



ASX RELEASE

Infigen Energy

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Infigen Energy (Bermuda) Limited ARBN 116 360 715

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26 February 2014

APPENDIX 4D AND INTERIM FINANCIAL REPORTS

Attached are the following reports relating to the interim financial results for Infigen Energy (ASX: IFN):

- Appendix 4D – Half Year Report
- Infigen Energy Group – Interim Financial Report to 31 December 2013
- Management Discussion and Analysis of Financial and Operational Performance
- Infigen Energy Trust – Interim Financial Report to 31 December 2013

ENDS

For further information please contact:
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About Infigen Energy

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

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

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

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

INFIGEN ENERGY GROUP

Appendix 4D – Half Year Report 31 December 2013

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

Current Period:	1 July 2013 - 31 December 2013
Previous Corresponding Period:	1 July 2012 - 31 December 2012

Results for announcement to the market

	% Movement	31 December 2013 \$'000	31 December 2012 \$'000
Revenues from ordinary activities	12%	137,923	122,911
Loss from ordinary activities after tax attributable to members	45%	(15,333)	(27,802)
Loss for the period attributable to members	45%	(15,333)	(27,802)

Distributions

	Record date	Payment date	Amount per security	Franked amount per security
Interim distribution declared subsequent to 31 December 2013	N/A	N/A	Nil	N/A
Interim distribution declared subsequent to 31 December 2012	N/A	N/A	Nil	N/A

A brief explanation of any of the figures reported above necessary to enable the figures to be understood:

Refer to the attached Management Discussion and Analysis of Financial and Operational Performance for the half year ended 31 December 2013.

Financial statements

Refer to the attached consolidated financial statements for the half year ended 31 December 2013.

Net tangible asset backing per security

	31 December 2013	30 June 2013
Net tangible asset backing per stapled security	0.29 cents	0.27 cents

Control gained or lost over entities during the period

Infigen Energy US Holdings LLC, Infigen Energy US JE LLC, Infigen Energy JD LLC and Manildra Solar Farm Pty Ltd were formed during the period. Two dormant UK entities, Infigen Energy (Eifel) Limited and Infigen Energy (Niederrhein) Limited were voluntarily liquidated in November 2013.

Associates and joint venture entities

Refer to the attached consolidated financial statements for the half year ended 31 December 2013.

Accounting standards used by foreign entities

Refer to Note 1 "Statement of Accounting Policies" of the attached consolidated financial statements for the half year ended 31 December 2013.

Commentary on results and Outlook

Refer to the attached Management Discussion and Analysis of Financial and Operational Performance for the half year ended 31 December 2013.

Audit / review of accounts upon which this report is based and Qualification of audit / review

This report is based on accounts which have been reviewed by an independent auditor. This auditor has issued an un-qualified review report on the financial statements for the Infigen Energy Group for the half year ended 31 December 2013.



Infigen Energy Limited

ABN 39 105 051 616

Interim Financial Report
for the Half-Year Ended
31 December 2013



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Corporate Structure

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

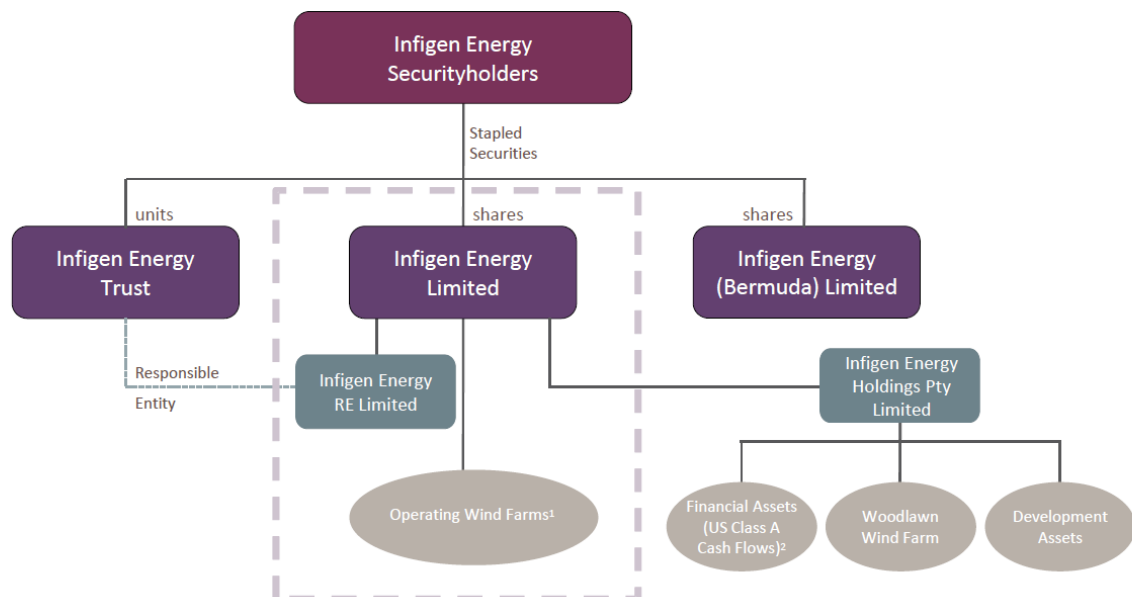
- Infigen Energy Limited (IEL), ACN 105 051 616, a public company incorporated in Australia;
- Infigen Energy Trust (IET), ARSN 116 244 118, a managed investment scheme registered in Australia, of which Infigen Energy RE Limited (IERL), ACN 113 813 997, AFSL 290710, is the responsible entity;
- Infigen Energy (Bermuda) Limited (IEBL), ARBN 116 360 715, a company incorporated in Bermuda; and
- subsidiary entities of each of IEL and IET.

Shares issued by IEL and IEBL, as well as units of IET, are stapled together to form IFN stapled securities (IFN securities). These IFN securities are quoted on the Australian Securities Exchange under the market code 'IFN'.

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

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

Corporate Structure & Global Facility



Entities and assets within the Global Facility borrower group.

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



Directors' Report

In respect of the half year ended 31 December 2013, the Directors of Infigen Energy Limited (IEL) submit the following report on the consolidated interim financial report of the Group.

Directors

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

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

Review of Operations

Statutory revenue was \$137.9 million, up 12% or \$15.0 million reflecting higher Australian revenue and a depreciation of the AUD against the USD, partially offset by lower US revenue. Higher production and higher South Australian merchant electricity prices in Australia, and higher merchant electricity and Renewable Energy Certificate ("REC") prices in the US were partially offset by lower Large-scale Generation Certificate ("LGC") prices, lower compensated revenue in Australia and lower production in the US.

On a statutory basis, Operating Earnings Before Interest, Tax, Depreciation and Amortisation (Operating EBITDA) was \$86.4 million, up 15% or \$11.2 million. This was due to:

- Australia: higher revenue partially offset by higher operating costs primarily due to the incentive payments to Vestas resulting from improved availability, production and associated revenue; and
- US: marginally lower revenues partially offset by lower asset management and other direct costs.

Infigen recorded a Statutory loss for the six months to 31 December 2013 of \$15.3 million, a favourable movement of \$12.5 million compared with a Statutory Loss of \$27.8 million in the prior corresponding period.

Further commentary regarding Infigen's operating and financial performance for the half-year ended 31 December 2013 is included in the Management Discussion and Analysis of Financial and Operational Performance Report.

Changes in State of Affairs

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

Class A interests in seven of the wind farm projects were acquired by a new investment vehicle that is jointly owned by Infigen and the seller of the Class A equity interests. The investment vehicle apportions the vast majority of the cash flows attributable to those interests to Infigen. From an economic perspective, the effective date of the transaction was 31 October 2013. This transaction is recorded as "investment in financial assets" in Infigen's financial statements and referenced as such throughout this document.

Infigen also purchased the seller's Class A interests in the Sweetwater 1 and Blue Canyon wind farm projects. Completion of this aspect of the transaction occurred in early January 2014, with an effective date of 1 January 2014 from an economic perspective. As such, this aspect of the transaction has no bearing on the financial information presented herein.



Directors' Report (continued)

Future Developments

Consistent with long-term seasonal variation, second half production is expected to increase in the US and decrease in Australia.

In the US, similar merchant electricity prices in the PJM and ERCOT markets are expected for the remainder of FY14. In Australia, slightly higher bundled prices are expected in the second half due to seasonal variations and forward contracted LGC sales.

Full year operating costs in the US and Australia are expected to remain within the US\$73-76 million and A\$35-37 million guidance ranges respectively.

Subject to these operating conditions, Infigen is currently on track to exceed its guidance of having approximately \$80 million of cash flow available to repay Global Facility borrowings, distribute to Class A tax equity members and close out interest rate swaps in FY14.

Infigen's investment in financial assets (the US Class A interests) will generate additional cash flow to Infigen.

Rounding

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 6.

Signed in accordance with a resolution of Directors.

On behalf of the Directors of IEL:

A handwritten signature in black ink, appearing to read "Miles George", with a long, sweeping horizontal stroke extending to the right.

Miles George

Director

Sydney, 26 February 2014



Auditor's Independence Declaration

As lead auditor for the review of Infigen Energy Limited for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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.

A handwritten signature in blue ink, appearing to read 'M Upcroft', is written over the typed name.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
26 February 2014



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 (the Company), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Infigen Energy Group (the consolidated entity). The consolidated entity comprises 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2013 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. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infigen Energy 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 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.


PricewaterhouseCoopers


Marc Upercroft
Partner

Sydney
26 February 2014

Directors' Declaration

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 10 to 33 are in accordance with the Corporations Act 2001 including:
 - i. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that IEL will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of Directors.

On behalf of the Directors of IEL:

A handwritten signature in black ink, appearing to read "Miles George", with a long, sweeping horizontal stroke extending to the right.

Miles George

Director

Sydney, 26 February 2014

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

		Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000 (Restated)
Revenue from continuing operations	3	137,923	122,911
Income from institutional equity partnerships	4	29,800	22,807
Other income	4	2,027	2,120
Operating expenses		(51,503)	(47,748)
Corporate costs		(7,953)	(7,664)
Other expenses	5	(3,036)	(1,745)
Depreciation and amortisation expense	5	(61,410)	(56,877)
Interest expense	5	(35,139)	(36,842)
Finance costs relating to institutional equity partnerships	5	(12,712)	(20,017)
Other finance costs	5	(22,474)	(11,211)
Share of net profits of associates and joint ventures using the equity method		5,457	3,956
Net loss before income tax benefit		(19,020)	(30,310)
Income tax benefit		3,687	2,508
Net loss for the half-year		(15,333)	(27,802)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax		27,472	(3,000)
Exchange differences on translation of foreign operations		575	3,124
Other comprehensive income for the half year, net of tax		28,047	124
Total comprehensive income / (loss) for the half-year		12,714	(27,678)
Net loss for the half-year is attributable to stapled security holders as:			
Equity holders of the parent		(14,963)	(27,480)
Equity holders of the other stapled entities (minority interests)		(370)	(322)
		(15,333)	(27,802)
Total comprehensive income / (loss) is attributable to stapled security holders as:			
Equity holders of the parent		13,084	(27,356)
Equity holders of the other stapled entities (minority interests)		(370)	(322)
		12,714	(27,678)
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:			
Basic (cents per security)	11	(2.0)	(3.6)
Diluted (cents per security)	11	(2.0)	(3.6)

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	As at 31 Dec 2013 \$'000	As at 30 Jun 2013 \$'000 (Restated)
Current assets			
Cash and cash equivalents		87,079	121,213
Trade and other receivables		43,460	38,378
Inventory		18,193	12,618
Derivative financial instruments	7	2,818	2,585
Total current assets		151,550	174,794
Non-current assets			
Receivables		4,203	5,513
Investment in financial assets	7	84,726	-
Derivative financial instruments	7	1,302	438
Investment in associates and joint ventures	6	102,118	97,968
Property, plant and equipment		2,002,148	2,011,103
Deferred tax assets		47,274	46,503
Intangible assets		275,291	275,618
Total non-current assets		2,517,062	2,437,143
Total assets		2,668,612	2,611,937
Current liabilities			
Trade and other payables		28,904	33,830
Borrowings	8	72,496	31,164
Derivative financial instruments	7	36,645	52,187
Provisions		2,440	2,795
Total current liabilities		140,485	119,976
Non-current liabilities			
Borrowings	8	1,061,820	1,027,415
Derivative financial instruments	7	88,385	102,520
Provisions		19,548	18,969
Total non-current liabilities		1,169,753	1,148,904
Institutional equity partnerships classified as liabilities	9	860,506	859,042
Total liabilities		2,170,744	2,127,922
Net assets		497,868	484,015
Equity holders of the parent			
Contributed equity	13	2,305	2,305
Reserves		(179,981)	(208,349)
Retained earnings		(62,458)	(47,495)
		(240,134)	(253,539)
Equity holders of the other stapled entities (non-controlling interests)			
Contributed equity	13	760,155	759,337
Retained earnings		(22,153)	(21,783)
		738,002	737,554
Total equity		497,868	484,015

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 2013

	Attributable to equity holders of the parent				Non-controlling interests	Total equity	
	Note	Contributed equity \$'000	Reserves \$'000	Retained earnings \$'000			Total \$'000
Total equity at 1 July 2012		2,305	(246,506)	31,825	(212,376)	738,209	525,833
Net loss for the half-year		-	-	(27,480)	(27,480)	(322)	(27,802)
Changes in the fair value of cash flow hedges, net of tax		-	(3,000)	-	(3,000)	-	(3,000)
Exchange differences on translation of foreign operations and movement in fair value		-	3,124	-	3,124	-	3,124
Total comprehensive loss for the half-year		-	124	(27,480)	(27,356)	(322)	(27,678)
Transactions with equity holders in their capacity as equity holders:							
De-recognition of share-based payments		-	1,188	-	1,188	-	1,188
Total equity at 31 December 2012		2,305	(245,194)	4,345	(238,544)	737,887	499,343
Total equity at 1 July 2013		2,305	(208,349)	(47,495)	(253,539)	737,554	484,015
Net loss for the half-year		-	-	(14,963)	(14,963)	(370)	(15,333)
Changes in the fair value of cash flow hedges, net of tax		-	27,472	-	27,472	-	27,472
Exchange differences on translation of foreign operations and movement in fair value		-	575	-	575	-	575
Total comprehensive income / (loss) for the half-year		-	28,047	(14,963)	13,084	(370)	12,714
Transactions with equity holders in their capacity as equity holders:							
Recognition of share-based payments		-	321	-	321	-	321
Issue of securities to KMP for deferred remuneration		-	-	-	-	818	818
Total equity at 31 December 2013		2,305	(179,981)	(62,458)	(240,134)	738,002	497,868

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 2013

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000 (Restated)
	Note	
Cash flows from operating activities		
Loss for the half-year	(15,333)	(27,802)
Adjustments for:		
Interests in institutional equity partnerships	(17,088)	(2,790)
Gain on revaluation for fair value through profit or loss financial assets – financial instruments	(641)	764
Depreciation and amortisation of non-current assets	5 61,410	56,877
Unrealised foreign exchange losses	4,071	1,375
Amortisation of share based payments expense	535	399
Amortisation of borrowing costs capitalised	2,186	767
Accretion of decommissioning and restoration provisions	127	1,813
Share of losses / (profits) from associates and joint ventures	(5,457)	(3,956)
Decrease in current tax liability	-	(47)
(Increase) in deferred tax balances	(3,711)	(2,789)
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	(9,437)	(10,828)
Increase/(decrease) in liabilities:		
Current payables	(2,428)	951
Non-current payables	451	1,956
Net cash from operating activities	14,685	16,690
Cash flows from investing activities		
Payment for property, plant and equipment	(3,843)	(7,039)
Payment for intangible assets	(571)	(40)
Distributions received from associates and joint ventures	5,000	6,537
Payments for investments in financial assets	(84,924)	-
Distributions received from investments in financial assets	3,977	-
Net cash used in investing activities	(80,361)	(542)
Cash flows from financing activities		
Proceeds from borrowings, net of capitalised borrowing costs	106,600	-
Repayment of borrowings	(60,862)	(27,191)
Distributions paid to institutional equity partnerships	(14,601)	(4,839)
Net cash used in financing activities	31,137	(32,030)
Net decrease in cash and cash equivalents	(34,539)	(15,882)
Cash and cash equivalents at the beginning of the half year	121,213	122,736
Effects of exchange rate on the balance of cash held in foreign currencies	405	307
Cash and cash equivalents at the end of the half year	87,079	107,161

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

1. Summary of accounting policies

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

Stapled security

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

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

(a) Basis of preparation of half-year report

These condensed consolidated interim financial statements for the half-year reporting period ended 31 December 2013 have been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

These condensed consolidated interim financial statements do 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 2013 and any public announcements made by Infigen during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Infigen has relied upon the relief available to stapled entities in ASIC Class Order 13/1050 as amended by Class 13/1644 to allow preparation of consolidated or combined financial statements. Under this approach, Infigen Energy Limited has been treated as the 'parent' of the stapled entity for the purposes of preparing consolidated financial statements, with the other stapled entities being presented as non-controlling interests.

The accounting policies adopted are consistent with those of the previous financial year end and corresponding interim period, except as set out below:

(i) Changes in accounting policy

Infigen had to change some of its accounting policies as a result of new or revised accounting standards which became effective for the annual reporting period commencing on 1 July 2013.

The affected policies and standards are Principles of Consolidation – new standards AASB 10 *Consolidated Financial Statements* and AASB 11 *Joint Arrangements*.

Other new standards that are applicable for the first time for the December 2013 half-year report are:

- AASB 13 *Fair Value Measurement*, AASB 2012-2 *Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities* and AASB 2012-5 *Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle*. These standards have introduced new disclosures for the interim report but did not affect the Group's accounting policies or any of the amounts recognised in the financial statements.
- AASB 2011-4 *Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements*. These standards have reduced the disclosures in the notes to the financial statements but did not affect any of the amounts recognised in the financial statements.

Principles of consolidation – subsidiaries and joint arrangements

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

Summary of accounting policies (continued)

The Group has reviewed its investments in other entities to assess whether the consolidation conclusion in relation to these entities is different under AASB 10 than under AASB 127.

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

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

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

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

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

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

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

Summary of accounting policies (continued)

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

Statement of comprehensive income	Half year ended 31 Dec 2012 (Previously stated) \$'000	Profit Increase/ (Decrease) \$'000	Half year ended 31 Dec 2012 (Restated) \$'000
Revenue from continuing operations	140,892	(17,981)	122,911
Income from institutional equity partnerships	33,182	(10,375)	22,807
Other income	2,143	(23)	2,120
Operating expenses	(57,371)	9,623	(47,748)
Corporate costs	(7,664)	-	(7,664)
Other expenses	(1,745)	-	(1,745)
Depreciation and amortisation expense	(68,820)	11,943	(56,877)
Interest expense	(36,842)	-	(36,842)
Finance costs relating to institutional equity partnerships	(22,024)	2,007	(20,017)
Other finance costs	(12,025)	814	(11,211)
Share of net (losses) / profits of associates and joint ventures accounted for using the equity method	(36)	3,992	3,956
Net loss before income tax benefit	(30,310)	-	(30,310)
Income tax benefit	2,508	-	2,508
Net loss for the half-year	(27,802)	-	(27,802)
Other comprehensive income			
<i>Items that may be reclassified to profit or loss</i>			
Changes in the fair value of cash flow hedges, net of tax	(3,000)	-	(3,000)
Exchange differences on translation of foreign operations	3,124	-	3,124
Other comprehensive income for the half year, net of tax	124	-	124
Total comprehensive loss for the half-year	(27,678)	-	(27,678)

Summary of accounting policies (continued)

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

Summary of accounting policies (continued)

	Half year ended 31 Dec 2012 (previously stated) \$'000	Increase / (Decrease) \$'000	Half year ended 31 Dec 2012 (Restated) \$'000
Cash flows from operating activities			
Loss for the half-year	(27,802)	-	(27,802)
Adjustments for:			
Interests in institutional equity partnerships	(11,158)	8,368	(2,790)
Loss on revaluation for fair value through profit or loss financial	764	-	764
Depreciation and amortisation of non-current assets	68,820	(11,943)	56,877
Unrealised foreign exchange (gains) / losses	1,375	-	1,375
Amortisation /(de-recognition) of share based payments expense	399	-	399
Amortisation of borrowing costs capitalised	767	-	767
Share of losses / (profits) from associates and joint ventures	36	(3,992)	(3,956)
Accretion of decommissioning and restoration provisions	2,617	(804)	1,813
Decrease in current tax liability	(47)	-	(47)
(Increase) in deferred tax balances	(2,789)	-	(2,789)
Changes in operating assets and liabilities, net of (Increase)/decrease in assets:			
Current receivables and other current assets	(11,940)	1,112	(10,828)
Increase/(decrease) in liabilities:			
Current payables	1,660	(709)	951
Non-current payables	2,761	(805)	1,956
Net cash from operating activities	25,463	(8,773)	16,690
Cash flows from investing activities			
Payment for property, plant and equipment and intangible assets	(7,639)	600	(7,039)
Payment for investment in associates and joint ventures	(40)	-	(40)
Distributions received from associates and joint ventures	-	6,537	6,537
Net cash used in investing activities	(7,679)	7,137	(542)
Cash flows from financing activities			
Repayment of borrowings	(27,191)	-	(27,191)
Distributions paid to institutional equity partnerships	(7,226)	2,387	(4,839)
Net cash used in financing activities	(34,417)	2,387	(32,030)
Net decrease in cash and cash equivalents	(16,633)	751	(15,882)
Cash and cash equivalents at the beginning of the half year	126,703	(3,967)	122,736
Effects of exchange rate on the balance of cash held in foreign	358	(51)	307
Cash and cash equivalents at the end of the half year	110,428	(3,267)	107,161

Summary of accounting policies (continued)

(ii) Impact of standards issued but not yet applied by the Group

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

2. Segment information

Segment information provided to the Board of Directors

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

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

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

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

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

The entity also has a controlling interest in two US LLCs in which it owns more than 50% but less than 100% of the Class B interests. Under IFRS, the Group fully consolidates the financial performance of these companies within its statutory results and recognises a non-controlling interest. Under the economic interest basis, the non-controlling interests are excluded from the Group's results.

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

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

Segment information (continued)

The segment information provided to the Board of Directors for the operating segments together with a reconciliation of segment EBITDA to operating loss before income tax for the half year ended 31 December 2013 is as follows:

	Statutory basis \$'000	Add: Share of profits of associates & JVs \$'000	Less: Minority Interests \$'000	Economic Interest Basis \$'000	Allocated to segments on an economic interest basis		
					Australia	US	Unallocated
					\$'000	\$'000	\$'000
Half year ended 31 December 2013							
Segment revenue	137,923	19,007	(7,677)	149,253	84,918	64,335	-
Operating costs	(51,485)	(10,493)	2,807	(59,171)	(19,128)	(40,043)	-
Segment EBITDA from operations	86,438	8,514	(4,870)	90,082	65,790	24,292	-
Corporate costs	(7,953)	-	-	(7,953)	-	-	(7,953)
Development costs	(3,036)	-	-	(3,036)	(1,361)	(1,675)	-
Share of profits of associates & JVs	5,457	(5,506)	-	(49)	(49)	-	-
LGC revaluation and other	(14)	-	-	(14)	(14)	-	-
EBITDA	80,892	3,008	(4,870)	79,030	64,366	22,617	(7,953)
Depreciation & amortisation	(61,410)	(13,687)	4,546	(70,551)	(26,170)	(44,381)	-
EBIT	19,482	(10,679)	(324)	8,479	38,196	(21,764)	(7,953)
Net finance costs	(38,817)	(59)	119	(38,757)	-	-	(38,757)
Net income from IEPs	17,088	10,738	205	28,031	-	28,031	-
Significant item – swap termination	(16,773)	-	-	(16,773)	-	(16,773)	-
Loss before income tax	(19,020)	-	-	(19,020)	38,196	(10,506)	(46,710)
Tax benefit / expense	3,687	-	-	3,687	3,687	-	-
Net loss after tax	(15,333)	-	-	(15,333)	41,883	(10,506)	(46,710)
Half year ended 31 December 2012							
Segment revenue	122,911	17,981	(6,709)	134,183	76,397	57,786	-
Operating costs	(47,736)	(9,599)	2,748	(54,587)	(18,622)	(35,965)	-
Segment EBITDA from operations	75,175	8,382	(3,961)	79,596	57,775	21,821	-
Corporate costs	(7,664)	-	-	(7,664)	-	-	(7,664)
Development costs	(1,745)	-	-	(1,745)	(1,396)	(349)	-
Share of profits of associates & JVs	3,956	(3,992)	-	(36)	(36)	-	-
LGC revaluation and other	778	-	-	778	(36)	814	-
EBITDA	70,500	4,390	(3,961)	70,929	56,307	22,286	(7,664)
Depreciation & amortisation	(56,877)	(11,943)	3,830	(64,990)	(24,903)	(40,087)	-
EBIT	13,623	(7,553)	(131)	5,939	31,404	(17,801)	(7,664)
Net finance costs	(46,724)	(814)	237	(47,301)	-	-	(47,301)
Net income from IEPs	2,791	8,367	(106)	11,052	-	11,052	-
Loss before income tax	(30,310)	-	-	(30,310)	31,404	(6,749)	(54,965)
Tax benefit / expense	2,508	-	-	2,508	2,508	-	-
Net loss after tax	(27,802)	-	-	(27,802)	33,912	(6,749)	(54,965)

Segment information (continued)

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

	Statutory basis \$'000	Add: Share of assets and liabilities of associates & JVs \$'000	Less: Minority Interest \$'000	Total Economic interest basis \$'000	Allocated to segments on an economic interest basis	
					Australia \$'000	US \$'000
As at 31 December 2013						
Total segment assets	2,668,612	378,697	(174,949)	2,872,360	1,186,071	1,686,289
Total assets includes:						
Investment in associates & joint ventures	102,118	(101,244)	-	874	874	-
Additions to non-current assets (other than financial assets and deferred tax)	3,843	2,110	(4)	5,949	1,224	4,725
Total segment liabilities	2,170,744	378,697	(174,949)	2,374,492	832,680	1,541,812
As at 30 June 2013						
Total segment assets	2,611,937	376,564	(179,775)	2,808,726	1,258,947	1,549,779
Total assets includes:						
Investment in associates & joint ventures	97,968	(97,046)	-	922	922	-
Additions to non-current assets (other than financial assets and deferred tax)	18,217	2,896	(586)	20,527	7,480	13,047
Total segment liabilities	2,127,922	376,564	(179,775)	2,324,711	857,523	1,467,188

3. Revenue

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000 (Restated)
From continuing operations		
Revenue from the sale of environmental products ¹	44,607	45,312
Revenue from lease of plant and equipment ²	91,241	74,495
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	-	1,338
Revenue from asset management services	2,075	1,766
	137,923	122,911

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

² In accordance with UIG 4 Determining whether an Asset Contains a Lease, revenue that is generated under certain power purchase agreements, where the Group sells substantially all of the related electricity and environmental certificates to one customer, is classified as lease income.

4. Other income

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000 (Restated)
From continuing operations:		
Income from institutional equity partnerships		
Value of production tax credits offset against Class A liability ³	27,808	23,167
Value of taxes offset against Class A liability ³	(7,329)	1,700
Tax benefits recognised/(deferred) during the half-year	9,321	(2,060)
	29,800	22,807
Other income		
Interest income	681	1,328
Fair value gains on financial instruments	1,338	-
Other income	8	792
	2,027	2,120

³ Refer Note 9 for further details.

5. Expenses

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000 (Restated)
From continuing operations:		
Net loss before income tax has been arrived at after charging the following expenses:		
Other expenses:		
Development costs	3,036	1,745
	3,036	1,745
Depreciation and amortisation expense:		
Depreciation of property, plant & equipment	55,126	49,756
Amortisation of intangible assets	6,284	7,121
	61,410	56,877
Interest expense:		
Interest expense on borrowings	16,239	18,636
Interest expense on derivative financial instruments	18,900	18,206
	35,139	36,842
Finance costs relating to institutional equity partnerships:		
Allocation of return on outstanding Class A liability ¹	13,490	12,901
Movement in residual interest (Class A) ¹	(2,473)	7,092
Non-controlling interest (Class B) ¹	1,695	24
	12,712	20,017
Other finance costs:		
Fair value losses on financial instruments ²	17,548	764
Bank fees and loan amortisation costs	3,490	3,205
Foreign exchange losses	1,309	5,429
Recognition and unwinding of discount on decommissioning provisions	127	1,813
	22,474	11,211

¹ Refer Note 9 for further details.

² Fair value losses on financial instruments in the half-year ended 31 December 2013 are realised losses of \$16,773,000 relating to termination of certain interest rate swaps, unrealised losses on FX Options and Electricity Options which do not qualify for hedge accounting.

6. Investment in Associates and Joint Ventures

a) Movements in carrying amounts

Carrying amount at the beginning of the period	97,968	103,664
Share of profits after income tax	5,457	16,063
Impairment expense	-	(18,976)
Distributions received	(5,000)	(13,971)
Effects of exchange rate changes	3,693	11,188
Carrying amount at the end of the period	102,118	97,968

	Half year ended 31 Dec 2013 \$'000	Year ended 30 June 2013 \$'000
Carrying amount at the beginning of the period	97,968	103,664
Share of profits after income tax	5,457	16,063
Impairment expense	-	(18,976)
Distributions received	(5,000)	(13,971)
Effects of exchange rate changes	3,693	11,188
Carrying amount at the end of the period	102,118	97,968

b) Interest in associates and joint ventures

Set out below are the associates of the Group as at 31 December 2013. The interests listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business.

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

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

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

c) Contingent liabilities in respect of associates and joint ventures

	As at 31 Dec 2013 \$'000	As at 30 June 2013 \$'000
Letters of credit	1,522	1,464

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

Investments in Associates and Joint Ventures (continued)

d) Summarised financial information of associates and joint ventures

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

	Company's share of:			
	Assets \$'000	Liabilities \$'000	Revenues \$'000	Profit \$'000
Half-year ended 31 December 2013				
Sweetwater 1 LLC	16,362	12,245	877	313
Sweetwater 2 LLC	46,472	39,813	1,954	697
Blue Canyon 1 LLC	27,376	14,679	1,423	1,141
Combine Hills 1 LLC	23,661	10,123	1,085	629
Sweetwater 3 LLC	69,783	64,818	2,950	1,215
Wind Park Jersey LLC	22,865	21,471	1,180	(921)
Sweetwater 4-5	273,402	215,599	9,538	2,432
Australian associate entities	973	28	-	(49)
	480,894	378,776	19,007	5,457
Year ended 30 June 2013				
Sweetwater 1 LLC	16,191	12,538	2,038	705
Sweetwater 2 LLC	45,723	39,987	4,500	5,243
Blue Canyon 1 LLC	27,208	16,103	3,249	589
Combine Hills 1 LLC	23,108	10,693	2,391	(1,041)
Sweetwater 3 LLC	68,714	65,114	6,817	4,718
Wind Park Jersey LLC	23,337	21,060	2,306	2,301
Sweetwater 4-5	269,329	211,101	22,534	57
Australian associate entities	1,023	69	-	(67)
	474,633	376,665	43,835	12,505

7. Fair value measurement of financial instruments

a) Fair value measurements

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

- Derivative financial instruments
- Financial assets

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

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

The following tables present the Group's financial assets and financial liabilities measured and recognised at fair value at 31 December 2013 and 30 June 2013.

As at 31 December 2013

	Level 1 \$'000	Level 2 \$'000	Level 3 \$'000	Total \$'000
Assets				
Derivative financial instruments				
FX Option	-	2,818	-	2,818
Interest rate cap – Woodlawn	-	424	-	424
Interest rate swaps – Union Bank Facility	-	878	-	878
Financial assets				
Financial assets (available-for-sale)	-	-	84,726	84,726
Total assets	-	4,120	84,726	88,846
Liabilities				
Derivative financial instruments				
Interest rate swaps – Global Facility	-	123,790	-	123,790
Interest rate swaps – Woodlawn	-	315	-	315
Interest rate swaps – Union Bank Facility	-	925	-	925
Total liabilities	-	125,030	-	125,030

As at 30 June 2013

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

Fair value measurement of financial instruments (continued)

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

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2013.

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

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

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for financial assets (available-for-sale).

Financial assets (available-for-sale) represent an investment in a privately held joint arrangement that holds tax equity interests in US wind farm projects. The financial asset entitles the Group to specified cash flows and returns in accordance with the contractual arrangements.

Specific valuation techniques used to value derivative financial instruments include:

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

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

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

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

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

Fair value measurement of financial instruments (continued)

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

(i) The following table presents the changes in level 3 items for the half year ended 31 December 2013:

	Financial assets (available-for-sale)
	IJA Portfolio LLC
	\$'000
Opening balance at 30 June 2013	-
Acquisitions	84,894
Gains recognised in other income	1
Distributions received as return of investment	(3,977)
Net foreign currency exchange differences	3,808
Closing balance at 31 December 2013	84,726

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

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

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

Description	Fair value at 31 December 2013 \$'000	Valuation techniques	Range of inputs (probability-weighted average)	Relationship to unobservable inputs to fair value
Financial assets (available-for-sale)	84,726	Discounted cash flows	Discount rates 11%-11.5%	An increase or decrease in discount rate of 100bps would change the fair value by approximately \$3,153,000

(iii) *Valuation processes*

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

8. Borrowings

	Half year ended 31 Dec 2013 \$'000	Year ended 30 June 2013 \$'000
Current		
<u>Secured</u>		
At amortised cost:		
Global Facility	63,073	30,082
Bank facility – Union Bank ¹	7,263	-
Project finance debt – Woodlawn	2,160	1,082
	72,496	31,164
Non-current		
<u>Secured</u>		
At amortised cost:		
Global Facility	969,426	987,815
Bank facility – Union Bank ¹	57,745	-
Project finance debt - Woodlawn	48,661	50,780
Capitalised loan costs	(14,012)	(11,180)
	1,061,820	1,027,415
Total debt	1,134,316	1,058,579

¹ To fund the acquisition of a financial asset that holds Class A interests in US wind farms, the Group entered into a new debt facility with Union Bank N.A. ("Union Bank"), a US bank. Key features of the debt facility include:

- Facility Amount: US\$58 million (AUD\$62.2 million at inception)
- Term: 10.5 years
- Interest rate: >90% fixed through interest rate derivatives

The security provided to Union Bank is limited to the cash flows acquired as a result of the transaction. Further information about the investment is included in note 7, 'Fair value measurement of financial instruments'.

9. Institutional equity partnerships classified as liabilities

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

	Class A members		Class B members		Total	
	Half year ended 31 Dec 2013 \$'000	Year ended 30 June 2013 \$'000 (Restated)	Half year ended 31 Dec 2013 \$'000	Year ended 30 June 2013 \$'000 (Restated)	Half year ended 31 Dec 2013 \$'000	Year ended 30 June 2013 \$'000 (Restated)
Components of institutional equity partnerships:						
At period beginning	450,306	399,378	51,919	52,063	502,225	451,441
Distributions/financing	(13,875)	(8,406)	(726)	(8,244)	(14,601)	(16,650)
Value of production tax credits offset against Class A liability	(27,808)	(47,559)	-	-	(27,808)	(47,559)
Value of taxes offset against Class A liability	7,329	4,213	-	-	7,329	4,213
Allocation of return on outstanding Class A liability	13,490	24,068	-	-	13,490	24,068
Movement in residual interest (Class A)	(2,473)	16,617	-	-	(2,473)	16,617
Non-controlling interest (Class B)	-	-	1,695	3,075	1,695	3,075
Foreign exchange loss / (gain)	17,246	61,995	2,096	5,025	19,342	67,020
At period end	444,215	450,306	54,984	51,919	499,199	502,225
Deferred revenue:						
At period beginning					356,817	314,523
Deferred benefits recognised in profit and loss during the period					(9,321)	(5,931)
Foreign exchange loss / (gain)					13,811	48,225
At period end					361,307	356,817
					860,506	859,042

10. Distributions paid

Distributions in respect of the half year ended 31 December 2013 were nil (half year ended 31 December 2012: nil).

11. Earnings per security / share

	Half year ended 31 Dec 2013 cents per security	Half year ended 31 Dec 2012 cents per security
(a) Basic and diluted earnings per stapled security / parent entity share:		
<i>Parent entity share</i>		
From continuing operations attributable to the parent entity shareholders	(2.0)	(3.6)
Total basic and diluted earnings per share attributable to the parent entity shareholders¹	(2.0)	(3.6)
<i>Stapled security</i>		
From continuing operations attributable to the stapled security holders	(2.0)	(3.6)
Total basic and diluted earnings per security attributable to the stapled security holders¹	(2.0)	(3.6)

¹ The number of performance rights/units outstanding have not been included in the calculation of diluted EPS as they are anti-dilutive.

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

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

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
Earnings attributable to the parent entity shareholders		
From continuing operations	(14,963)	(27,480)
Total earnings attributable to the parent entity shareholders	(14,963)	(27,480)
Earnings attributable to the stapled security holders		
From continuing operations	(15,333)	(27,802)
Total earnings attributable to the stapled security holders	(15,833)	(27,802)

(c) Weighted average number of shares used as the denominator

	Half year ended 31 Dec 2013 No.'000	Half year ended 31 Dec 2012 No.'000
Weighted average number of securities / shares for the purposes of basic and diluted earnings per security / share	764,134	762,266

12. Contingent liabilities

	As at 31 Dec 2013 \$'000	As at 30 June 2013 \$'000
Letters of credit	41,737	39,065

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

Deed of Cross Guarantee

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

Acquisition of Class A Interests in US wind farms

During the period the Group acquired a share of various Class A interests in Group-related US wind farms. The acquisitions resulted in a put option being held by the seller, whereby Infigen may be required to acquire the residual interests held by the seller after December 2018. The exercise of this option is at the discretion of the seller and is only likely to be exercised if certain performance outcomes are achieved. At this point in time, it cannot be determined whether it is probable that the option will be exercised. The maximum exposure to the Group under the option is capped at US\$3.5 million (AUD\$3.9 million). As such, no liability has been recognised for the option as at 31 December 2013.

13. Issuances, repurchases and repayments of securities

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
Fully paid stapled securities		
Balance as at 1 July	761,642	761,642
Issue of securities (2,727,462 securities at 30 cents each)	818	-
Balance as at 31 December	762,460	761,642
Attributable to:		
Equity holders of the parent	2,305	2,305
Equity holders of the other stapled securities (minority interests)	760,155	759,337
	762,460	761,642

	Half year ended 31 Dec 2013 No.'000	Half year ended 31 Dec 2012 No.'000
Number of fully paid stapled securities		
Balance as at 1 July	762,266	762,266
Issue of securities	2,727	-
Balance as at 31 December	764,993	762,266



14. Subsequent events

Effective 1 January 2014, the Group acquired a share of Class A interests in Group-related US wind farms, Sweetwater Wind 1 LLC and Blue Canyon Windpower LLC for cash consideration of USD13,350,000. As the transaction had not been completed as at the end of the period, the financial effects of the transaction have not been brought to account at 31 December 2013. The acquisition is expected to increase the fair value of the Group's investment in financial assets and this will be brought to account from 1 January 2014.



Management Discussion and Analysis of Financial and Operational Performance for the six months ended 31 December 2013

26 February 2014

All figures in this report relate to businesses of the Infigen Energy Group (“Infigen” or “the Group”), being Infigen Energy Limited (“IEL”), Infigen Energy Trust (“IET”) and Infigen Energy (Bermuda) Limited (“IEBL”) and the subsidiary entities of IEL and IET, for the six months ended 31 December 2013 compared with the six months ended 31 December 2012 (“prior corresponding period”) except where otherwise stated.

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

The results discussed in this document refer to Infigen’s economic interest unless specifically marked otherwise and therefore minority interests within individual components have been eliminated consistently. All references to \$ is a reference to Australian dollars unless specifically marked otherwise. Individual items and totals are rounded to the nearest appropriate number or decimal. Some totals may not add down the page due to rounding of individual components. Period on period changes on a percentage basis are presented as favourable (positive) or unfavourable (negative). Period on period changes to items measured on a percentage basis are presented as percentage point changes (“ppts”).

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

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1 Statutory Result

1.1 Statutory Loss

Infigen reported a Statutory Loss for the six months to 31 December 2013 of \$15.3 million, a favourable movement of \$12.5 million compared with a Statutory Loss of \$27.8 million in the prior corresponding period (pcp).

The major factors contributing to the result include improved wind conditions in Australia and higher net income from institutional equity partnerships (IEPs) partially offset by an expense related to the termination of interest rate swaps (significant item).

Excluding the significant item, net operating cash flow was up \$14.3 million to \$37.3 million.

Further details are provided in Section 2.

1.2 Dividends

Following consideration by the Board and as advised by the Chairman of the Board at the 2013 Annual General Meeting, the sweeping of surplus cash flow from operating assets held within the Global Facility Borrower Group effectively serves to continue to preclude the payment of distributions to securityholders.

1.3 Safety

Infigen's first priority is the safety of our people and the communities in which we operate. Our goal is zero lost time incidents and injuries. Infigen's safety performance as measured on a rolling 12 month lost time injury frequency rate (LTIFR) was 3.4 at 31 December 2013 compared with zero at 31 December 2012.

This increase was the result of three lost time incidents during 2013.

These incidents serve as a continuing reminder that we must remain ever vigilant when it comes to safety.

2 Review of Financial Performance

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

Six months ended 31 December (\$m unless otherwise indicated)	2013	2012 (restated)	Change % F/(A)
Revenue	137.9	122.9	12
EBITDA	80.9	70.5	15
Depreciation and amortisation	(61.4)	(56.9)	(8)
EBIT	19.5	13.6	43
Net borrowing costs	(38.1)	(40.5)	6
FX and interest rate derivative revaluation	(0.7)	(6.2)	88
Net Income from IEPs	17.1	2.8	512
Significant items (interest rate swap terminations)	(16.8)	-	n.m. ¹
Loss before tax	(19.0)	(30.3)	37
Income tax benefit	3.7	2.5	48
Net loss after tax	(15.3)	(27.8)	45
Operating cash flow	14.7	16.7	(12)
Capital expenditure ²	5.9	7.6	22
Operating cash flow per security ³ (cps)	1.9	2.2	(12)
Earnings per security (cps) ⁴	(2.0)	(3.6)	44

Further segmentation of the profit and loss line items in the table above is available in the financial statements and throughout this document.

Position at (\$m unless otherwise indicated)	31 Dec 2013	30 Jun 2013 (restated)	Change % F/(A)
Debt	1,134	1,059	(7)
Cash	87	121	(28)
Net debt	1,047	938	(12)
Class A liability	444	450	1
Securityholders' equity	498	484	3
Book Gearing	67.8%	65.9%	(1.9) ppts ⁵
Net assets per security (\$)	0.65	0.63	3
Net tangible assets per security (\$)	0.29	0.28	4

¹ n.m. = not meaningful

² Represents the cash outflow in relation to capital expenditure on an economic interest basis

³ Calculated using securities issued at end of year

⁴ Calculated using weighted average issued securities

⁵ ppts=percentage points

2.1 Reconciliation of Statutory Accounts to Economic Interest

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

Following an IFRS change, which precludes the use of the proportional consolidation method previously employed, Infigen must now account for seven of its US joint ventures using the equity method. For statutory purposes the share of profit of the following US joint ventures is recognised in the “Share of net profits of associates” line item: Sweetwater 1, 2 & 3 (50%), Sweetwater 4 & 5 (53%), Blue Canyon (50%), Combine Hills (50%), JB Wind⁶ (59.3%).

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

Following this section all figures included in this report will reference “Economic Interest” unless specifically stated otherwise.

Six months ended 31 Dec 2013 (\$ million)	Statutory	Non- controlling Interest	Allocate share of profit of associates	Economic Interest
Revenue	137.9	(7.7)	19.0	149.3
Operating EBITDA	86.4	(4.9)	8.5	90.1
Other costs and income	(11.1)	-	-	(11.1)
Share of net profits of associates	5.5	-	(5.5)	-
EBITDA	80.9	(4.9)	3.0	79.0
Depreciation and amortisation	(61.4)	4.5	(13.7)	(70.6)
EBIT	19.5	(0.3)	(10.7)	8.5
Net borrowing costs	(38.1)	0.1	-	(38.0)
FX and interest rate derivative revaluation	(0.7)	-	-	(0.7)
Net income from IEPs	17.1	0.2	10.7	28.0
Significant items (interest rate swap terminations)	(16.8)	-	-	(16.8)
Loss before tax	(19.0)	-	-	(19.0)
Income tax benefit	3.7	-	-	3.7
Net loss	(15.3)	-	-	(15.3)

⁶ Includes the Jersey Atlantic and Bear Creek wind farms

Six months ended 31 Dec 2012 (\$ million)	Statutory	Non- controlling Interest	Allocate share of profit of associates	Economic Interest
Revenue	122.9	(6.7)	18.0	134.2
Operating EBITDA	75.2	(4.0)	8.4	79.6
Other costs and income	(8.7)	-	-	(8.7)
Share of net profits of associates	4.0	-	(4.0)	-
EBITDA	70.5	(4.0)	4.4	70.9
Depreciation and amortisation	(56.9)	3.8	(11.9)	(65.0)
EBIT	13.6	(0.1)	(7.6)	6.0
Net borrowing costs	(40.5)	0.2	(0.8)	(41.1)
FX and interest rate derivative revaluation	(6.2)	-	-	(6.2)
Net income from IEPs	2.8	(0.1)	8.4	11.1
Loss before tax	(30.3)	-	-	(30.3)
Income tax benefit	2.5	-	-	2.5
Net loss	(27.8)	-	-	(27.8)

2.2 Significant transactions that occurred in the first half of FY14

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

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

This transaction is recorded as "investment in financial assets" in Infigen's financial statements and referenced as such throughout this document.

Infigen also purchased 100% of the seller's Class A interests in the Sweetwater 1 and Blue Canyon wind farm projects. Completion of this aspect of the transaction occurred in early January 2014, with an effective date of 1 January 2014 from an economic perspective. As such, this aspect of the transaction has no bearing on the financial information presented herein.

For further information please refer to the ASX release at <http://www.infigenenergy.com/investors/asxreleases/infigen-acquires-class-a-interests-in-its-us-portfolio.html>

2.3 Management discussion of income statement

Six months ended 31 December (\$m unless otherwise indicated)	2013	2012	Change % F/(A)
Revenue	149.3	134.2	11
Operating EBITDA	90.1	79.6	13
Other costs and income	(11.1)	(8.7)	(28)
EBITDA	79.0	70.9	11
Depreciation and amortisation	(70.6)	(65.0)	(9)
EBIT	8.5	6.0	42
Net borrowing costs	(38.0)	(41.1)	8
FX and interest rate derivative revaluation	(0.7)	(6.2)	89
Net Income from IEPs	28.0	11.1	152
Significant items (interest rate swap terminations)	(16.8)	-	n.m.
Loss before tax	(19.0)	(30.3)	37
Income tax benefits	3.7	2.5	48
Net loss after tax	(15.3)	(27.8)	45
Operating cash flow	20.5	23.0	(11)
Capital expenditure ⁷	5.9	7.6	22
Operating cash flow per security ⁸ (cps)	2.7	3.0	(10)
Earnings per security (cps) ⁹	(2.0)	(3.6)	44

Foreign exchange rates			
Average rate for the six months ended	31 Dec 2013	31 Dec 2012	Change %
AUD:USD	0.9214	1.0355	(11)
AUD:EUR	0.6858	0.8113	(15)

Revenue was \$149.3 million, up 11% or \$15.1 million reflecting higher Australian revenue and a depreciation of the AUD against the USD, partially offset by lower US revenue. Higher production and higher SA merchant electricity prices in Australia, and higher merchant electricity and REC prices in the US were partially offset by lower LGC prices, lower compensated revenue in Australia and lower production in the US.

Operating Earnings Before Interest, Tax, Depreciation and Amortisation (**Operating EBITDA**) was \$90.1 million, up 13% or \$10.5 million. This was due to:

- Australia: higher revenue partially offset by higher operating costs primarily due to the incentive payments to Vestas resulting from improved availability, production and associated revenue; and
- US: marginally lower revenues described above partially offset by lower asset management and other direct costs.

⁷ Represents the cash outflow in relation to capital expenditure

⁸ Calculated using securities issued at end of year

⁹ Calculated using weighted average issued securities

Development costs expensed were \$3.1 million, up \$1.3 million primarily reflecting costs of further progressing attractive development opportunities in the US and steady costs in the Australian business.

Corporate costs were \$8.0 million, up 4% or \$0.3 million. This was primarily due to costs associated with undertaking market testing for the potential sale of Capital wind farm partially offset by lower costs resulting from the organisational restructure and cost saving initiatives announced in February 2013.

Other income in the pcp was \$0.8 million and related to an insurance recovery for the replacement of a wind turbine generator in the US.

Depreciation and Amortisation expense was \$70.6 million, up \$5.6 million primarily due to the depreciation of the AUD against the USD. The expense for the period in Australia increased \$1.3 million to \$26.2 million compared with the pcp reflecting the reclassification of decommissioning and loan costs to financing costs in the pcp and the write down of some major wind turbine components. In the US the expense decreased to US\$40.9 million from US\$41.5 million.

Net Borrowing Costs were \$38.0 million, down 8% or \$3.1 million reflecting lower interest expense due to lower average debt during the period and lower decommissioning provision related costs partially offset by lower interest income and higher amortisation of loan fees.

Six months ended 31 December	2013 (\$m)	2012 (\$m)	Change % F/(A)
Interest Expense	(35.1)	(36.8)	5
Loan and Bank Fees	(3.4)	(3.1)	(9)
Amortisation of Decommissioning Cost	(0.2)	(2.5)	94
Total Borrowing costs	(38.7)	(42.4)	9
Interest Income	0.7	1.3	(49)
Net Borrowing Costs	(38.0)	(41.1)	8
FX (Loss) / Gain	(1.3)	(5.4)	76
Interest rate derivative revaluation	0.6	(0.8)	175

Net foreign exchange loss of \$1.3 million (unrealised) primarily arose due to USD and EUR denominated debt held in Australian companies. This compares with a \$5.4 million loss in the pcp following the close out of foreign exchange hedging contracts. The \$0.6 million benefit associated with the **interest rate derivative revaluation** reflects a slight increase in benchmark interest rates in the US.

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

Net income from US IEPs was \$28.0 million, up \$16.9 million compared with income of \$11.1 million in the pcp primarily due to the unwind of "benefits deferred". An explanation of the structure of IEPs (including the accounting treatment) is provided in Appendix B of the full year FY13 Management Discussion and Analysis available at infigenenergy.com/investors/publications/financial-results.

Income Tax benefit was \$3.7 million compared with \$2.5 million in the pcp and is broadly consistent with the loss before tax for the period. The \$1.2 million variance

was primarily attributable to the pcg including higher US losses for which tax benefits were not recognised due to the uncertainty of recoverability.

Statutory Loss for the six months was \$15.3 million, a favourable movement of \$12.5 million compared with a Statutory Loss of \$27.8 million in the pcg.

3 Cash Flow

3.1 Cash movement

The cash balance at 31 December 2013 was \$90.2 million, 27% lower than the \$124.0 million balance at 30 June 2013. The cash balance at 31 December 2013 includes \$63.8 million held by entities outside ('Excluded Companies') the Global Facility Borrower Group (refer Section 4 for more details).

Cash movements during the period included:

- Investment in financial assets¹⁰ (-\$84.9 million);
- Debt reduction (-\$10.1 million);
- Distributions to Class A tax equity holders (-\$14.2 million);
- Capital expenditure primarily related to capacitor bank installations at Sweetwater, expenditure related to the post-warranty agreements at sites with Gamesa turbines and development activities (-\$5.4 million);
- Facility drawdown (investment in financial assets), net of capitalised and expensed loan costs (+\$55.8 million);
- Net operating cash flow (+\$20.5 million);
- Distributions received from investment in financial assets (+\$4.0 million); and
- FX movements (+\$0.5 million).

3.2 Net operating cash flow

Six months ended 31 December	2013 (\$m)	2012 (\$m)	Change % F/(A)
Operating EBITDA	90.1	79.6	13
Corporate, development & other costs	(11.1)	(8.7)	(28)
Working capital & non-cash items	(6.2)	(10.0)	38
Net financing costs and taxes paid	(35.5)	(37.9)	6
Significant item (Interest rate swap terminations)	(16.8)	-	n.m.
Net operating cash flow (NOCF)	20.5	23.0	(11)
Non-controlling interests			
NOCF - associates and JVs	(10.3)	(8.9)	(16)
NOCF - non-controlling interests	4.5	2.5	80
Operating Cash Flow (Statutory)	14.7	16.7	(12)

Net operating cash flow after tax and financing costs was \$20.5 million for the six months, down 11% or \$2.5 million. Higher EBITDA (refer Section 2), lower net financing costs and taxes paid and lower working capital and non-cash items were offset by \$16.8 million in interest rate swap termination costs. The working capital outflow (\$6.2 million) is largely attributable to the increased number of LGCs at the balance date accumulated to meet forward sales contracts that were settled in early 2014.

Excluding the significant item net operating cash flow was up \$14.3 million to \$37.3 million.

¹⁰ Refer section 2.2

4 Capital Management

4.1 Debt

Infigen's borrowings comprise:

- a multi-currency Global Facility secured by Infigen's interests in all of the operational wind farms except for Woodlawn ('the Borrower Group');
- a project finance facility for Woodlawn; and
- a bank facility for which recourse is limited to Infigen's investment in financial assets, subject to certain minor exceptions.

Total debt at 31 December 2013 was \$1,134 million (including capitalised loan costs) comprising \$1,018 million of Global Facility debt and capitalised loan costs, \$51 million of Woodlawn project finance debt and \$65 million of financial asset related debt. This was an increase of \$74.3 million compared with \$1,060 million at 30 June 2013. During the six months to 31 December 2013, \$10.1 million was applied to debt amortisation, \$62.0 million of financial asset related debt was drawn to fund the investment in financial assets, the depreciation of the AUD against the USD resulted in \$27.3 million in unfavourable FX movements with the balance comprising expensed and capitalised loan costs.

The Global Facility leverage ratio covenant was met at 31 December 2013.

4.2 Net Debt

Net debt increased \$109 million from \$938 million at 30 June 2013 to \$1,047 million at 31 December 2013 due to a \$34.2 million lower cash balance (refer section 3.1) and \$74.3 million higher debt described above.

4.3 Equity

Total equity increased 3% from \$484.0 million at 30 June 2013 to \$497.9 million at 31 December 2013. The increase of \$13.9 million is primarily attributable to the changes in fair value of cash flow hedges (+\$27.5 million), exchange differences on translation of foreign operations and movement in fair value (+\$0.6 million) and recognition of share-based payments and issue of securities to key management personnel for deferred remuneration (+\$1.1 million), partially offset by the net loss for the period (-\$15.3 million).

5 Operational Performance Review

5.1 United States

5.1.1 Summary of performance for the half year ended 31 December 2013

Six months ended 31 Dec	2013	2012	Change F/(A)	Change % F/(A)
Total revenue (US\$M)	59.4	59.9	(0.5)	(1)
Operating costs (US\$M)	36.9	37.2	0.3	1
Operating EBITDA (US\$M)	22.4	22.7	(0.3)	(1)
EBITDA margin	37.7%	37.9%		(0.2) ppt

Average price (\$/MWh)	44.46	44.30	0.16	-
Operating costs (\$/MWh)	27.62	27.51	(0.11)	-
Production tax credit (US\$M)	35.1	32.9	2.2	7
EBITDA margin inc PTCs	63.1%	60.4%		2.7 ppt

Translation to AUD

Revenue (A\$M)	64.4	57.8	6.6	11
Operating EBITDA (A\$M)	24.3	21.8	2.5	11

Six months ended 31 Dec	2013	2012	Change F/(A)	Change % F/(A)
Operating capacity (MW)	1,089	1,089	-	-
Production (GWh)	1,336	1,352	(16)	(1)
P50 production ¹¹ (GWh)	3,313	3,313	-	-

There was no change to Infigen's operating capacity in the US during the period with operating capacity remaining at 1,089 MW (Class B interest).

Key achievements and outcomes in the US region during the period included:

- Aragonne entered into an agreement to acquire up to 75 MW of firm point to point transmission for 2014 and beyond;
- Activities that will lead to future period revenue enhancement were undertaken, including participating in capacity auctions for certain sites and exploring the potential to obtain capacity injection rights in the PJM market;
- The fire-damaged turbine at Allegheny Ridge was returned to service;
- Allegheny Ridge completed its bird and bat conservation strategy and amended its Co-operator Agreement with the State of Pennsylvania; and
- Steady progress made on transitioning sites with Gamesa turbines over to the original equipment manufacturer for long term service and maintenance.

¹¹ Annual production

5.1.2 Production

Six months ended 31 December	2013	2012	Change F/(A)
Operating capacity (MW)	1,089	1,089	-
Capacity factor	27.8%	28.1%	(0.3) ppt
Turbine availability	96.2%	96.0%	0.2 ppt
Site availability	95.3%	94.6%	0.7 ppt
Production (GWh)	1,336	1,352	(16)

Production decreased 1% or 16 GWh to 1,336 GWh with mixed wind conditions across the wind farms. The variance primarily reflected lower production due to less favourable wind conditions (Sweetwater 4 and Aragonne), icing on blades (Sweetwater) and lower turbine availability at most wind farms with Gamesa turbines, which were transitioning onto the new warranty agreements. This was partially offset by improved availability and better wind conditions at Cedar Creek, improved availability at Caprock and better wind conditions at Kumeyaay.

Turbine availability improved 0.2% to 96.2% due to proactive maintenance and the return to service of some turbines. Site availability increased 0.7% to 95.3% due to the non-recurrence of scheduled substation maintenance that occurred in the pcp.

5.1.3 Price

The average portfolio price realised increased marginally to US\$44.46/MWh compared with US\$44.30/MWh. This was due to higher realised electricity and REC prices from merchant wind farms partially offset by unfavourable imbalance (scheduling) charges.

The time weighted average electricity prices for the markets in which Infigen has merchant assets are outlined below.

Six months ended 31 December (US\$/MWh)	2013	2012	Change % F/(A)
PJM - AECO	36.9	37.2	(1)
PJM - CE	29.6	30.0	(1)
ERCOT - W	32.0	24.7	29

5.1.4 Revenue

Revenue decreased 1% or US\$0.5 million to US\$59.4 million. This primarily reflected a net decrease in production due to the factors described earlier as well as reduced price at Crescent Ridge since its PPA expired in June 2013, partially offset by higher merchant electricity and REC prices.

5.1.5 Operating costs

Operating costs decreased 1% or US\$0.3 million to US\$36.9 million reflecting improved operating and maintenance practices.

- Asset management costs (including IAM¹² costs) decreased US\$0.5 million to US\$6.6 million primarily reflecting lower legal costs and lower IAM costs following the resolution of the Gamesa dispute, and savings following the organisational restructure and cost savings initiatives implemented in early 2013 partially offset by transaction costs associated with the acquisition of Class A interests¹³ (US\$0.7 million);
- Turbine O&M costs increased US\$0.7 million primarily due to the commencement of the Gamesa extended warranty agreements entered into in June 2013;
- Balance of plant costs increased US\$0.4 million due to collection system maintenance at Crescent Ridge and overhead power line maintenance at Cedar Creek; and
- Other direct costs decreased US\$1.0 million reflecting a one-off decrease in transmission fees at Aragonne (US\$0.4 million) and lower property taxes and insurance expenses at Sweetwater 5 and Cedar Creek (US\$0.6 million).

Six months ended 31 Dec (US\$M)	2013	2012	Change F/(A)	Change % F/(A)
Asset Management	6.6	7.1	0.5	7
Turbine O&M	17.7	17.0	(0.7)	(4)
Balance of Plant	4.0	3.6	(0.4)	(11)
Other Direct Costs	8.5	9.5	1.0	11
Operating Costs	36.9	37.2	0.3	1

5.1.6 Operating EBITDA

Operating EBITDA for the US business decreased 1% or US\$0.3 million to US\$22.4 million primarily reflecting lower wind farm revenue partially offset by lower operating costs across the business.

EBITDA margin was 37.7% compared with 37.9% in the pcp, while EBITDA margins including PTCs improved from 60.4% to 63.1% primarily due to the timing of the recognition of PTC income.

5.1.7 Development

Work continued on the solar PV development pipeline during the period including advancing the Wildwood I and Pumpjack projects to be in a position to start construction by the end of the 2014 calendar year.

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

¹² Infigen Asset Management

¹³ These costs should not be considered part of the on-going costs associated with the operations of the wind farms. These costs were incurred by 'Excluded Companies'.

5.2 Australia

5.2.1 Summary of performance for the half year ended 31 December 2013

Six months ended 31 Dec (\$M) unless stated otherwise	2013	2012	Change F/(A)	Change % F/(A)
Revenue	84.9	76.4	8.5	11
Operating EBITDA	65.8	57.8	8.0	14
Operating EBITDA margin	77.5%	75.6%		1.9 ppts
Average Price (A\$/MWh)	93.7	94.4	(0.7)	(1)
Operating Cost (A\$/MWh)	21.1	23.0	1.9	8

Six months ended 31 Dec	2013	2012	Change F/(A)	Change % F/(A)
Operating capacity (MW)	557	557	-	-
Production (GWh)	906	810	96	12
P50 production ¹⁴ (GWh)	1,606	1,606	-	-

There was no material change to Infigen's operating capacity in Australia during the period with operating capacity increasing by 0.1 MW to 556.7 MW following completion of the Capital East solar demonstration facility.

Key achievements and outcomes during the period included:

- **Strong production** driven by improved wind conditions and improved balance of plant reliability across the portfolio.
- **Capital East solar demonstration facility** - The first stage (approximately 130 kW) of the facility was completed and registered as a generator with AEMO in September 2013.
- **Stable and improving operating performance** driven by:
 - improved turbine and balance of plant availability;
 - favourable realised electricity prices; and
 - enhanced use of wholesale and financial market instruments to hedge merchant electricity and LGC revenue.

5.2.2 Production

Six months ended 31 Dec	2013	2012	Change F/(A)
Operating Capacity (MW)	557	557	-
Capacity Factor	36.9%	32.9%	4.0 ppt
Turbine Availability	97.7%	97.5%	0.2 ppt
Site Availability	97.6%	96.6%	1.0 ppt
Production (GWh)	906	810	96

Production increased 12% or 96 GWh to 906 GWh. The pcp included 27 GWh of compensated production related to the settlement of an AEMO scheduling error. Excluding this the variance of 123 GWh reflected better wind conditions (+130 GWh),

¹⁴ Annual production

improved balance of plant reliability (+5 GWh) and lower network losses (+6 GWh), partially offset by less favourable wind conditions at Alinta (-16 GWh) and higher turbine downtime (-2 GWh) during periods of good wind conditions, notwithstanding improved availability.

Turbine availability and site availability improved 0.2% and 1.0% respectively.

Network constraints are limitations of the transmission network which can reduce Infigen's production for which Infigen receives no compensation. Network constraints were lower than the pcp with an improvement in the network availability at Alinta wind farm (+11 GWh), offset by lost production due to increased thermal constraints, planned line outages and high voltage equipment maintenance at Lake Bonney 2 and 3 (-4 GWh).

5.2.3 Prices

Electricity

The time weighted average (TWA) electricity prices changed marginally compared to the pcp, increasing 6% in SA and decreasing 4% in NSW.

Six months ended 31 December TWA wholesale electricity (\$/MWh)	2013	2012	10 Year Average
SA (Lake Bonney)	64.94	61.09	49.18
NSW (Capital & Woodlawn)	54.33	56.71	42.89

Infigen's dispatch weighted average (DWA) electricity prices increased 8% to \$57.83/MWh in SA and remained flat at \$55.17/MWh in NSW. The prices broadly correlate with the TWA price variations in each region.

Average spot prices in Australia can be significantly influenced by short term extreme price events. Wholesale electricity spot prices can vary between the market price floor of -\$1,000/MWh and the market price cap of \$13,100/MWh.

During H1 FY14 volatility resulted from competitive bidding, plant failures, low wind, high demand and transmission constraints unlike the pcp where the main reason for volatility was extended maintenance on Victorian transmission lines that affected the Heywood interconnector and low wind production in SA. Volatility had little bearing on the period on period variance in the dispatch weighted average price.

Large-scale Generation Certificates (LGCs)

Six months ended 31 December (\$/MWh)	2013	2012	Change % % F/(A)
Large-scale Generation Certificates	36.44	36.66	(1)

The average monthly LGC price for the six months decreased 1% to \$36.44/LGC compared to \$36.66/LGC in the pcp. The closing LGC price at 31 December 2013 was \$33.00/LGC compared with \$37.20/LGC at 31 December 2012.

At 31 December 2013 Infigen held approximately 428,000 LGCs with a book value of \$15.9 million compared with approximately 312,000 LGCs with a book value of \$11.4 million at 31 December 2012. These LGCs were recognised in the revenue line

at the lower of weighted average market price and the end of month market price for the month in which they were created.

Reported revenue included \$7.1 million related to LGCs that were created but not sold during the period compared with \$1.3 million in the pcp.

Bundled pricing

Infigen's weighted average portfolio bundled (electricity and LGCs) price was 1% lower at \$93.7/MWh compared to \$94.4/MWh in the pcp due to lower LGC prices. Of Infigen's six operational Australian wind farms 55% of annual P50 production is currently contracted under medium and long term agreements.

5.2.4 Revenue

Revenue increased 11% or \$8.5 million to \$84.9 million as a result of higher production (+\$11.2 million), and higher SA electricity prices (+\$2.0 million), offset by lower LGC prices (-\$2.2 million), lower contracted revenue from Sydney Desalination Plant (-\$1.1 million), lower NSW electricity prices (-\$0.2 million) and lower compensated revenue (-\$1.2 million).

5.2.5 Operating Costs

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

Six months ended 31 Dec (\$M)	2013	2012	Change F/(A)	Change % F/(A)
Asset Management	3.2	3.5	0.3	9
Turbine O&M	10.2	8.7	(1.5)	(17)
Balance of Plant	0.5	0.4	(0.1)	(25)
Other Direct Costs	3.7	3.7	-	-
Wind Farm Costs	17.6	16.3	(1.3)	(8)
Energy Markets	1.6	2.3	0.8	33
Operating Costs	19.1	18.6	(0.5)	(3)
<i>Total Operating Costs \$/MWh</i>	<i>21.19</i>	<i>22.96</i>	<i>1.77</i>	<i>8</i>

Total operating costs increased 3% or \$0.5 million to \$19.1 million. The key variances include:

- Higher turbine O&M costs due to the production and availability linked incentive mechanism within the Vestas post-warranty agreements (+\$1 million) and minor blade repair work at Alinta for damage caused by lightning strikes (+\$0.5 million);
- Slightly higher balance of plant equipment costs at Lake Bonney (+\$0.1 million);
- Lower asset management costs resulting from the organisational restructure and cost saving initiatives undertaken in early 2013 (-\$0.3 million); and
- Higher CPI linked land lease and connection costs (+\$0.2 million) were offset by lower insurance costs (-\$0.2 million).

- Energy Markets costs were \$0.8 million lower than the pcp due to lower hedging costs and lower professional fees (-\$0.7 million) and lower costs as a result of the organisational restructure (-\$0.1 million).

5.2.6 Operating EBITDA

Operating EBITDA increased 14% or \$8.0 million to \$65.8 million reflecting higher revenue from higher production and higher average merchant electricity prices, partially offset by lower LGC prices and slightly higher operating costs.

Operating EBITDA margin for the period was 77.5% compared to 75.6% in the pcp.

5.2.7 Development

Development Approvals

The Bodangora and Cherry Tree wind farm developments received development consent in September and November 2013 respectively. Infigen's proposed Flyers Creek wind farm was referred to the NSW Planning Assessment Commission for determination in November 2013.

Commissioning of Capital East Solar Farm

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

6 Outlook

Consistent with long-term seasonal variation, second half production is expected to increase in the US and decrease in Australia.

In the US, similar merchant electricity prices in the PJM and ERCOT markets are expected for the remainder of FY14. In Australia, slightly higher bundled prices are expected in the second half due to seasonal variations and forward contracted LGC sales.

Full year operating costs in the US and Australia are expected to remain within the US\$73-76 million and A\$35-37 million guidance ranges respectively.

Subject to these operating conditions, Infigen is currently on track to exceed its guidance of having approximately \$80 million of cash flow available to repay Global Facility borrowings, distribute to Class A tax equity members and close out interest rate swaps in FY14.

Infigen's investment in financial assets (the US Class A interests) will generate additional cash flow to Infigen.

7 Appendix A – Balance Sheet by Country

A\$ million as at 31 December 2013	IFN Statutory Interest	Less US Minority Interest	Add: US Equity Accounted Investments	Economic Interest	Australia	United States
Cash	87.1	(0.6)	3.7	90.2	60.0	30.2
Receivables	30.9	(1.8)	4.0	33.0	18.1	15.0
Inventory & LGCs	18.2	(0.2)	1.2	19.2	14.5	4.7
Prepayments	16.2	(0.3)	2.0	18.0	7.5	10.5
PPE	2,002.1	(162.4)	472.8	2,312.6	896.2	1,416.3
Goodwill & intangibles	275.3	(9.7)	(3.7)	261.9	135.1	126.8
Deferred tax & other assets	51.9	-	-	51.9	53.8	(1.9)
Investments in Associates	102.1	-	(101.2)	0.9	0.9	-
Investment in financial asset	84.7	-	-	84.7	-	84.7
Total assets	2,668.6	(174.9)	378.7	2,872.3	1,186.0	1,686.3
Payables	28.9	(2.6)	5.0	31.3	11.6	19.7
Provisions	22.0	(2.0)	7.9	27.9	10.4	17.5
Borrowings	1,134.3	-	1.5	1,135.8	726.8	409.0
Tax Equity (US)	499.2	(117.6)	208.2	589.8	-	589.8
Deferred revenue (US)	361.3	(52.7)	156.0	464.6	-	464.6
Interest rate derivative	125.0	-	-	125.0	93.2	31.8
Total Liabilities	2,170.7	(174.9)	378.7	2,374.5	842.0	1,532.5
Net assets	497.9	-	-	497.9	344.0	153.8

Foreign exchange rates

As at	31 Dec 2013	31 Dec 2012	Change %
USD	0.8922	1.0378	(14)
EUR	0.6474	0.7868	(18)

8 Appendix B – Institutional Equity Partnerships

8.1 Wind farm portfolio

2003/04	2005	2006	2007
Sweetwater 1 & 2	Sweetwater 3	Aragonne Mesa	Sweetwater 4 & 5
Caprock	Kumeyaay	Buena Vista	Cedar Creek
Blue Canyon	Jersey Atlantic	Mendota Hills	
Combine Hills	Bear Creek	Allegheny Ridge	
	Crescent Ridge	GSG	

8.2 IEP summary for the six months ended 31 December 2013

8.2.1 Production (GWh) by asset vintage

Six months ended 31 Dec	2013	2012	Change F/(A)	Change % F/(A)
2003/2004	334	340	(6)	(2)
2005	211	209	2	1
2006	323	342	(19)	(6)
2007	467	461	6	1
Total	1,336	1,352	(16)	(1)

8.2.2 Revenue (US\$ million) by asset vintage

Six months ended 31 Dec	2013	2012	Change F/(A)	Change % F/(A)
2003/2004	10.0	10.2	(0.2)	(2)
2005	8.7	9.9	(1.2)	(12)
2006	17.9	17.9	-	-
2007	22.8	21.9	0.9	4
Total	59.4	59.9	(0.5)	(1)

8.2.3 Profit and loss (US\$ million) by asset vintage

Six months ended 31 Dec 2013	2003/04	2005	2006	2007	Total
Revenue	10.0	8.7	17.9	22.8	59.4
Costs	(6.1)	(6.0)	(12.9)	(8.5)	(33.5)
EBITDA	3.9	2.7	5.0	14.2	25.9
D&A	(6.7)	(7.4)	(16.3)	(17.2)	(47.8)
EBIT	(2.8)	(4.7)	(11.3)	(3.0)	(21.9)

8.2.4 Class A capital balance amortisation (US\$ million) by asset vintage

Six months ended 31 Dec 2013	2003/04	2005	2006	2007	Total
Opening Balance (1 Jul 13)	51.4	86.9	153.5	230.2	522.0
Production Tax Credits	(8.2)	(5.9)	(8.4)	(12.5)	(35.0)
Tax (losses)/ gains	1.6	1.2	-	3.6	6.4
Cash distributions	(3.7)	(2.8)	-	(6.5)	(13.0)
Allocation of return (interest)	1.1	3.3	5.0	7.1	16.5
Closing Balance (31 Dec 13)	42.2	82.7	150.1	221.8	496.8

8.3 IEP summary for the year ended 30 June 2013

8.3.1 Production (GWh) by asset vintage

Year ended 30 June	2013	2012	Change F/(A)	Change % F/(A)
2003/2004	722	716	6	1
2005	509	519	(10)	(2)
2006	776	820	(44)	(5)
2007	1,082	1,081	1	-
Total	3,089	3,136	(47)	(1)

8.3.2 Revenue (US\$ million) by asset vintage

Year ended 30 June	2013	2012	Change F/(A)	Change % F/(A)
2003/2004	22.5	22.8	(0.3)	(1)
2005	24.6	25.9	(1.3)	(5)
2006	42.6	43.7	(1.1)	(3)
2007	53.1	51.5	1.6	3
Total	142.9	143.9	(1.0)	(1)

8.3.3 Profit and loss (US\$ million) by asset vintage

Year ended 30 June	2003/04	2005	2006	2007	Total
Revenue	22.5	24.6	42.6	53.1	142.9
Costs	(12.5)	(13.6)	(28.1)	(20.5)	(74.8)
EBITDA	10.0	11.0	14.8	32.6	68.4
D&A	(11.8)	(12.9)	(26.9)	(29.6)	(81.3)
EBIT	(2.0)	(2.0)	(12.1)	3.2	(12.9)

8.3.4 Class A capital balance amortisation (US\$ million) by asset vintage

Year ended 30 June	2003/04	2005	2006	2007	Total
Closing Balance (30 Jun 12)	65.8	95.1	162.0	238.6	561.5
Tax true-up	(0.1)	0.3	(0.1)	(0.7)	(0.6)
Opening Balance (1 Jul 12)	65.7	95.4	161.9	237.9	560.9
Production Tax Credits	(16.2)	(11.7)	(18.7)	(24.4)	(71.1)
Tax (losses)/ gains	3.5	2.6	0.2	0.9	7.1
Cash distributions	(7.4)	(6.6)	-	-	(13.9)
Allocation of return (interest)	5.8	7.2	10.1	15.8	38.9
Closing Balance (30 Jun 13)	51.4	86.9	153.5	230.2	522.0

8.4 US cash distributions

Cash flows from the US business are split between the Class A and Class B members in accordance with their entitlements during the various stages of the wind farms' lives (refer Appendix B of the Management Discussion and Analysis for the year ended 30 June 2013 for more detail).

Cash flow allocated to Class A members during the period was US\$13.0 million compared with US\$5.0 million in the pcp. This relates to the Blue Canyon, Combine Hills, Caprock, Crescent Ridge, Jersey Atlantic, Bear Creek, Cedar Creek, Kumeyaay and Sweetwater 1-3 wind farms, where the Class A members will receive all net operating cash flow from those wind farms until their capital balances including agreed return, are fully amortised (refer below for Class A capital balances).

The following table provides a summary of Class A capital balance movements.

Economic Interest Class A Capital Balance by vintage (US\$ million)				
As at	31 Dec 2013	30 June 2013	Change F/(A)	Change % F/(A)
2003/2004	42.2	51.4	9.2	18
2005	82.7	86.9	4.2	5
2006	150.1	153.5	3.4	2
2007	221.8	230.2	8.4	4
Total	496.8	522.0	25.2	5

The following table provides a summary of Class B capital balance movements.

Economic Interest Class B Capital Balance by vintage (US\$ million)				
As at	31 Dec 2013	30 June 2013	Change F/(A)	Change % F/(A)
2003/2004	-	-	-	-
2005	4.2	4.2	-	-
2006	100.3	104.3	4.0	4
2007	37.8	44.4	6.6	15
Total	142.3	152.9	10.6	7

Class B capital balances are held at the limited liability company (LLC) level (refer Appendix B of the Management Discussion and Analysis for the year ended 30 June 2013 for the relationship between wind farms, LLCs and asset vintage). Once Class B capital balances are fully repaid (cash flip point) or a fixed (cash cut-off) date is reached (whichever occurs earlier), all operating cash flow from the related wind farm assets is allocated to Class A members until their capital balances are fully amortised and agreed return achieved.

All wind farm entities in the 2003/2004 and 2005 vintage portfolio are distributing cash to the Class A members.

The 2006 vintage portfolio will begin to distribute cash to the Class A members no later than the end of November 2015.

In the 2007 vintage portfolio Cedar Creek reached its cash flip point in August 2013 after having its Class B capital balance repaid ahead of investment case expectations. The other wind farms in the 2007 portfolio are Sweetwater 4 & 5, which

will begin to distribute cash to the Class A members no later than the end of April 2015.

Once the Class A members achieve their agreed target return, the cash flows are reallocated between the Class A and Class B members. The Blue Canyon and Combine Hills wind farms are currently expected to return to distributing cash to Infigen as Class B member no later than December 2016 with the Crescent Ridge and Caprock wind farms expected to follow in June 2018 and December 2017 respectively.

The combined effect of the factors described above on Infigen's portfolio of 18 US wind farms is that the aggregate distributions to Infigen as Class B member diminish as more projects reach the cash flip point or cash cut-off date (whichever occurs earlier) and more operating cash flow is directed to reducing Class A capital balances. Infigen's aggregate distributions will therefore 'dip' for a period until projects in the portfolio begin to reach their reallocation dates. For Infigen's portfolio, the cash flow dip is currently expected to be most pronounced from the second half of FY16 through to the first half of FY18. The timing and duration of the cash flow dip will be influenced by the performance of the US wind farms during the intervening period.

The following table summarises the components of net income from IEPs on a Statutory basis in USD and eliminates the minority interest to derive an economic interest.

Six months ended 31 December	2013 (US\$m)	2012 (US\$m)	Change % F/(A)
Value of production tax credits (Class A)	25.6	24.2	6
Value of tax expense/credit (Class A)	(6.7)	1.8	(479)
Benefits deferred during the period	8.6	(2.2)	499
Income from IEPs	27.4	23.9	15
Allocation of return (Class A)	(12.4)	(13.5)	8
Movement in residual interest (Class A)	2.2	(7.4)	129
Non-controlling interest (Class B)	(1.6)	-	n.m.
Financing costs related to IEPs	(11.8)	(20.9)	44
Net income from IEPs (Statutory)	15.6	2.9	436
Non-controlling interests (Class B & Class A)	9.9	8.7	13
Net income from IEPs (Economic Interest)	25.5	11.7	119

The following table summarises the components of net income from IEPs on a Statutory basis in AUD and eliminates the minority interest to derive an economic interest.

Six months ended 31 December	2013 (A\$m)	2012 (A\$m)	Change % F/(A)
Value of production tax credits (Class A)	27.8	23.2	20
Value of tax expense/credit (Class A)	(7.3)	1.7	(529)
Benefits deferred during the period	9.3	(2.1)	543
Income from IEPs	29.8	22.8	31
Allocation of return (Class A)	(13.5)	(12.9)	(5)
Movement in residual interest (Class A)	2.5	(7.1)	135
Non-controlling interest (Class B)	(1.7)	-	n.m.
Financing costs related to IEPs	(12.7)	(20.0)	37
Net income from IEPs (Statutory)	17.1	2.8	514
Non-controlling interests (Class B & Class A)	10.9	8.4	31
Net income from IEPs (Economic Interest)	28.0	11.1	152

Value of Production Tax Credits (PTCs) (Class A) was \$27.8 million, up 20% or \$4.6 million largely reflecting lower production and the depreciation of the AUD against the USD and the higher PTC rate in the 2013 calendar year. The unit value of a PTC was US\$23 per MWh for the 2013 calendar year and US\$22 per MWh for the 2012 calendar year.

Value of tax expense (Class A) was \$7.3 million, down 529% or \$9.0 million due to the reduction in tax depreciation as assets that benefit from accelerated depreciation become fully depreciated.

During the period \$9.3 million of benefits were deferred, up 543% or \$11.4 million. Benefits deferred are the difference between tax depreciation and accounting depreciation for the year. This reduction reflects lower tax depreciation during the period as described above.

Allocation of return (Class A) is the agreed target return on Class A capital balances and was a \$13.5 million expense for the period, up 5% or \$0.6 million reflecting both lower Class A capital balances and the depreciation of the AUD against the USD.

The movement in residual interest (Class A) was \$2.6 million. This reflects period on period changes in expectations of future tax allocations and cash flows.

The non-controlling interest (Class B) represents the share of net profit attributable to the non-controlling interest holders in the Cedar Creek and Crescent Ridge wind farms. The increase was primarily due to a higher net income from IEPs for those wind farms.

The non-controlling interest (Class B & Class A) represents the elimination of non-controlling interest contributions of each income and financing cost IEP line item (attributable to both the Class A and Class B non-controlling interests in the Cedar Creek and Crescent Ridge wind farms).



Infigen Energy Trust

ARSN 116 244 118

Interim Financial Report
for the Half-Year Ended
31 December 2013



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Infigen Energy Trust Structure

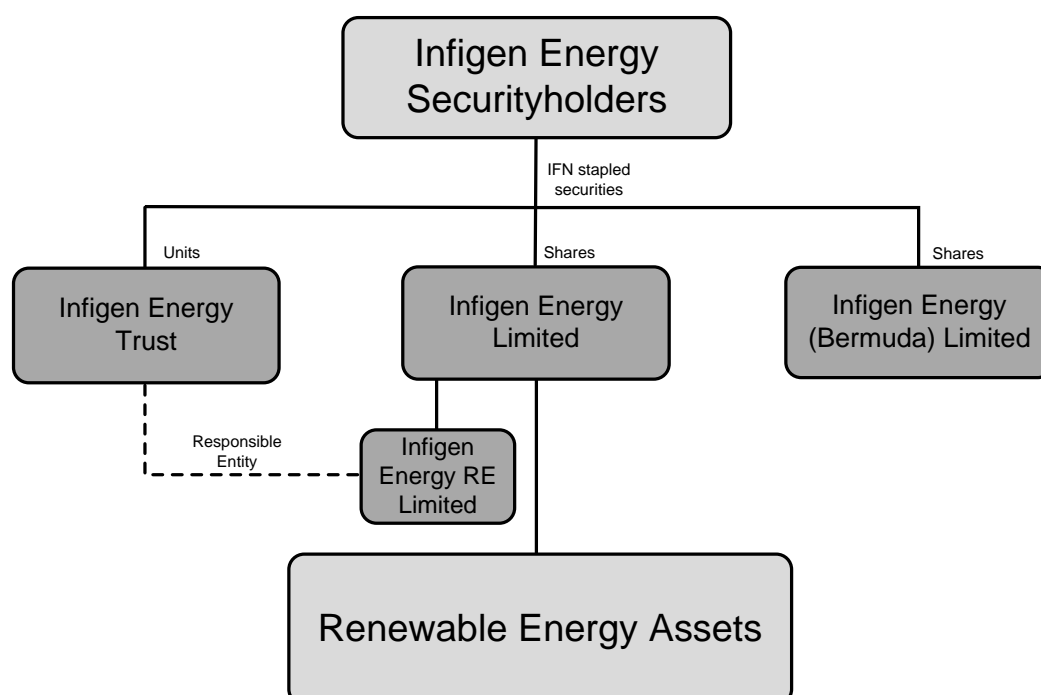
As at the date of this report, Infigen Energy Group (the Group) consists of the following entities:

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

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

Infigen Energy RE Limited (IERL) is the responsible entity of IET.

The following diagram represents the structure of the Infigen Energy Group.



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, and has prepared financial statements on this basis.

Additionally, IET is a publicly accountable entity and has therefore prepared separate financial statements for IET and its controlled entities. The attached financial statements have been prepared for the IET consolidated group at 31 December 2013 and should be read in conjunction with IEL's consolidated financial statements.



Directors' Report

Directors

The following persons were Directors of Infigen Energy RE Limited (IERL) in its capacity as responsible entity of IET during the half-year and up to the date of this report, unless otherwise indicated:

Michael Hutchinson

Miles George

Philip Green

Fiona Harris

Ross Rolfe AO

Review of Operations

Financial Result

The net loss attributable to the unit holders of IET for the half year ended 31 December 2013 amounted to \$325,000 (half year ended 31 December 2012: \$323,000 loss).

Rounding

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

Auditor's Independence Declaration

The auditor's independence declaration is included on page 5.

Signed in accordance with a resolution of Directors of the responsible entity.

On behalf of the Directors of IERL:

A handwritten signature in black ink, appearing to be "Miles George", written over a horizontal line.

Miles George

Director

Sydney, 26 February 2014



Auditor's Independence Declaration

As lead auditor for the review of Infigen Energy Trust for the half-year ended 31 December 2013, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the 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 Trust and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Upcroft', is written over the typed name.

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
26 February 2014



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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Infigen Energy Trust (the Trust), which comprises the statement of financial position as at 31 December 2013, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for Infigen Energy Trust (the consolidated entity). The consolidated entity comprises the Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Infigen Energy RE Limited (the responsible entity) 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 internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the 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 2013 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 Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infigen Energy Trust 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 2013 and of its performance for the half-year ended on that date;
- b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

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

Marc Upcroft
Partner

Sydney
26 February 2014



Directors' declaration
For the half year ended 31 December 2013

Directors' Declaration

In the Directors' opinion:

- (a) the consolidated financial statements and notes set out on pages 9 to 15 are in accordance with the Corporations Act 2001, including:
 - i. complying with Accounting standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
 - ii. giving a true and fair view of the consolidated entity's financial position as at 31 December 2013 and of its performance for the half-year ended on that date, and

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

This declaration is made in accordance with a resolution of Directors of Infigen Energy RE Limited (IERL).

On behalf of the Directors of IERL:

A handwritten signature in black ink, appearing to read "Miles George", with a long, sweeping horizontal stroke extending to the right.

Miles George

Director

Sydney, 26 February 2014



Consolidated statements of comprehensive income
For the half year ended 31 December 2013

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Note	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
Interest income		4	7
Operating expenses		(329)	(330)
Net loss before income tax expense		(325)	(323)
Net loss for the period		(325)	(323)
Total comprehensive loss for the period		(325)	(323)
Net operating loss attributable to unit holders		(325)	(323)
Comprehensive loss attributable to unit holders		(325)	(323)
Earnings per unit based on earnings attributable to unit holders:			
Basic (cents per security)	5	0.0	0.0
Diluted (cents per security)	5	0.0	0.0

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



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

	Note	As at 31 Dec 2013 \$'000	As at 30 June 2013 \$'000
Current assets			
Cash and cash equivalents		387	383
Trade and other receivables	4	-	-
Total current assets		387	383
Non-current assets			
Receivables	4	742,627	741,820
Total non-current assets		742,627	741,820
Total assets		743,014	742,203
Current liabilities			
Trade and other payables		3,193	2,875
Total current liabilities		3,193	2,875
Total liabilities		3,193	2,875
Net assets		739,821	739,328
Equity			
Contributed equity	7	753,894	753,076
Retained deficit		(14,073)	(13,748)
Total equity and net assets attributable to the unit holders		739,821	739,328

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



Consolidated statements of changes in equity
For the half year ended 31 December 2013

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE HALF YEAR ENDED 31 DECEMBER 2013

Note	Contributed equity \$'000	Retained earnings \$'000	Total \$'000
Total equity at 1 July 2012	753,076	(13,102)	739,974
Net loss for the period	-	(323)	(323)
Total comprehensive income for the period	-	(323)	(323)
Total equity at 31 December 2012	753,076	(13,425)	739,651
Total equity at 1 July 2013	753,076	(13,748)	739,328
Net profit for the period	-	(325)	(325)
Total comprehensive income for the period	-	(325)	(325)
Issue of securities	818		818
Total equity at 31 December 2013	753,894	(14,073)	739,821

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



Consolidated cash flow statements
For the half year ended 31 December 2013

CONSOLIDATED CASH FLOW STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
Cash flows from operating activities		
Loss for the period	(325)	(323)
Adjustments for:		
Changes in operating assets and liabilities:		
Decrease in Trade and other receivables	-	-
Increase in Trade and other payables	318	310
Net cash outflow from operating activities	(7)	(13)
Cash flows from financing activities		
Repayment of loans advanced	(807)	20
Receipts from issues of securities	818	-
Net cash inflow from financing activities	11	20
Net increase in cash and cash equivalents	4	7
Cash and cash equivalents at the beginning of the half year	383	369
Cash and cash equivalents at the end of the half year	387	376

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

1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2013 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 IET annual financial report for the year ended 30 June 2013 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.

The accounting policies adopted and methods of computation are consistent with those of the previous financial year and corresponding interim reporting period.

Excess of current liabilities over current assets

IET has an excess of current liabilities over current assets due to the classification of management fee liabilities to Infigen Energy RE Limited as current liabilities. The Directors of Infigen Energy RE Limited act on behalf of IET, and have the discretion to call upon the repayment of the liability to Infigen Energy RE Limited. The Directors are therefore satisfied that IET can meet its current obligations.

2. Distributions paid

Distributions in respect of the half year ended 31 December 2013 were nil (year ended 30 June 2013: nil).

3. Segment information

The principal activities of the consolidated entity during the period were to lend to and manage funds to entities that carry on renewable energy businesses.

4. Trade and other receivables

	As at 31 Dec 2013 \$'000	As at 30 June 2013 \$'000
Current		
Loans to related parties ¹	-	-
	-	-
Non-current		
Loans to related parties ¹	742,627	741,820
	742,627	741,820

¹ Loans to related parties are amounts that IET has loaned to other entities of the Infigen Energy Group (the borrowers). Since 31 December 2013, IET has provided confirmation to the borrowers that it will not call for the repayment of these loans for a period of at least 12 months unless otherwise agreed with the respective borrowers.



Notes to the Consolidated financial statements
For the half year ended 31 December 2013

5. Earnings per unit

	Half year ended 31 Dec 2013 Cents per unit	Half year ended 31 Dec 2012 Cents per unit
Basic earnings / (loss) per unit	0.0	0.0
Diluted earnings / (loss) per unit	0.0	0.0

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

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
(Loss) attributable to the unit holders	(325)	(323)

	Half year ended 31 Dec 2013 No.'000	Half year ended 31 Dec 2012 No.'000
Weighted average number of units for the purposes of basic and diluted earnings per unit	763,116	762,266

6. Contingent liabilities

IET's contingent liabilities as at 31 December 2013 were nil (2012: nil).

7. Issuances, repurchases and repayments of securities

	Half year ended 31 Dec 2013 \$'000	Half year ended 31 Dec 2012 \$'000
Fully paid stapled securities/shares		
Balance as at 1 July	753,076	753,076
Issue of securities	818	-
Balance as at 31 December	753,894	753,076

	Half year ended 31 Dec 2013 No.'000	Half year ended 31 Dec 2012 No.'000
Number of fully paid stapled securities/shares		
Balance as at 1 July	762,266	762,266
	2,727	-
Balance as at 31 December	764,993	762,266

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.

8. 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.