribution	FY11: 31 December 2010 FY10: not applicable		
2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:	<p>Revenue from ordinary activities for the half year ended 31 December 2009 has been restated to reflect a change in accounting policy regarding the recognition of revenue earned from the generation of Renewable Energy Certificates (“RECs”). Profit / (Loss) from ordinary activities after tax attributable to members has also been restated to reflect this change in accounting policy.</p> <p>Refer to the attached financial statements Note 1, Statement of Significant Accounting Policies and to the equivalent note in the 2010 Annual Report for further description of IFN’s accounting policies.</p>		

# Infigen Energy Group

## Appendix 4D – Half Year Report

### 3. Distributions

	<b>Record Date</b>	<b>Payment Date</b>
<b>FY10 Final Distribution</b>	30 June 2010	16 September 2010
<b>FY11 Interim Distribution</b>	31 December 2010	17 March 2011

IFN has confirmed that it will pay an interim distribution of 1.0 cent per stapled security on 17 March 2011. This interim distribution is expected to be fully tax deferred. In September 2010, Infigen Energy paid a final distribution of 2.0 cents per stapled security in relation to the year ended 30 June 2010. The distribution that was paid on 16 September 2010 was fully tax deferred.

### 4. Distribution reinvestment plan

Infigen Energy's Distribution Reinvestment Plan (DRP) provides for eligible security holders to reinvest part or all of any distribution received in additional stapled securities. The plan is currently active. Securities will be issued to participants in the plan at the DRP price. The DRP price is the weighted average market price of IFN securities over a 10 day period prior to the allotment date.

### 5. Net tangible asset backing per security

	<b>31 December 2010</b>	<b>30 June 2010</b>
Net tangible assets backing per stapled security (\$)	0.44	0.43

### 6. Control gained or lost over entities during the period

6.1 Name of entity (or group of entities) over which control was gained	Not applicable
6.2 Date control was gained	Not applicable
6.3 Consolidated profit after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	Not applicable
6.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

### 7. Associates and joint venture entities

7.1 Name of entity (or group of entities) over which significant influence was gained	Not applicable
7.2 Date significant influence was gained	Not applicable
7.3 Percentage holding in the associate	Not applicable

# Infigen Energy Group

## Appendix 4D – Half Year Report

7.4 Consolidated profit / (loss) after tax from ordinary activities and extraordinary items after tax of the associate (or group of entities) since the date in the current period.	Not applicable
7.5 Profit / (loss) from ordinary activities and extraordinary items after tax of the associate (or group of entities) for the whole of the previous corresponding period	Not applicable

### **8. Other significant information**

Not Applicable.

### **9. Accounting standards used by foreign entities**

Refer to the attached financial statements Note 1, Statement of Significant Accounting Policies and to the equivalent note in the FY 2010 Annual Report.

### **10. Commentary on results**

#### **Distribution**

The Directors of Infigen Energy have confirmed an interim distribution of 1.0 cent per security payable to security holders on the register at the record date of 31 December 2010. The amount of the distribution expected to be settled in cash or through the Distribution Reinvestment Plan (DRP) on 17 March 2011 is \$7.6 million. No distribution was paid in relation to the prior corresponding period.

#### **Revenue**

Revenue was \$137.8 million, up 2% or \$2.5 million. This was due to a 32% increase in revenue in Australia primarily from an additional four months contribution from the 140.7 MW Capital Wind Farm in New South Wales and a full period contribution from the 39 MW Lake Bonney 3 Wind Farm in South Australia. The prior corresponding period is restated to reflect the revised accounting treatment of RECs as described in Note 1 to provide a direct comparison.

These increases were partially offset by an 8% decrease in revenue from the US caused largely by the appreciation of the Australian Dollar (AUD) against the United States Dollar (USD). In Europe, lower wind resource and an appreciation of the AUD against the Euro resulted in a \$6.6 million decrease in revenue from Germany.

#### *Voluntary change to accounting policy*

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

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

# Infigen Energy Group

## Appendix 4D – Half Year Report

---

### Net Loss

Infigen Energy reported a statutory loss for the half year of \$34.4 million, an adverse movement of \$18.6 million compared with a statutory loss of \$15.8 million for the prior corresponding period.

The drivers for this result were higher borrowing costs as a result of a swap termination, a lower net contribution from US Institutional Equity Partnerships (IEPs), weak Australian merchant electricity prices, a significant appreciation of the AUD against USD and increased operating costs as Infigen's global portfolio becomes subject to higher off-warranty turbine operating and maintenance costs. The swap termination was forced upon IFN by the counterparty under an early termination clause in the contract due to the bank leaving the Australian market, and resulted a loss of \$8.6 million. No further swaps are eligible for termination at the option of counterparties during the remainder of the financial year. Swaps valued at \$6.0 million at 31 December 2010 are eligible for termination at the option of counterparties in 2013.

### Outlook

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

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

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

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

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

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

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

# Infigen Energy Group

---

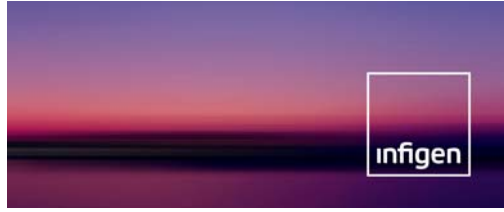
## Appendix 4D – Half Year Report

### **11. Audit / review of accounts upon which this report is based**

This report is based on accounts which have been reviewed. Refer to the attached financial statements.

### **12. Qualification of review**

Not applicable



## **INFIGEN ENERGY GROUP**

**Comprising Infigen Energy Limited  
and its controlled entities**

**ABN 39 105 051 616**

**Interim Financial Report  
for the Half-Year Ended  
31 December 2010**

# **Infigen Energy Group**

## **Interim Financial Report – 31 December 2010**

### ***Contents***

Infigen Energy group structure	3
Directors' report	4
Auditor's independence declaration	7
Independent review report to the stapled security holders	8
Directors' declaration	10
Consolidated statements of comprehensive income	11
Consolidated statements of financial position	12
Consolidated statements of changes in equity	13
Consolidated cash flow statements	14
Notes to the consolidated financial statements	15

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

## Infigen Energy Group Structure

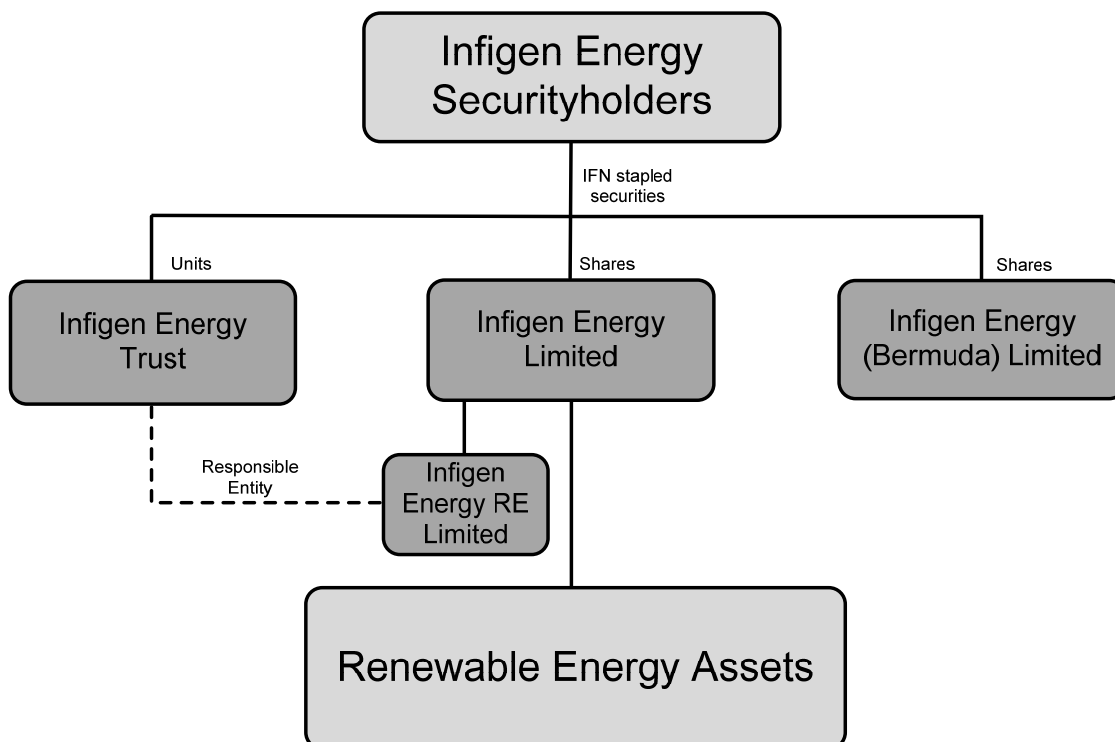
As at the date of this report and for the whole of the financial year, Infigen Energy Group (the “Group”) consists of the following entities:

- Infigen Energy Limited (“IEL”);
- Infigen Energy Trust (“IET”);
- Infigen Energy (Bermuda) Limited (“IEBL”); and
- subsidiary entities of each of IEL and IET.

The issued securities in IEL, IET and IEBL have been stapled together and trade as listed stapled securities on the Australian Securities Exchange (ASX code: IFN). Each stapled security represents one share in each of IEL and IEBL and one unit in IET. Infigen Energy RE Limited (“IERL”), a wholly owned subsidiary of the Group, has been appointed as the responsible entity of IET.

The current stapled structure of the IFN group was established immediately prior to listing on the Australian Securities Exchange in 2005 and is currently unable to be simplified due to provisions within the group’s corporate facility.

The following diagram provides an overview of the Group’s structure.



UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement IEL has been identified as the parent of the consolidated group comprising IEL and its controlled entities, IET and its controlled entities and IEBL. Therefore the IEL consolidated financial statements attached include all entities forming part of the Group.

As IET is also considered a disclosing entity, separate financial statements for the IET consolidated group at 31 December 2010 have been prepared.



# **Infigen Energy Group**

## **Directors' Report**

In respect of the half year ended 31 December 2010, the directors of IEL submit the following report on the consolidated interim financial report of Infigen Energy Limited ("IEL").

AASB Interpretation 1002, *Post-Date-of-Transition Stapling Arrangements*, applies to stapling arrangements occurring during annual reporting periods ended on or after 31 December 2005 where the identified parent does not obtain an ownership interest in the entity whose securities have been stapled. As a consequence of the stapling arrangement involving no acquisition consideration and no ownership interest being acquired by the combining entities, no goodwill is recognised in relation to the stapling arrangement and the interests of the equity holders in the stapled securities are treated as minority interests.

Whilst stapled arrangements occurring prior to the application of AASB Interpretation 1002 are grandfathered and can continue to be accounted for in accordance with the principles established in UIG 1013, for disclosure purposes and the fact that IEL has entered into stapling arrangements both pre and post transition to A-IFRS, the interests of the equity holders in all stapled securities (regardless of whether the stapling occurred pre or post transition to A-IFRS) have been treated as a minority interest under the principles established in AASB Interpretation 1002.

### **Directors**

The following persons were Directors of IEL during the half-year and up to the date of this report, unless otherwise indicated:

Mr Michael Hutchinson  
Mr Douglas Clemson  
Mr Miles George  
Mr Philip Green (appointed 18 November 2010)  
Mr Graham Kelly (resigned 12 November 2010)  
Mr Anthony Battle (retired 18 November 2010)

### **Review of Operations**

#### *Distribution*

The Directors of Infigen Energy have confirmed an interim distribution of 1.0 cent per security payable to security holders on the register as at the record date of 31 December 2010. The amount of the distribution expected to be settled in cash or through the Distribution Reinvestment Plan (DRP) on 17 March 2011 is \$7.6 million. No distribution was paid in relation to the prior corresponding period. The board of IERL has confirmed that the interim distribution of 1.0 cent per stapled security is expected to be fully tax deferred. Further details regarding the distributions paid by IET are set out in Note 10 to the Financial Statements.

#### *Revenue*

Revenue was \$137.8 million, up 2% or \$2.5 million. This was due to a 32% increase in revenue in Australia primarily from an additional four months contribution from the 140.7 MW Capital Wind Farm in New South Wales and a full period contribution from the 39 MW Lake Bonney 3 Wind Farm in South Australia. The prior corresponding period is restated to reflect the revised accounting treatment of RECs as described in Note 1 to provide a direct comparison. These increases were partially offset by an 8% decrease in revenue from the US caused largely by the appreciation of the Australian Dollar (AUD) against the United States Dollar (USD). In Europe, lower wind resource and an appreciation of the AUD against the Euro resulted in a \$6.6 million decrease in revenue from Germany.

#### *Voluntary change to accounting policy*

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

## **Infigen Energy Group Directors' Report (continued)**

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

### *Net Loss*

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

The drivers for this result were higher borrowing costs as a result of a swap termination, a lower net contribution from US Institutional Equity Partnerships (IEPs), weak Australian merchant electricity prices, a significant appreciation of the AUD against USD and increased operating costs as Infigen's global portfolio becomes subject to higher off-warranty turbine operating and maintenance costs. The swap termination was forced upon IFN by the counterparty under an early termination clause in the contract due to the bank leaving the Australian market, and resulted a loss of \$8.6 million. No further swaps are eligible for termination at the option of counterparties during the remainder of the financial year. Swaps valued at \$6.0 million at 31 December 2010 are eligible for termination at the option of counterparties in 2013.

### **Outlook**

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

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

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

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

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

## **Infigen Energy Group Directors' Report (continued)**

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

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

### **Auditor's Independence Declaration**

The auditor's independence declaration is included on page 7.

Signed in accordance with a resolution of directors.

**On behalf of the Directors of the Group:**



**Miles George**

**Director**

**Sydney, 25 February 2011**

PricewaterhouseCoopers  
ABN 52 780 433 757

Darling Park Tower 2  
201 Sussex Street  
GPO BOX 2650  
SYDNEY NSW 1171  
DX 77 Sydney  
Australia  
Telephone +61 2 8266 0000  
Facsimile +61 2 8266 9999

## Auditor's Independence Declaration

As lead auditor for the review of Infigen Energy Limited for the half year ended 31 December 2010, 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 Limited and the entities it controlled during the period.



Darren Ross  
Partner  
PricewaterhouseCoopers

Sydney  
25 February 2011

## Independent auditor's review report to the members of Infigen Energy Limited

### Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Infigen Energy Limited, which comprises the statement of financial position as at 31 December 2010, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Infigen Energy Group (the consolidated entity). The consolidated entity comprises both Infigen Energy Limited (the company) and the entities it controlled during that half-year.

#### *Directors' responsibility for the half-year financial report*

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such 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 Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim 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 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 2010 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 Limited, 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. 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.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our review was not designed to provide assurance on internal controls.

**Independent auditor's review report to the members of Infigen Energy Limited (continued)**

Our review did not involve an analysis of the prudence of business decisions made by directors or management.

*Matters relating to the electronic presentation of the reviewed financial report*

This review report relates to the financial report of the company for the half-year ended 31 December 2010 included on Infigen Energy Limited's web site. The company's directors are responsible for the integrity of the Infigen Energy Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. 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 reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

*Independence*

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

*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 Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2010 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001*.



PricewaterhouseCoopers



Darren Ross  
Partner

Sydney  
25 February 2011

## **Infigen Energy Group Directors' Declaration**

In the opinion of the Directors of Infigen Energy Limited ("IEL"), the consolidated half-year financial statements and notes for Infigen Energy Group as set out on pages 11 to 29:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated half-year financial position of IEL as at 31 December 2010 and of its performance, as represented by the results of its operations and cash flows, for the six months ended on that date.

In the Directors' opinion:

- a) the financial statements and notes are in accordance with the Corporations Act 2001; and
- b) there are reasonable grounds to believe that IEL will be able to pay its respective debts as and when they become due and payable.

This declaration is made in accordance with a resolution of directors pursuant to s.303(5) of the Corporations Act 2001.

**On behalf of the Directors of IEL:**



**Miles George**  
**Director**  
**Sydney, 25 February 2011**

## Consolidated statements of comprehensive income for the half year ended 31 December 2010

Note	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000 (restated)	
<b>Revenue from continuing operations</b>	2	145,807	144,389
Income from institutional equity partnerships	3	28,575	34,558
Other income	3	15,957	18,146
Operating expenses		(57,984)	(52,393)
Corporate costs		(8,514)	(10,355)
Other expenses	4	(469)	(3,264)
Depreciation and amortisation expense	4	(74,929)	(73,280)
Interest expense		(46,483)	(44,107)
Finance costs relating to institutional equity partnerships	4	(26,889)	(21,491)
Interest rate derivatives terminated	4	(8,638)	-
Other finance costs	4	(849)	(9,358)
Significant non-recurring items	4	-	(5,450)
Share of net profits / (losses) of associates accounted for using the equity method		204	(42)
<b>Net loss before income tax benefit</b>		(34,212)	(22,647)
Income tax (expense) / benefit		(190)	5,382
Loss from continuing operations		(34,402)	(17,265)
Profit from discontinued operations		-	1,503
<b>Net loss for the period</b>		(34,402)	(15,762)
<b>Other comprehensive income</b>			
Changes in the fair value of cash flow hedges, net of tax		36,159	14,936
Exchange differences on translation of foreign operations		(26,140)	(24,522)
<b>Total comprehensive loss for the period, net of tax</b>		(24,383)	(25,348)
<b>Net loss for the period is attributable to stapled security holders as:</b>			
Equity holders of the parent		(33,876)	(16,881)
Equity holders of the other stapled entities (minority interests)		(526)	857
		(34,402)	(16,024)
Other non-controlling interests		-	262
		(34,402)	(15,762)
<b>Total comprehensive loss is attributable to stapled security holders as:</b>			
Equity holders of the parent		(23,857)	(26,467)
Equity holders of the other stapled entities (minority interests)		(526)	857
		(24,383)	(25,610)
Other non-controlling interests		-	262
		(24,383)	(25,348)
<b>Earnings per share of the parent based on earnings attributable to the equity holders of the parent:</b>			
Basic (cents per security)	12	(4.5)	(2.3)
Diluted (cents per security)	12	(4.5)	(2.3)

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



## Consolidated statements of financial position as at 31 December 2010

	Note	As at 31 Dec 2010 \$'000	As at 30 Jun 2010 \$'000 (restated)
<b>Current assets</b>			
Cash and cash equivalents		163,318	229,950
Trade and other receivables	6	51,258	36,901
Inventory		11,075	3,204
Prepayments		13,629	16,376
Other current assets		78	75
<b>Total current assets</b>		<b>239,358</b>	<b>286,506</b>
<b>Non-current assets</b>			
Receivables		727	1,171
Prepayments		11,205	12,495
Investment in associates		3,747	3,543
Property, plant and equipment		2,730,073	3,110,894
Deferred tax assets		99,128	97,327
Goodwill		25,430	26,457
Intangible assets		324,932	366,581
<b>Total non-current assets</b>		<b>3,195,242</b>	<b>3,618,468</b>
<b>Total assets</b>		<b>3,434,600</b>	<b>3,904,974</b>
<b>Current liabilities</b>			
Trade and other payables	8	47,958	62,758
Borrowings		64,936	88,355
Derivative financial instruments		30,598	59,573
Current tax payables		2,024	2,394
Provisions		1,718	2,627
<b>Total current liabilities</b>		<b>147,234</b>	<b>215,707</b>
<b>Non-current liabilities</b>			
Payables		564	485
Borrowings		1,245,756	1,334,285
Derivative financial instruments		66,736	98,284
Provisions		279	239
Deferred tax liabilities		75,060	64,766
<b>Total non-current liabilities</b>		<b>1,388,395</b>	<b>1,498,059</b>
Institutional equity partnerships classified as liabilities	9	1,215,131	1,469,280
<b>Total liabilities</b>		<b>2,750,760</b>	<b>3,183,046</b>
<b>Net assets</b>		<b>683,840</b>	<b>721,928</b>
<b>Equity holders of the parent</b>			
Contributed equity	14	2,305	2,305
Reserves		(178,226)	(189,185)
Retained earnings		88,576	122,452
		(87,345)	(64,428)
<b>Equity holders of the other stapled entities (non-controlling interests)</b>			
Contributed equity	14	766,595	781,240
Reserves		-	-
Retained earnings		4,590	5,116
		771,185	786,356
<b>Total equity</b>		<b>683,840</b>	<b>721,928</b>

The above 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 2010

	Note	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000 (restated)	Total \$'000 (restated)	Other non- controlling interests \$'000	Total equity \$'000 (restated)
<b>Total equity at 1 July 2009</b>		862,113	(148,828)	202,189	915,474	7,803	923,277
Net loss for the period		-	-	(16,024)	(16,024)	262	(15,762)
Changes in the fair value of cash flow hedges, net of tax		-	14,936	-	14,936	-	14,936
Exchange differences on translation of foreign operations and movement in fair value of net investment hedges		-	(24,522)	-	(24,522)	-	(24,522)
<b>Total comprehensive income for the period</b>		-	(9,586)	(16,024)	(25,610)	262	(25,348)
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Amortisation of share-based payments		-	1,197	-	1,197	-	1,197
Purchase of securities – on market buyback		(6,301)	-	-	(6,301)	-	(6,301)
Disposal of non-controlling interest on sale of subsidiary		-	5,770	-	5,770	(8,065)	(2,295)
Distributions paid	10	(36,635)	-	-	(36,635)	-	(36,635)
<b>Total equity at 31 December 2009</b>		819,177	(151,447)	186,165	853,895	-	853,895
<b>Total equity at 1 July 2010</b>		783,545	(189,185)	127,568	721,928	-	721,928
Net loss for the period		-	-	(34,402)	(34,402)	-	(34,402)
Changes in the fair value of cash flow hedges, net of tax		-	36,159	-	36,159	-	36,159
Exchange differences on translation of foreign operations and movement in fair value of net investment hedges		-	(26,140)	-	(26,140)	-	(26,140)
<b>Total comprehensive income for the period</b>		-	10,019	(34,402)	(24,383)	-	(24,383)
<b>Transactions with equity holders in their capacity as equity holders:</b>							
Contributions of equity, net of transaction costs		627	-	-	627	-	627
Amortisation of share-based payments		-	940	-	940	-	940
Distributions paid	10	(15,272)	-	-	(15,272)	-	(15,272)
<b>Total equity at 31 December 2010</b>		768,900	(178,226)	93,166	683,840	-	683,840

The above 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 2010

Note	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000 (restated)
<b>Cash flows from operating activities</b>		
Loss for the period	(34,402)	(15,762)
Adjustments for:		
Distributions paid to non-controlling interests from Institutional Equity Partnerships	(6,913)	(6,529)
Interests in institutional equity partnerships	(1,686)	(13,068)
(Gain) / Loss on revaluation for fair value through profit or loss financial assets – financial instruments	(2,274)	4,094
Depreciation and amortisation of non-current assets	74,929	76,000
Foreign exchange (gain) / loss	(9,413)	(10,818)
Amortisation of share based payments expense	940	1,197
Amortisation of borrowing costs capitalized	327	3,118
Increase/(decrease) in current tax liability	(383)	(6,422)
(Increase)/decrease in deferred tax balances	1,050	(735)
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables and other current assets	(17,994)	(20,897)
Increase/(decrease) in liabilities:		
Current payables	(4,314)	11,365
Non-current payables	121	-
<b>Net cash from operating activities</b>	<b>(12)</b>	<b>21,543</b>
<b>Cash flows from investing activities</b>		
Payments in relation to potential and completed sales of overseas assets	(5,653)	(3,064)
Payment in relation to contingent hedging of proceeds from potential disposal of overseas assets	-	(10,758)
Payment for property, plant and equipment and intangible assets	(37,507)	(107,785)
Payment for investments in associates	-	(6,875)
Loans advanced to related entities	(1,333)	(1,760)
Repayment of loans	-	1,020
<b>Net cash used in investing activities</b>	<b>(44,493)</b>	<b>(129,222)</b>
<b>Cash flows from financing activities</b>		
Payment for security buy-back	-	(6,301)
Repayment of borrowings	(1,675)	(36,330)
Distributions paid to security holders	(14,645)	(36,635)
<b>Net cash provided by / (used in) financing activities</b>	<b>(16,320)</b>	<b>(79,266)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(60,825)</b>	<b>(186,945)</b>
<b>Cash and cash equivalents at the beginning of the half year</b>	<b>229,950</b>	<b>409,334</b>
Effects of exchange rate on the balance of cash held in foreign currencies	(5,807)	(6,714)
<b>Cash and cash equivalents at the end of the half year</b>	<b>163,318</b>	<b>215,675</b>

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

## Notes to the consolidated financial statements

### 1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2010 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2010 and any public announcements made by Infigen Energy during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Except for the following, the accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period:

#### *(a) Segment reporting*

The Group has applied AASB 8 Operating Segments from 1 July 2009. AASB 8 requires a 'management approach' under which segment information is presented on the same basis as that used for internal reporting purposes. This has not resulted in any changes to the reportable segments presented from the prior corresponding period.

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision-maker has been identified as the Board of Directors of IEL.

Goodwill is allocated by management to groups of cash-generating units on a segment level. The application of AASB 8 Operating Segments from 1 July 2009 has not resulted in any impairment of goodwill. There has been no other impact on the measurement of the Group's assets and liabilities.

#### *(b) Development costs*

Costs incurred on development projects are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its costs can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight-line basis over its useful life.

#### *(c) Principles of consolidation*

##### *Associates*

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

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

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

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

**1. Summary of accounting policies (cont'd)**

*(d) Rounding off of amounts*

Infigen Energy Group is of a kind referred to in Class Order 98/0100, as amended by Class Order 04/667, issued by the Australian Securities & Investments Commission relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded to the nearest thousand dollars in accordance with that Class Order, unless otherwise indicated.

*(e) Restatement of comparative information*

Discontinued operations

The group disposed of its assets in France in April 2010. As a consequence of this disposal, for the half year ended 31 December 2009, France is classified as a discontinued operation.

Furthermore, under AASB 5, *Non-current Assets Held for Sale and Discontinued Operations*, the comparative information has been restated in respect of the results of the operations relating to operations in France.

Voluntary change in accounting policy – Revenue Recognition

Renewable Energy Certificates ("RECs") are generated and held for sale in the ordinary course of business. RECs cost a nominal amount to register plus a share of production costs. RECs constitute a government grant as defined in AASB 120 (3) as they are assistance from the Government in the form of transfers of resources. The accounting standards provide a choice to recognise the grant either at cost (generally the nominal amount noted above) or at fair value. If the grant is recognised at fair value, the credit should be recognised immediately in the statement of comprehensive income unless there are any conditions precedent that may result in repayment.

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

Consequently, the directors have elected to change the accounting policy to recognise RECs at fair value with immediate recognition in the statement of comprehensive income. Consequently, recognising the grant at fair value at that time means that the income is recognised in the same period as the costs that the grant is intending to compensate. The revised policy results in more relevant information of the economic outcome in relation to the generation of RECs in the period.

Under the revised policy, RECs continue to be held on the balance sheet as inventory. In subsequent periods, RECs are valued at the lower of cost and net realisable value, hence where the market value of RECs falls, inventory is reduced and an expense is recorded through the statement of comprehensive income. Upon sale, the difference between sale price and book value is recorded through the statement of comprehensive income.

As the change in accounting policy is voluntary, the impact of the change has been applied retrospectively. The change in timing for recognition of revenue in relation to RECs has resulted in a net increase in revenue of \$9,742,000 in the current period as compared to the amount of revenue that would have been recognised under the previous policy.

The table below summarises the effect of the change in accounting policy on the prior corresponding period financial statements of the Group.

1. Summary of accounting policies (cont'd)

**Effect of Restatements: Income statement for the half year ended 31 December 2009**

	31 December 2009	Discontinued operations	Change in accounting policy	31 December 2009 (Restated)
	\$'000	\$'000	\$'000	\$'000
Revenue from continuing operations	146,650	(7,574)	5,313	144,389
Income from institutional equity partnerships	34,558	-		34,558
Other income	18,126	20		18,146
Operating expenses	(51,897)	1,223	(1,719)	(52,393)
Corporate costs	(10,355)	-		(10,355)
Other expenses	(3,264)	-		(3,264)
Depreciation and amortisation expense	(76,000)	2,720		(73,280)
Interest expense	(45,309)	1,202		(44,107)
Finance costs relating to institutional equity partnerships	(21,491)	-		(21,491)
Other finance costs	(9,472)	114		(9,358)
Significant non-recurring items	(5,450)	-		(5,450)
Share of net losses of associates accounted for using the equity method	(42)	-		(42)
<b>Net profit / (loss) before income tax expense</b>	<b>(23,946)</b>	<b>(2,295)</b>	<b>3,594</b>	<b>(22,647)</b>
Income tax benefit / (expense)	5,668	792	(1,078)	5,382
Profit / (loss) from continuing operations	(18,278)	(1,503)	2,516	(17,265)
Profit / (loss) from discontinued operations	-	1,503	-	1,503
<b>Net profit / (loss) for the period</b>	<b>(18,278)</b>	<b>-</b>	<b>2,516</b>	<b>(15,762)</b>
<b>Other comprehensive income – movements through equity</b>				
Changes in the fair value of cash flow hedges, net of tax	14,936	-	-	14,936
Exchange differences on the translation of foreign operations and movement in fair value of net investment hedges	(24,522)	-	-	(24,522)
<b>Tot comprehensive income / (loss) for the period, net of tax</b>	<b>(27,864)</b>	<b>-</b>	<b>2,516</b>	<b>(25,348)</b>
<b>Net profit / (loss) for the period is attributable to stapled security holders as:</b>				
Equity holders of the parent	(19,397)	-	2,516	(16,881)
Equity holders of the other stapled entities (non-controlling interests)	857	-	-	857
	(18,540)	-	2,516	(16,024)
Non-controlling interest	262	-	-	262
	(18,278)	-	2,516	(15,762)
<b>Total comprehensive loss is attributable to stapled security holders as:</b>				
Equity holders of the parent	(28,983)	-	2,516	(26,467)
Equity holders of the other stapled entities (non-controlling interests)	857	-	-	857
	(28,126)	-	2,516	(25,610)
Non-controlling interest	262	-	-	262
	(27,864)	-	2,516	(25,348)
<b>Earnings per share of the parent based on earnings from continuing operations attributable to the equity holders of the parent:</b>				
Basic (cents per security)	(2.4)	(0.2)	0.3	(2.3)
Diluted (cents per security)	(2.4)	(0.2)	0.3	(2.3)

1. Summary of accounting policies (cont'd)

**Effect of Restatements: Balance sheet as at 30 June 2010**

	30 June 2010 \$'000	Discontinued operations \$'000	Change in accounting policy \$'000	30 June 2010 (Restated) \$'000
<b>Total current assets</b>	286,506	-	-	286,506
<b>Non-current assets</b>				
<b>Total non-current assets</b>	3,618,468	-	-	3,618,468
<b>Total assets</b>	3,904,974	-	-	3,904,974
<b>Current liabilities</b>				
Trade and other payables	65,962	-	(3,204)	62,758
<b>Total current liabilities</b>	218,911	-	(3,204)	215,707
<b>Non-current liabilities</b>				
Deferred tax liabilities	63,805	-	961	64,766
<b>Total non-current liabilities</b>	1,497,098	-	961	1,498,059
Institutional equity partnerships classified as liabilities	1,469,280	-	-	1,469,280
<b>Total liabilities</b>	3,185,289	-	(2,243)	3,183,046
<b>Net assets</b>	719,685	-	2,243	721,928
<b>Equity holders of the parent</b>				
Retained earnings	120,209	-	2,243	122,452
	(66,671)	-	2,243	(64,428)
<b>Equity holders of the other stapled entities (minority interests)</b>				
Retained earnings	5,116	-	-	5,116
	786,356	-	-	786,356
<b>Total equity</b>	719,685	-	2,243	721,928

2. Revenue

	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000 (restated)
<b>From continuing operations</b>		
Revenue from the sale of environmental products	28,784	31,380
Revenue from lease of plant and equipment <sup>1</sup>	115,280	101,311
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	413	7,914
Revenue from asset management services	1,222	3,784
Grant revenue	108	-
	145,807	144,389
<b>From discontinued operations (Note 5)</b>		
Revenue from the sale of environmental products	-	7,574
	-	7,574

<sup>1</sup> Under UIG INT 4, certain of the Group's contractual arrangements relating to the sale of electricity and green products are required to be classified as leases.

**3. Other income**

	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000
<b>Income from institutional equity partnerships</b>		
Value of production tax credits offset against Class A liability	39,478	39,870
Value of tax losses offset against Class A liability	10,499	38,123
Benefits deferred during the period	(21,402)	(43,435)
	28,575	34,558
<b>Other income</b>		
Interest income	4,135	3,873
Foreign exchange gains	9,413	12,617
Fair value gains on financial instruments	2,274	1,656
Other income	135	-
	15,957	18,146

**4. Expenses**

	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000
<b>Net loss before income tax has been arrived at after charging the following expenses:</b>		
<b>Other expenses:</b>		
Development costs	469	200
Expenses relating to potential sale of overseas assets – other costs	-	3,064
	469	3,264
<b>Depreciation and amortisation expense:</b>		
Depreciation of property, plant & equipment	67,310	65,712
Amortisation of intangible assets	7,619	7,568
	74,929	73,280
<b>Finance costs relating to institutional equity partnerships</b>		
Allocation of return on outstanding Class A liability	24,789	30,670
Movement in residual interest (Class A)	505	(10,752)
Non-controlling interest (Class B)	1,595	1,573
	26,889	21,491
<b>Other finance costs:</b>		
Fair value losses on financial instruments	-	5,750
Bank fees and loan amortisation costs	849	3,608
	849	9,358



**4. Expenses**

**Significant non-recurring items:**

Transition-related expenses (refer below)

Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000
-	5,450
-	5,450

<sup>1</sup>As a consequence of terminating management agreements with Babcock & Brown, Infigen Energy has undertaken transition programs in Australia and the US. During the half year ended 31 December 2009, the Group incurred \$5,450,000 in relation to the transition program in the US.

Interest rate derivatives terminated

During H1 FY11 the Group incurred an expense of \$8,638,000 which was brought upon by the counterparty, in relation to the termination of an interest rate swap with an early termination option. The terminated interest rate swap had previously been hedge accounted with an unrealised loss booked to reserves, which has subsequently been reversed upon termination.

**5. Discontinued operations**

**(a) Details of operations disposed and held for sale**

*Half year ended 31 December 2010*

During the half year ended 31 December 2010, no operations were classified as discontinued or held for sale.

*Half year ended 31 December 2009*

*Sale of French Portfolio*

During the half year ended 31 December 2009, no operations were classified as discontinued or held for sale. However in April 2010, Infigen sold its portfolio of wind farms in France. The sale and settlement occurred simultaneously in April 2010. Due to this sale, the results for the France discontinued operations for the half year ended 31 December 2009 are separately disclosed below.

**(b) Financial performance of operations disposed and held for sale**

The results of the discontinued operations during the half year ended 31 December 2009 are presented below:

	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000
Revenue (Note 2)	-	7,574
Other income	-	(20)
Expenses	-	(5,259)
Profit before income tax	-	2,295
Income tax expense	-	(792)
Profit / (loss) after income tax of discontinued operations	-	1,503
Loss on sale of subsidiary before income tax	-	-
Income tax expense	-	-
Loss on sale of subsidiary after income tax	-	-
<b>Loss from discontinued operations</b>	-	-

**(c) Details of the sale of the subsidiary**

There were no subsidiaries disposed during the half year ended 31 December 2010 (2009: nil).

**6. Trade and other receivables**

	As at 31 Dec 2010 \$'000	As at 30 June 2010 \$'000
<b>Current:</b>		
Trade receivables	38,146	32,425
Interest receivables	111	-
Amounts due from related parties – associates	2,570	328
Indirect tax receivable	6	20
Insurance claim receivable	1,915	-
Other	8,510	4,128
	<b>51,258</b>	<b>36,901</b>

**7. Investments in controlled entities and associates**

*Half-Year Ended 31 December 2010*

During the half-year ended 31 December 2010, the Group became a 50% owner of Infigen Suntech Australia Pty Limited, a start up entity which is intending to develop solar power farms in Australia. The Group has determined that it has significant influence, but not control of the entity. Infigen Suntech Australia Pty Limited contributed \$260,000 to the net profit after tax of the Group during the half year.

*Half-Year Ended 31 December 2009*

The Group paid \$9,244,000 (including \$2,011,000 that remains in escrow) in the period to 30 June 2009 and a further \$10,509,000 during the half-year ended 31 December 2009 in relation to the purchases of:

- Minority interests relating to the Caprock, Aragonne and Niederrhein wind farms;
- The US asset management business; and
- The interests in the pipeline of development projects in Australia and New Zealand, which included interests in land, development rights and shares in various entities.

*Associates*

As noted above, the Group purchased interests in the shares of various development entities. These interests range from 32% to 50%, depending on the entity, each of which has been treated as an associate.

The Group paid \$4,574,000 for the interests in the shares in these development entities and has equity accounted its interests.

**7. Investments in controlled entities and associates (cont'd)**

Summary financial information for equity accounted investees at the end of, and during, the half-year ended 31 December 2010, adjusted for the percentage ownership held by the Group, is as follows:

	<b>31 Dec 2010</b> <b>\$'000</b>	<b>30 June 2009</b> <b>\$'000</b>
<b>Assets and liabilities</b>		
Total assets	444	408
Total liabilities	(593)	(572)
	(149)	(164)
	<b>Half year ended</b> <b>31 Dec 2010</b> <b>\$'000</b>	<b>Half year ended</b> <b>31 Dec 2009</b> <b>\$'000</b>
<b>Results</b>		
Revenues	349	-
Net loss after income tax	204	(42)

**8. Trade and other payables**

	<b>As at</b> <b>31 Dec 2010</b> <b>\$'000</b>	<b>As at</b> <b>30 June 2010</b> <b>\$'000</b> <b>(restated)</b>
<b>Current:</b>		
Trade payables and accruals	31,503	43,283
Interest payable	261	102
Goods and services and other taxes payable	8,545	10,144
Deferred income <sup>1</sup>	663	916
Other	6,986	8,313
	47,958	62,758

<sup>1</sup> Due to the change in accounting policy specified in note 1, the Group no longer defers revenue from RECs until sold.

**9. Institutional equity partnerships classified as liabilities**

	Class A members		Class B members		Total	
	As at 31 Dec 2010 \$'000 (Half year)	As at 30 June 2010 \$'000 (Full year)	As at 31 Dec 2010 \$'000 (Half year)	As at 30 June 2010 \$'000 (Full year)	As at 31 Dec 2010 \$'000 (Half year)	As at 30 June 2010 \$'000 (Full year)
<b>Class A and Class B liabilities:</b>						
<b>At period beginning</b>	879,164	1,016,042	82,445	96,040	961,609	1,112,082
Distributions (Class A & B)	(605)	(1,573)	(6,308)	(13,141)	(6,913)	(14,714)
Value of benefits provided – production tax credits (Class A)	(39,478)	(85,413)	-	-	(39,478)	(85,413)
Value of benefits provided – tax losses (Class A)*	(10,499)	(49,414)	-	-	(10,499)	(49,414)
Allocation of return on outstanding balance (Class A)	24,789	57,377	-	-	24,789	57,377
Movement in residual interest (Class A)	505	(7,396)	-	-	505	(7,396)
Minority interest (Class B)	-	-	1,595	4,366	1,595	4,366
Foreign exchange (gain)/loss	(145,231)	(50,459)	(14,188)	(4,820)	(159,419)	(55,279)
<b>At period end</b>	<b>708,645</b>	<b>879,164</b>	<b>63,544</b>	<b>82,445</b>	<b>772,189</b>	<b>961,609</b>
<b>Deferred revenue:</b>						
<b>At period beginning</b>					507,671	454,980
Benefits deferred during the period					21,402	71,248
Foreign exchange (gain)/loss					(86,131)	(18,557)
<b>At period end</b>					<b>442,942</b>	<b>507,671</b>
					<b>1,215,131</b>	<b>1,469,280</b>

\* This comprises the following:

	For the half year ended 31 Dec 2010 \$'000	For the year ended 30 June 2010 \$'000
Total Taxable Income/Loss before accelerated tax depreciation	46,708	52,949
Accelerated tax depreciation	(36,209)	(102,363)
<b>Tax loss</b>	<b>(10,499)</b>	<b>(49,414)</b>

**10. Distributions paid and proposed**

Final distribution in respect of the year ended 30 June 2010 of 2.0 cents per stapled security (year ended 30 June 2009: 4.5 cents) paid on 16 September 2010 (year ended 30 June 2009: 17 September 2009), 100% tax deferred (year ended 30 June 2009: 100% tax deferred)<sup>1</sup>

**Total distributions paid**

**Distributions not recognised at the end of the half year**

In addition to the above distributions, since the end of the half year the directors have approved the payment of an interim distribution of 1.0 cent per stapled security (half year ended 31 December 2009: nil). The aggregate amount of the interim distribution expected to be settled on 17 March 2011 from the Trust's contributed equity, but not recognised as a liability at the end of the half-year, is:

Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000
15,272	36,635
<b>15,272</b>	<b>36,635</b>
7,612	-

The balance of the franking account at 31 December 2010 is \$ nil (half year ended 31 December 2009: \$ nil).

<sup>1</sup> Of the \$15,272,000 (half year ended 31 December 2009: \$36,635,000) final distribution, 4.1% of distributions (half year ended 31 December 2009: nil) were settled through the issue of stapled securities under the Distribution Reinvestment Plan which was suspended in December 2008 and reinstated in April 2010. The distribution paid in cash was \$14,645,000 (half year ended 31 December 2009: \$36,635,000) and the amount settled through the issue of stapled securities under the Distribution Reinvestment Plan was \$627,000 (half year ended 31 December 2009: nil).

**11. Segment information**

**(a) Description of segments**

Following the adoption of AASB 8, *Operating Segments*, and AASB 2007-3, *Amendments to Australian Accounting Standards arising from AASB 8* (refer Note 1(a)), management has determined the operating segments based on the reports reviewed by the Board of Directors of IEL that are used to make strategic decisions.

The Board considers the business primarily from a geographic perspective and has identified three reportable segments. The reporting segments consist of the renewable energy generation and development businesses held within each geographical area.

**(b) Segment information provided to the Board of Directors**

The segment information provided to the Board of Directors for the operating segments for the half-year ended 31 December 2010 is as follows:

<b>Half year ended 31 Dec 2010</b>	<b>Australia \$'000</b>	<b>US \$'000</b>	<b>Germany \$'000</b>	<b>Total \$'000</b>
Segment revenue	59,906	66,499	11,352	137,757
Revenue – non-controlling interests				8,050
Statutory revenue				145,807
Segment EBITDA from operations	44,548	32,165	7,089	83,802
Corporate costs (excluding share-based payments)				(7,574)
Revaluation of inventory				(2,103)
Development costs				(469)
Segment EBITDA				73,656
Segment EBITDA				73,656
Share-based payments expense				(940)
EBITDA				72,716
<b>Half year ended 31 Dec 2009 (restated)</b>	<b>Australia \$'000</b>	<b>US \$'000</b>	<b>Germany \$'000</b>	<b>Total \$'000</b>
Segment revenue	45,340	72,266	17,562	135,168
Revenue – non-controlling interests				9,221
Statutory revenue				144,389
Segment EBITDA from operations	36,229	37,573	13,243	87,045
Corporate costs (excluding share-based payments)				(9,158)
Revaluation of inventory				(1,719)
Development costs				(200)
Segment EBITDA				75,968
Segment EBITDA				75,968
Share-based payments expense				(1,197)
EBITDA				74,771

**11. Segment information (cont'd)**

The Board of Directors assesses the performance of the operating segments based on a measure of EBITDA (Segment EBITDA). This measurement basis excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, legal expenses and goodwill impairments when the impairment is the result of an isolated, non-recurring event. Furthermore, the measure excludes the effects of equity-settled share-based payments and unrealised gains/losses on financial instruments.

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

The Board of Directors reviews segment revenues on a proportional basis, reflective of the economic ownership held by the Group.

A reconciliation of Segment EBITDA to operating profit before income tax and discontinued operations is provided as follows:

	Half year ended 31 Dec 2010 \$'000	Half year ended 31 Dec 2009 \$'000 (restated)
Segment EBITDA	73,656	75,968
Non-controlling interests proportionally consolidated for segment reporting	6,124	6,670
Income from institutional equity partnerships	28,575	34,558
Other income	15,957	18,146
Expenses arising from share-based payment transactions	(940)	(1,197)
Expenses relating to potential sale of overseas assets	-	(3,064)
Depreciation and amortisation expense	(74,929)	(73,280)
Interest expense	(46,483)	(44,107)
Finance costs relating to institutional equity partnerships	(26,889)	(21,491)
Interest rate derivatives terminated	(8,638)	-
Other finance costs	(849)	(9,358)
Significant non-recurring items	-	(5,450)
Share of net profits from associates and joint venture partnerships accounted for using the equity method	204	(42)
Net loss before income tax expense and discontinued operations	(34,212)	(22,647)

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

<b>As at 31 Dec 2010</b>	<b>Australia \$'000</b>	<b>US \$'000</b>	<b>Germany \$'000</b>	<b>Total \$'000</b>
Current assets	130,400	65,777	43,181	239,358
Non-current assets	1,192,515	1,771,275	231,452	3,195,242
Total	1,322,915	1,837,052	274,633	3,434,600
<b>As at 30 June 2010 (restated)</b>	<b>Australia \$'000</b>	<b>US \$'000</b>	<b>Germany \$'000</b>	<b>Total \$'000</b>
Current assets	167,756	78,399	40,351	286,506
Non-current assets	1,184,227	2,178,431	255,810	3,618,468
Total	1,351,983	2,256,830	296,161	3,904,974

**12. Earnings per security/ share**

	<b>Half year ended 31 Dec 2010 Cents per Security</b>	<b>Half year ended 31 Dec 2009 Cents per security (restated)</b>
<b>Basic loss per stapled security/ parent entity share:</b>		
Parent entity share		
From continuing operations attributable to the parent entity shareholders	(4.5)	(2.3)
From discontinued operations	-	0.2
<b>Total basic earnings per share attributable to the parent entity shareholders</b>	<b>(4.5)</b>	<b>(2.1)</b>
Stapled security		
From continuing operations attributable to the stapled security holders	(4.5)	(2.3)
From discontinued operations	-	0.2
<b>Total basic earnings per security attributable to the stapled security holders</b>	<b>(4.5)</b>	<b>(2.1)</b>
<b>Diluted loss per stapled security/ parent entity share:</b>		
Parent entity share		
From continuing operations attributable to the parent entity shareholders	(4.5)	(2.3)
From discontinued operations	-	0.2
<b>Total diluted earnings per share attributable to the parent entity shareholders</b>	<b>(4.5)</b>	<b>(2.1)</b>
Stapled security		
From continuing operations attributable to the stapled security holders	(4.5)	(2.3)
From discontinued operations	-	0.2
<b>Total diluted earnings per security attributable to the stapled security holders</b>	<b>(4.5)</b>	<b>(2.1)</b>

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

	<b>Half year ended 31 Dec 2010 \$'000</b>	<b>Half year ended 31 Dec 2009 \$'000 (restated)</b>
Earnings attributable to the parent entity share holders	(33,876)	(16,881)
Earnings attributable to the stapled security holders	(34,402)	(15,762)
<b>Half year ended 31 Dec 2010 No.'000</b>		
Weighted average number of securities / shares for the purposes of basic earnings per security / share	760,863	802,681
Weighted average number of securities / shares for the purposes of diluted earnings per security / share	760,863	802,681



**13. Contingent liabilities**

	As at 31 Dec 2010 \$'000	As at 30 Jun 2010 \$'000
Letters of credit	45,997	66,074
	45,997	66,074

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

*Kumeyaay warranty claim*

In December 2009, the Kumeyaay wind farm experienced unexpected damage during a storm event and a utility power outage. Following the storm, the initial review revealed that 45 blades on 23 of the 25 turbines were damaged, and that it was probable the remaining blades were also affected and would need to be replaced.

By April 2010, the turbine manufacturer had replaced all 75 blades and all 25 turbines were operating. The turbine manufacturer has not invoiced Kumeyaay Wind LLC, a Group subsidiary, for the costs of repair to the site or for the replacement of blades.

It is the Group's view that these costs are covered under a combination of the manufacturer's warranty or insurance due to the severity of the storm. The Group is also seeking to recover payment for lost production under the manufacturer's performance guarantee or insurance of approximately \$1.7 million. The turbine manufacturer disputes this view and, at this time, an outcome is uncertain. Kumeyaay Wind LLC has engaged external technical advisors and legal counsel to represent it in the agreed dispute resolution process, and, if required, through formal litigation. Discussions continue between the management of both organisations in accordance with the agreed resolution process.

**14. Issuances, repurchases and repayments of securities**

	Half year ended 31 Dec 2010 No'000	Half year ended 31 Dec 2010 \$'000
<b>Fully paid stapled securities/shares</b>		
Balance as at 1 July 2010	760,374	783,545
Capital distribution	-	(15,272)
Distribution reinvestment plan (i)	849	627
<b>Balance as at 31 December 2010</b>	<b>761,223</b>	<b>768,900</b>
<b>Attributable to:</b>		
Equity holders of the parent		2,305
Equity holders of the other stapled securities (minority interests)		766,595
		<u>768,900</u>

**14. Issuances, repurchases and repayments of securities (cont'd)**

	Half year ended 31 Dec 2009 No'000	Half year ended 31 Dec 2009 \$'000
<b>Fully paid stapled securities/shares</b>		
Balance as at 1 July 2009	808,177	862,113
Capital distribution	-	(36,635)
On market security buy-back (ii)	(5,716)	(6,301)
<b>Balance as at 31 December 2009</b>	<b>802,461</b>	<b>819,177</b>
<b>Attributable to:</b>		
Equity holders of the parent		4,122
Equity holders of the other stapled securities (minority interests)		815,055
		<u>819,177</u>

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

**(i) Distribution reinvestment plan**

The Group operates a distribution reinvestment plan (DRP) 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. The stapled securities issued under the DRP will be allotted based on the weighted average 'market price' for Infigen stapled securities sold on the ASX over the 10 trading days ending on the trading day which is three trading days before the date that the securities are to be allotted under the DRP.

On 16 September 2010, Infigen issued 848,141 stapled securities at a price of \$0.74 per security in relation to the payment of the final distribution for the year ended 30 June 2010.

**(ii) On market security buy-back**

Infigen has not bought back any securities during the half-year ended 31 December 2010 (half-year ended 31 December 2009: 5,716,000).

**15. Subsequent events**

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