

**BABCOCK & BROWN
WIND PARTNERS**



Babcock & Brown Wind Partners Limited · ABN 39 105 051 616
Babcock & Brown Wind Partners Trust · ARSN 116 244 118
Babcock & Brown Wind Partners (Bermuda) Limited · ARBN 116 360 715
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ASX Release

28 February 2008

**BBW APPENDIX 4D AND CONSOLIDATED HALF YEAR FINANCIAL
REPORTS**

Attached are the following financial reports relating to Babcock & Brown Wind Partners (ASX: BBW):

- Appendix 4D for the Half Year to 31 December 2007;
- BBW Consolidated Half Year Financial Report to 31 December 2007; and
- BBWPT Consolidated Half Year Financial Report to 31 December 2007.

ENDS

Further Information:

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Investor Relations Manager
Babcock & Brown Wind Partners
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Chief Executive Officer
Babcock & Brown Wind Partners
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BABCOCK & BROWN WIND PARTNERS

About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners (ASX: BBW) is a global wind energy business which owns and operates a portfolio of wind farms spanning six countries and three continents. BBW listed on the Australian Securities Exchange on 28 October 2005 and has a market capitalisation of approximately A\$1.2 billion.

BBW is a stapled entity comprising Babcock & Brown Wind Partners Limited (ABN 39 105 051 616), Babcock & Brown Wind Partners Trust (ARSN 116 244 118) and Babcock & Brown Wind Partners (Bermuda) Limited (ARBN 116 360 715).

BBW's portfolio comprises interests in 76 wind farms that have a total installed capacity of approximately 3,187MW and are diversified by wind resource, currency, equipment supplier, off-take arrangements and regulatory regime.

BBW is managed by Babcock & Brown Wind Partners Management Pty Limited, a subsidiary of Babcock & Brown Limited (ASX: BNB), a global investment and advisory firm with longstanding capabilities in structured finance and the creation, syndication and management of asset and cash flow-based investments. Babcock & Brown has a long history of experience in the renewable energy field and has been a longstanding participant in the wind energy sector with 20 years experience. Babcock & Brown's roles have included acting as an adviser/arranger of limited recourse project financing, arranging equity placements, lease adviser, project developer, principal equity investor and fund manager for wind energy projects situated in Europe, North America and Australia. Babcock & Brown has developed specialist local expertise and experience in the wind energy sector in each of these regions which it brings to its roles as manager and financial advisor for BBW.

BBW's investment strategy is to grow Securityholder wealth through efficient management of its portfolio of wind energy generation assets.

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

BABCOCK & BROWN WIND PARTNERS GROUP

APPENDIX 4D

Half Year Report

Name of entity:	Babcock & Brown Wind Partners (“BBW”), a stapled entity comprising Babcock & Brown Wind Partners Limited (ABN 39 105 051 616), Babcock & Brown Wind Partners (Bermuda) Limited (ARBN 116 360 715), and the Babcock & Brown Wind Partners Trust (ARSN 116 244 118)
ABN:	As Above

1. Details of the reporting period

Current Period:	1 July 2007 - 31 December 2007
Previous Corresponding Period:	1 July 2006 - 31 December 2006

2. Results for announcement to the market

	% Movement	2007 A\$'000	2006 A\$'000
2.1 Revenues from ordinary activities	57.3%	76,474	48,619
2.2 Profit / (Loss) from ordinary activities after tax attributable to members	N/A	3,160	(855)
2.3 Profit / (Loss) for the period attributable to members	N/A	3,160	(855)
2.4 Distributions	Amount per security	Franked amount per security	
Interim distribution (FY 2008) – per fully paid stapled security	7.25 cents	-	
Final distribution (FY 2007) – per fully paid stapled security	6.25 cents	-	
2.5 Record date for determining entitlement to the Interim Distribution	31 December 2007		
2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:	Refer to section 10		

3. Details of distributions

	Record Date	Payment Date
2007 Final Distribution	29 June 2007	14 September 2007
2008 Interim Distribution	31 December 2007	18 March 2008

BBW anticipates that it will pay an interim distribution of 7.25 cents per stapled security on 18 March 2008. In September 2007, BBW paid a final distribution of 6.25 cents per stapled security. The distribution that was paid on 14 September 2007 and the distribution that will be paid on 18 March 2008 will be fully tax deferred.

4. Details of distribution reinvestment plan

Babcock & Brown Wind Partners established a Distribution Reinvestment Plan (DRP) in June 2006 under which eligible stapled security holders were invited to reinvest part or all of any distribution received in additional stapled securities.

In relation to participating in the DRP for the 2008 Interim Distribution, eligible stapled security holders were required to lodge their DRP application forms with the registry by 31 December 2007.

The price of stapled securities issued under the DRP is determined by the market price formula detailed in the DRP Terms and Conditions booklet. For the 2008 Interim Distribution, the Boards of the BBW entities have determined to allot the new BBW stapled securities under the DRP to participating security holders at a discount of 2.5% to the weighted average market price of the stapled securities as calculated in accordance with the terms and conditions of the DRP.

Unless subsequently amended or withdrawn, DRP application forms received by the registry following 31 December 2007 will be included as DRP participants for future distribution payments.

5. Net tangible asset backing per security

	Current Period	Previous Period
Net tangible assets backing per stapled security	0.20	0.76

6. Control gained or lost over entities during the period

6.1 Name of entity (or group of entities) over which control was gained	<ol style="list-style-type: none">1. Sistemas Energeticos Abadia SA2. Babcock & Brown Riva Holdings SARL3. CS CWF Trust4. BBRPIT Trust5. Hiddestorf GmbH & Co KG6. Sistemas Energeticos El Carrascal SA7. Sistemas Energeticos El Chaparral SA8. Sistemas Energeticos La Cerradilla SA9. Sistemas Energeticos La Mata SA
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6.2 Date control was gained	<ol style="list-style-type: none"> 1. 2 August 2007 2. 6 December 2007 3. 20 December 2007 4. 20 December 2007 5. 14 December 2007 6. 20 December 2007 7. 20 December 2007 8. 20 December 2007 9. 20 December 2007
6.3 Consolidated profit after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	<ol style="list-style-type: none"> 1. \$1,000,000 2. \$223,000 3. Nil 4. Nil 5. Nil 6. Nil 7. Nil 8. Nil 9. Nil
6.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

7. Details of associates and joint venture entities

During the year ended 30 June 2007, the Directors determined that continued designation of unquoted Class B interests in US wind farms as equity accounted investments would result in significant differences between accounting and economic values in the long term. The Directors determined that these interests were eligible for designation at fair value through profit or loss under AASB 139: *Financial instruments: Recognition and measurement* and AASB 128: *Investments in Associates*. As a result the anticipated issues with equity accounting the Directors have now designated the unquoted shares as financial instruments at fair value through profit or loss to correct the prior year accounting policy.

The following information is in relation to these financial assets, which are now no longer classified as associates.

7.1	Name of entity (or group of entities) over which significant influence was gained	Sweetwater Wind 4 LLC Sweetwater Wind 5 LLC Cedar Creek Wind LLC
7.2	Date significant influence was gained	November and December 2007
7.3	Percentage holding in the associate	Class B interest*: Sweetwater Wind 4 LLC (53%) Sweetwater Wind 5 LLC (53%) Cedar Creek Wind LLC (67%)
7.4	Consolidated profit after tax from ordinary activities and extraordinary items after tax of the associate (or group of entities) since the date in the current period.	Not applicable
7.5	Profit (loss) from ordinary activities and extraordinary items after tax of the associate (or group of entities) for the whole of the previous corresponding period	Not applicable

* The capital structure of the US wind farms is divided into Class A and Class B membership interests. BBW invests in the Class B membership interests. Class A and Class B members' initial investment is typically in a ratio that ranges between 95%:5% to 50%:50%, respectively. The ownership interest presented above relates to the Class B ownership interest only and does not represent a controlling interest.

Details of Disposals

In June 2006, BBW originally acquired 100% of the Class B interests in the Crescent Ridge wind farm from Eurus Energy America ("Eurus"). At that time BBW entered into an agreement whereby Eurus had the ability to repurchase 25% of these interests.

In August 2006, Eurus exercised its option under this agreement and repurchased 25% of the Class B interests in the Crescent Ridge wind farm from BBW. Following that transaction BBW owns 75% of the class B member interests in the Crescent Ridge wind farm.

8. Other significant information

Refer to the attached Directors' Report and ASX announcement.

9. Accounting standards used by foreign entities

Refer to the attached financial statements Note 1, Statement of Significant Accounting Policies.

10. Commentary on results

Distribution

The Board confirmed that a distribution of 7.25 cents per security for the half-year ended 31 December 2007 is expected to be paid on 18 March 2008. The directors of BBW today also confirmed their expectations that BBW would pay a full year distribution of 14.5 cents per stapled security for the year ended 30 June 2008. This assumes P50 production and no performance fees.

Acquisitions and Investments

During the half year ended 31 December 2007, BBW acquired class B interests in three US wind farms in Colorado and Texas for approximately \$360 million.

BBW also made payments of approximately \$318 million, net of cash received, for controlling interests in a number of wind farms in Australia and Europe, and payments of approximately \$118 million in relation to construction projects during the period.

Revenue

During the half year ended 31 December 2007 BBW earned product and lease revenues of \$76.5 million compared to \$48.6 million in the previous corresponding period, representing an increase of approximately 57%.

First half FY08 product and lease revenues include contributions from wind farms acquired in Portugal, Spain and Germany during calendar 2007, as well as contributions from wind farms under construction in Australia and France that have commenced operations.

Earnings Before Interest, Tax, Depreciation and Amortisation and Net Profit/ Loss

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) was \$74.8 million, up approximately 139% compared to the previous corresponding period. Net profit was \$3.2 million during the current half year compared to a loss of \$0.9 million in the half year ended 31 December 2006.

EBITDA from operations was \$62.1 million (H1’07: \$40.1 million) and fair value income from US investments was \$30.6 million (H1’07: \$1.8 million), offset by corporate expenses and management costs of \$17.9 million (H1’07: \$10.5 million).

Depreciation and amortisation expense increased by approximately 61% from \$16.9 million in the previous corresponding period to \$27.3 million in the current period due to depreciation on a significantly higher asset base.

Net finance costs were \$46.0 million for H1’08, compared to \$16.4 million in H1’07. The tax benefit during the six months ended 31 December 2007 was \$5.0 million compared with \$1.2 million in the prior corresponding period.

Net Operating Cash Flow

Net operating cash flow (“NOCF”) was \$29.4 million in H1’08 compared with \$41.5 million in H1’07. The decrease in the NOCF presented in the statutory financial statements does not take account of the following:

(i) The H1’08 statutory financial statements include 100% of the NOCF of the Enersis Portfolio of wind farms for the one month period since acquisition in December 2007. BBW acquired a 50% interest in the Enersis Portfolio in December 2007, however BBW received economic interest from 1 July 2007;

(ii) BBW invested in the Sweetwater 4 project (SW4) in December 2007. The H1’08 statutory financial statements include distributions received from SW4 from the investment date. Although the purchase was completed in December 2007, BBW received economic interest from 1 July 2007;

(iii) BBW enters into foreign exchange contracts (FECs) to hedge its net investment overseas. During H1'08 BBW has closed out certain FECs that relate to periods other than H1'08.

The above items are presented in the reconciliation below:

<i>\$'millions</i>	H1'08 Statutory Accounts	Less: Enersis Portfolio - Consolidated¹	Add: Enersis Portfolio – Economic Interest²	Sweetwater 4	FECs	H1'08 Adjusted
EBITDA	62.1	(11.1)	33.3	-	-	84.3
US Distributions	22.6	-	-	5.1	-	27.7
Working capital movement	(0.9)	8.3	3.5	-	-	10.9
Corporate costs	(17.9)	-	-	-	-	(17.9)
Net interest paid	(36.1)	3.4	(16.2)	-	-	(48.9)
Tax paid	(1.8)	0.9	(0.6)	-	-	(1.5)
Realised FX losses	(3.4)	-	-	-	-	(3.4)
Settlements of FECs	4.8	-	-	-	(1.5)	3.3
NOCF	29.4	1.5	20.0	5.1	(1.5)	54.5

¹ Represents 100% of the results of the Enersis Portfolio for the one month ended 31 December 2007

² Represents BBW's economic interest (50%) from 1 July 2007 through 31 December 2007

Outlook

The Directors of BBW and the management team are focused on managing the existing business effectively and, where appropriate, to manage its wind energy portfolio through selective accretive investments and divestments. Any decision to divest assets from the portfolio will focus on maintaining and enhancing BBW's position to continue to deliver strong growth in returns to securityholders after any divestment.

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

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

12. Qualification of review

Not applicable

BABCOCK & BROWN WIND PARTNERS GROUP

**Comprising Babcock & Brown Wind Partners Limited and its
controlled entities**

ABN 39 105 051 616

**Interim Financial Report
for the Half-Year Ended
31 December 2007**

Babcock & Brown Wind Partners Group

Half-Year Report - 31 December 2007

Contents

An overview of the BBW financial statements	9
Directors' report	10
Auditor's independence declaration	13
Independent review report to the stapled security holders	14
Directors' declaration	16
Consolidated income statements	17
Consolidated balance sheets	18
Consolidated statements of changes in equity	19
Consolidated cash flow statements	20
Notes to the consolidated financial statements	21

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Babcock & Brown Wind Partners Group

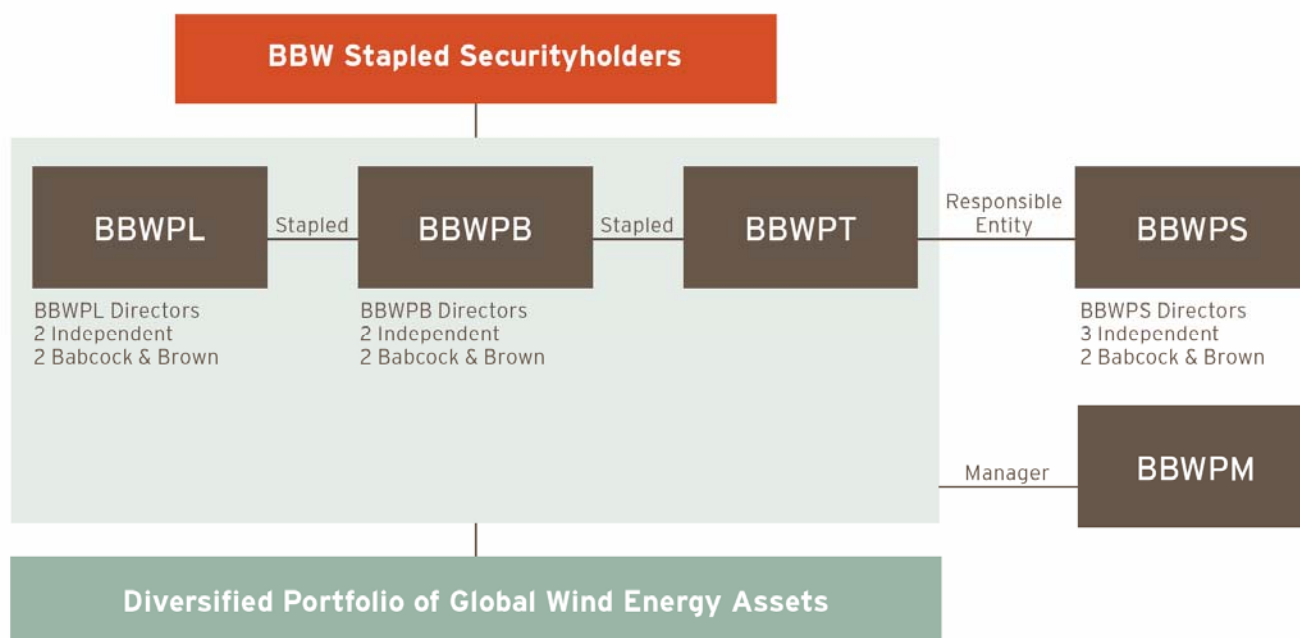
An Overview of the BBW Financial Statements

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

- Babcock & Brown Wind Partners Limited (“BBWPL”);
- Babcock & Brown Wind Partners Trust (“BBWPT”);
- Babcock & Brown Wind Partners (Bermuda) Limited (“BBWPB”); and
- Subsidiary entities of each of BBWPL and BBWPT.

The issued securities in BBWPL, BBWPT and BBWPB have been stapled together and trade as listed stapled securities on the Australian Securities Exchange (ASX code: BBW). Each stapled security represents one share in each of BBWPL and BBWPB and one unit in BBWPT. Babcock & Brown Wind Partners Management Pty Limited (“BBWPM”), a wholly owned subsidiary of the Babcock & Brown Group, has been appointed as the manager of BBW under long term management agreements.

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



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

As BBWPT is also considered a disclosing entity, separate financial statements for the BBWPT consolidated group at 31 December 2007 have been prepared.

Babcock & Brown Wind Partners Group

Directors' Report

In respect of the half year ended 31 December 2007, the directors of BBWPL submit the following report on the consolidated interim financial report of Babcock & Brown Wind Partners ("BBW").

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 BBWPL has been identified as the parent of the consolidated group comprising BBWPL and its controlled entities, BBWPT and its controlled entities and BBWPB.

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

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

The directors report as follows:

Directors

The names of the directors of BBWPL during or since the end of the half-year and to the date of this report are:

Mr P. Hofbauer
Mr W. Murphy
Mr A. Battle
Mr D. Clemson

Review of Operations

Distribution

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Babcock & Brown Wind Partners Group

Directors' Report

As at the report date, BBW is in a net current liability position. This includes a significant level of current payables relating to investment that will be funded by undrawn debt facilities.

Revenue

During the half year ended 31 December 2007 BBW earned product and lease revenues of \$76.5 million compared to \$48.6 million in the previous corresponding period, representing an increase of approximately 57%.

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Babcock & Brown Wind Partners Group

Directors' Report

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¹ Represents 100% of the results of the Enersis Portfolio for the one month ended 31 December 2007

² Represents BBW's economic interest (50%) from 1 July 2007 through 31 December 2007

Auditor's Independence Declaration

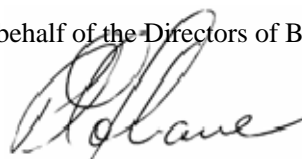
The auditor's independence declaration is included on page 13.

Rounding off of amounts

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

Signed in accordance with a resolution of directors.

On behalf of the Directors of BBWPL:



Peter Hofbauer

Director

Sydney, 28 February 2008

Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Wind Partners Limited for the half-year ended 31 December 2007, 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 Babcock & Brown Wind Partners Limited and the entities it controlled during the period.



Andrew Wilson

Partner
PricewaterhouseCoopers

Sydney

28 February 2008

**INDEPENDENT AUDITOR'S REVIEW REPORT to the members of
Babcock & Brown Wind Partners Limited**

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Babcock & Brown Wind Partners Limited (the company) for the half-year ended 31 December 2007, which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Babcock & Brown Wind Partners Group (the consolidated entity). The consolidated entity comprises both Babcock & Brown Wind Partners Limited and the entities it controlled during the half year.

Directors' Responsibility for the Half-Year Financial Report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 the company, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not

enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of the company for the half-year ended 31 December 2007 included on the company's web site. Babcock & Brown Wind Partners Limited's directors are responsible for the integrity of the company's web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence

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


Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Babcock & Brown Wind Partners 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.



PricewaterhouseCoopers



Andrew Wilson
Partner

Sydney
28 February 2008

Babcock & Brown Wind Partners Group

Directors' Declaration on the Consolidated Financial Report of Babcock & Brown Wind Partners Group

In the opinion of the directors of Babcock & Brown Wind Partners Limited ("BBWPL"), the consolidated half-year financial statements and Notes for Babcock & Brown Wind Partners Group as set out on pages 17 to 32:

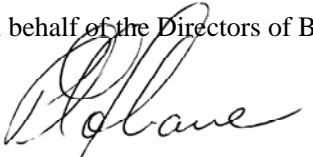
- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated half-year financial position of BBWPL as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows, for the six months ended on that date.

In the directors' opinion:

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

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

On behalf of the Directors of BBWPL:



Peter Hofbauer

Director

Sydney, 28 February 2008

Babcock & Brown Wind Partners Group

Consolidated Income Statements for the Half-Year Ended 31 December 2007

	Note	Half-Year Ended 31 Dec 07 \$'000	Half-Year Ended 31 Dec 06 \$'000
Revenue	2	76,474	48,619
Revaluation of financial assets (US wind farms)		30,577	1,760
Other income	2	13,752	6,035
Operating expenses		(21,415)	(10,314)
Depreciation and amortisation expense		(27,294)	(16,912)
Finance costs		(59,735)	(22,392)
Management charges		(14,219)	(8,805)
Net loss before income tax expense	2	(1,860)	(2,009)
Income tax (expense) / benefit		5,020	1,154
Net profit/ (loss) for the half-year		3,160	(855)
Attributable to stapled security holders as:			
Equity holders of the parent		(1,869)	(3,351)
Equity holders of the other stapled entities (minority interests)		4,015	2,351
		2,146	(1,000)
Other minority interests		1,014	145
		3,160	(855)
Loss per share of the parent based on loss attributable to the equity holders of the parent:			
Basic (cents per share)	6	(0.2)	(0.6)
Diluted (cents per share)	6	(0.2)	(0.6)

The above Consolidated Income Statements should be read in conjunction with the accompanying notes on pages 21 to 32.

Babcock & Brown Wind Partners Group

Consolidated Balance Sheets as at 31 December 2007

	Note	As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents	9	124,195	441,625
Trade and other receivables		126,618	40,797
Inventory		1,154	-
Prepayments		22,073	6,090
Other current assets		20	72
Derivative financial instruments		49,701	5,986
Total Current Assets		323,761	494,570
Non-Current Assets			
Other receivables		12,771	-
Prepayments		21,423	23,228
Investments in financial assets (US wind farms)		931,865	581,033
Investments in associates		206	-
Derivative financial instruments		27,420	33,983
Property, plant and equipment		2,781,457	937,659
Deferred tax assets		83,935	44,424
Goodwill		659,714	115,739
Intangibles		161,248	156,839
Total Non-Current Assets		4,680,039	1,892,905
Total Assets		5,003,800	2,387,475
LIABILITIES			
Current Liabilities			
Trade and other payables		196,915	257,049
Borrowings		165,107	39,241
Derivative financial instruments		7,585	264
Current tax payable		5,749	4,999
Total Current Liabilities		375,356	301,553
Non-Current Liabilities			
Borrowings		3,275,523	1,299,644
Derivative financial instruments		32,386	-
Deferred tax liabilities		211,099	32,255
Total Non-Current Liabilities		3,519,008	1,331,899
Total Liabilities		3,894,364	1,633,452
Net Assets		1,109,436	754,023
Equity Holders of the Parent			
Contributed equity	8	4,498	4,470
Reserves		(34,356)	(41,981)
Accumulated losses		(12,628)	(10,759)
		(42,486)	(48,270)
Equity Holders of the Other Stapled Entities (Minority Interests)			
Contributed equity	8	1,040,904	805,855
Reserves		(21,635)	(21,635)
Retained earnings		13,976	9,961
		1,033,245	794,181
Other Minority Interests		118,677	8,112
Total Equity		1,109,436	754,023

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes on pages 21 to 32.

Babcock & Brown Wind Partners Group

Consolidated Statements of Changes in Equity for the Half-Year Ended 31 December 2007

	Half year ended	
	31 Dec 07	31 Dec 06
Note	\$'000	\$'000
Total equity at the beginning of the half year	754,023	666,019
Movement in fair value of cash flow hedges	1,563	1,212
Exchange differences on translation of foreign operations	6,062	(13,398)
Net income recognised directly in equity	7,625	(12,186)
Net profit/ (loss) for the half year	3,160	(855)
Total recognised income and expense for the half year	10,785	(13,041)
Transactions with equity holders in their capacity as equity holders:		
Contributions of equity, net of transaction costs paid	264,183	6,182
Minority interest on acquisition of subsidiary	111,333	-
Securities issued as consideration for purchase of subsidiaries	12,960	-
Other movement in minority interest	(1,781)	(995)
Distributions paid	3 (42,067)	(29,340)
Total equity at the end of the half year	1,109,436	628,825
Total recognised income and expenses for the half year is attributable to:		
Equity holders of the parent	5,756	(15,537)
Equity holders of the other stapled entities (minority interests)	4,015	2,351
Other minority interests	1,014	145
	10,785	(13,041)

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 21 to 32.

Babcock & Brown Wind Partners Group

Consolidated Cash Flow Statements For the Half-Year Ended 31 December 2007

		Half year ended	
	Note	31 Dec 07 \$'000	31 Dec 06 \$'000
Cash flows from operating activities			
Profit/(loss) for the period		3,160	(855)
Adjustments for:			
Loss on revaluation for fair value through profit or loss financial assets – financial instruments		7,262	359
Gain on revaluation for fair value through profit or loss financial assets – financial asset investments		(30,577)	(1,760)
Distributions received from financial asset investments		22,578	13,528
Depreciation and amortisation of non-current assets		27,294	16,912
Amortisation of borrowing costs capitalised		2,373	1,573
Increase/(decrease) in current tax liability		(1,006)	(1,729)
(Increase)/decrease in deferred tax balances		1,923	(1,858)
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:			
(Increase)/decrease in assets:			
Current receivables and other current assets		(13,824)	11,644
Increase/(decrease) in liabilities:			
Current payables		10,231	3,679
Net cash provided by operating activities		<u>29,414</u>	<u>41,493</u>
Cash flows from investing activities			
Payment for property, plant and equipment		(117,672)	(77,953)
Payment for intangible assets		-	(19,186)
Payment for investments in controlled entities	9	(317,567)	-
Payment for investment in associates		(184)	-
Payment for investment in financial assets (US wind farms)		(540,881)	(117,983)
Proceeds on sale of investment		-	13,763
Loans advanced		(12,681)	-
Loans to related parties		(776,000)	-
Repayment of loans by related parties		776,000	-
Net cash used in investing activities		<u>(988,985)</u>	<u>(201,359)</u>
Cash flows from financing activities			
Proceeds from issue of equity securities, net of costs		254,059	(353)
Proceeds from borrowings		834,888	72,659
Repayment of borrowings		(358,795)	(21,399)
Repayment of borrowings – related parties		(57,138)	-
Distributions paid to security holders ¹	3	(31,943)	(22,820)
Net cash provided by financing activities		<u>641,071</u>	<u>28,087</u>
Net decrease in cash held			
		<u>(318,500)</u>	<u>(131,779)</u>
Cash and cash equivalents at the beginning of the half-year		441,625	311,195
Effect of exchange rate changes on the balance of cash held in foreign currencies		1,070	(4,710)
Cash and cash equivalents at the end of the half-year		<u>124,195</u>	<u>174,706</u>

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes on pages 21 to 32.

¹ Total distribution was \$42,067,000 (2006: \$29,340,000) of which \$31,943,000 (2006: \$22,820,000) was paid in cash and \$10,124,000 (2006: \$6,520,000) was satisfied through the issue of stapled securities under the Distribution Reinvestment Plan.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

1. Summary of Significant Accounting Policies

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Correction of accounting policy regarding investments in unquoted Class B shares in US wind farms

The Directors have determined that continued designation of unquoted Class B interests in US wind farms as equity accounted investments would result in significant differences between accounting and economic values in the long term. Specifically, equity accounting methodology is not able to account for Production Tax Credits (PTCs) and tax loss benefits which flow directly to Class A members rather than through the financial results of each wind farm.

The Directors have now determined that Class B interests in US wind farms were eligible for designation at fair value through profit or loss under AASB39: Financial instruments: Recognition and measurement and AASB128: Investments in associates. As a result of the anticipated issues with equity accounting the Directors have now designated the unquoted shares as financial assets at fair value through profit or loss to correct the prior year accounting policy.

During the half year ended 31 December 2006, share of net profit from associates that has been recorded in the income statement at \$1.8m was not materially different to the value determined using the new fair value methodology. Consequently the correction of the accounting policy has not resulted in any impact to previously reported net loss of \$0.9m for the half year ended 31 December 2006 and the balance has been reclassified for comparability purposes.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

2. Net Loss for the Half Year

	Half year ended	
	31 Dec 07	31 Dec 06
	\$'000	\$'000
Revenue		
Revenue from the sale of energy and products	48,702	26,497
Revenue from the lease of plant and equipment ¹	26,780	21,849
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	613	-
Other compensation revenue	379	273
	76,474	48,619
	76,474	48,619
Other income		
Interest income	11,088	4,890
Fair value gains on financial instruments	2,664	1,145
	13,752	6,035
	13,752	6,035
Loss before income tax has been arrived at after charging the following expenses:		
Operating expenses		
Administration, consulting and legal fees	3,673	1,724
Wind farm operations and maintenance costs	14,362	8,590
Foreign exchange losses	3,380	-
	21,415	10,314
	21,415	10,314
Depreciation and amortisation		
Depreciation of property, plant and equipment	24,823	14,202
Amortisation of intangible assets	2,471	2,710
	27,294	16,912
	27,294	16,912
Finance costs		
Interest expense	48,408	18,512
Fair value losses on financial instruments	8,912	1,504
Other finance charges	2,415	2,376
	59,735	22,392
	59,735	22,392
Management charges		
Base fees	9,861	5,644
Management expenses	4,358	3,161
	14,219	8,805
	14,219	8,805

¹ Under UIG INT 4, certain of BBW's contractual arrangements relating to electricity supply have been classified as leases.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

3. Distributions Paid and Proposed

	Half year ended	
	31 Dec 07	31 Dec 06
	\$'000	\$'000
Final distribution in respect of 2007 year of 6.25 cents per stapled security (2006: 5.10 cents) paid in September 2007 (2006: September 2006) from the Trust's contributed equity ¹	42,067	29,340
Total distributions paid	42,067	29,340
Distributions not recognised at the end of the half-year		
In addition to the above distributions, since the end of the half year the directors have recommended the payment of an interim distribution of 7.25 cents per stapled security (2006: 6.25 cents). The aggregate amount of the proposed distribution expected to be settled in cash and through the Distribution Reinvestment Plan on 18 March 2008 from the Trust's contributed equity, but not recognised as a liability at the end of the half-year, is:	61,485	36,256

The balance of the franking account at 31 December 2007 is \$ nil (31 December 2006: \$ nil).

¹ Of the \$42,067,000 (2006: \$29,340,000) final distribution, 24% (2006: 22%) was settled through the issue of stapled securities under the Distribution Reinvestment Plan. The distribution paid in cash was \$31,943,000 (2006: \$22,820,000) and the amount settled through the issue of stapled securities under the Distribution Reinvestment Plan was \$10,124,000 (2006: \$6,520,000).

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

4. Segment Information

The Group operates in one business segment, the generation of electricity from wind energy.

The wind farms that generate this electricity are located in Australia, Spain, Germany, Portugal, France and the United States. BBW reports its primary segment information on a geographical basis.

The wind farms in the US are accounted for as financial assets.

Segment revenues

	Half year ended	
	31 Dec 07 \$'000	31 Dec 06 \$'000
Australia	26,780	22,122
Spain	29,074	21,312
Portugal	13,065	-
Germany	6,857	5,185
France	698	-
Total	76,474	48,619

Segment results

Half year ended 31 Dec 07

	Australia \$'000	Spain \$'000	Germany \$'000	Portugal \$'000	France \$'000	Total \$'000
Segment result	14,972	11,673	2,784	6,048	242	35,719
Revaluation of US wind farm investments						30,577
Unallocated, including net interest						(68,156)
Loss before income tax						(1,860)
Income tax benefit						5,020
Profit for the period						3,160

Half year ended 31 Dec 06

	Australia \$'000	Spain \$'000	Germany \$'000	Portugal \$'000	France \$'000	Total \$'000
Segment result	11,590	10,231	2,225	-	-	24,046
Revaluation of US wind farm investments						1,760
Unallocated, including net interest						(27,815)
Loss before income tax						(2,009)
Income tax benefit						1,154
Loss for the period						(855)

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

5. Business combination

The provisional values of net assets/ liabilities acquired through business combinations are provided in the table below.

Half year ended 31 December 2007

\$'000	Conjuro (i)	Valde- conejos (ii)	Enersis Portfolio (iii)	Almeria Portfolio (iv)	Capital Wind Farm (v)	Hiddes- torf (vi)	Total
Consideration							
Cash, including associated costs, less cash acquired	2,512	57,993	199,342	113,044	45,318	(68)	418,141
Net assets / (liabilities) acquired							
Cash	2	164	39,397	-	737	252	40,552
Receivables	81	935	84,323	14	3,528	1,279	90,160
Plant and equipment	8,156	46,859	1,396,516	236,621	42,348	6,031	1,736,531
Other assets	1,376	3,098	23,627	34,676	-	50	62,827
Payables	(270)	(1,434)	(46,141)	(97)	(46,960)	(610)	(124,689)
Interest bearing liabilities	(9,452)	(34,258)	(1,286,349)	(270,933)	(3,723)	(7,228)	(1,582,766)
Other liabilities	(35)	(595)	(185,675)	(4)	-	-	(186,309)
	(142)	14,769	25,698	277	(4,070)	(226)	36,306
Less: cash acquired	(2)	(164)	(39,397)	-	(737)	(252)	(40,552)
Add: minority	-	(507)	(110,826)	-	-	-	(111,333)
Implied goodwill	2,656	43,895	323,867	112,767	50,125	410	533,720
	2,512	57,993	199,342	113,044	45,318	(68)	418,141

(i) Conjuro

In August 2007, Olivento S.L., a subsidiary of BBWPL, purchased the remaining 30% of the share capital of Montes del Conjuro SA that operates the Conjuro wind farm. Olivento S.L. purchased the initial 70% during the financial year ended 30 June 2007.

The purchase price for the remaining 30% was approximately \$2,512,000, including associated costs less cash acquired.

(ii) Valdeconejos

In August 2007, Olivento S.L., a subsidiary of BBWPL, purchased approximately 97% of the share capital of Sistemas Energeticos Abadia SA that operates the Valdeconejos wind farm.

The purchase price was approximately \$57,993,000, including associated costs less cash acquired.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

(iii) Enersis Portfolio

In December 2007, BBWP Holdings (Bermuda) Limited, a subsidiary of BBWPL, purchased 50% of the share capital of Babcock & Brown Riva Holdings SARL that operates the Enersis wind farm portfolio.

The purchase price was approximately \$199,342,000, including associated costs less cash acquired.

(iv) Almeria Portfolio

In December 2007, Olivento S.L., a subsidiary of BBWPL, purchased 100% of the share capital of the following four entities that comprise the Almeria Portfolio of wind farms:

- Sistemas Energeticos La Cerradilla SA
- Sistemas Energeticos El Carrascal SA
- Sistemas Energeticos La Mata SA
- Sistemas Energeticos El Chaparral SA

The purchase price was approximately \$113,044,000, including associated costs less cash acquired. Of this, approximately \$85,747,000 is payable upon completion of construction of the projects.

(v) Capital Wind Farm

In December 2007, BBWP CWF Pty Limited, a subsidiary of BBWPL, purchased CS CWF Trust, Babcock & Brown Renewable Power Investments Trust and RPV Pty Limited, which is constructing the Capital wind farm.

The purchase price was approximately \$45,318,000, including associated costs less cash acquired. The purchase price was partly settled by issuing approximately 14,055,000 stapled securities.

(vi) Hiddestorf

In December 2007, BBWP Germany Holdings Pty Limited, a subsidiary of BBWPL, purchased 100% of the share capital of Hiddestorf GmbH & Co KG that operates the Hiddestorf wind farm.

The purchase price was approximately \$184,000, including associated costs, but before cash acquired of \$252,000.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

Half year ended 31 December 2006

Name of Business acquired	Note	Principal Activity	Date of Acquisition	Ownership interest of Shares / units %	Cost of Acquisition \$'000
BBPOP Wind Investment 3 LLC	(i)	Wind energy generation	28 July 2006	100	95,214
B&B Wind Park Jersey LLC	(ii)	Wind energy generation	21 December 2006	100	21,698
Société d'Exploitation du Parc Eolien Sole de Bellevue SARL	(iii)	Wind energy generation	10 December 2006	100	13
Société d'Exploitation du Parc Eolien Les Trentes SARL	(iii)	Wind energy generation	10 December 2006	100	13
Société d'Exploitation du Parc Eolien Le Chemin Vert SARL	(iii)	Wind energy generation	10 December 2006	100	13

(i) BBPOP Wind Investment 3 LLC

In July 2006, BBW acquired BBPOP Wind Investment 3 LLC for approximately \$95,214,000. BBPOP Wind Investment 3 owns 50% of the class B membership interests in the Sweetwater 3 wind farm and 100% of the class B membership interests in the Kumeyaay wind farm, both located in the USA.

(ii) B&B Wind Park Jersey LLC

In December 2006, BBW acquired B&B Wind Park Jersey LLC for approximately \$21,698,000. B&B Wind Park Jersey LLC owns 59.3% of the class B membership interests in each of the Bear Creek and Jersey Atlantic wind farms, both located in the USA.

(iii) Fruges II

In December 2006, BBW acquired 100% of the issued capital of three companies in France, Société d'Exploitation du Parc Eolien Sole de Bellevue SARL, Société d'Exploitation du Parc Eolien Les Trentes SARL and Société d'Exploitation du Parc Eolien Le Chemin Vert SARL. Each of the three companies is in the process of constructing a wind farm in France (the "Fruges II Wind Farms").

The Fruges II Wind Farms are in the construction phase and contributed no amount of revenue to the Group's result.

The purchase price paid was approximately \$13,000 for each company. The book value of the net assets comprised cash of approximately \$13,000. Total expenditure, including the costs associated with construction, is expected to be approximately \$94,000,000.

(iv) Crescent Ridge

During the period, BBW disposed of a 25% interest in the class B membership of Crescent Ridge Holdings LLC ("Crescent Ridge") to Eurus Energy America ("Eurus"). BBW originally acquired Crescent Ridge from Eurus and at that time entered into an agreement whereby Eurus had the option to repurchase 25% of the class B interests. On 17 August Eurus exercised this option and acquired the class B interests for 25% of the original purchase price, approximately \$13,763,000.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

6. Earnings/ Loss Per Security

	Half-Year Ended 31 Dec 07 \$'000	Half-Year Ended 31 Dec 06 \$'000
Loss per Share of the Parent		
Basic and diluted loss per share (cents)	(0.2)	(0.6)
Loss used in calculation of basic and diluted earnings per share to security holders (\$'000)	(1,869)	(3,351)
Weighted average number of shares on issue used in calculation of loss per share ('000)	775,449	577,725
Earnings/ Loss per Stapled Security of the Stapled Entity		
Basic and diluted earnings/ (loss) per stapled security (cents)	0.3	(0.2)
Profit/ (loss) used in calculation of basic and diluted earnings per stapled security to security holders (\$'000)	2,146	(1,000)
Weighted average number of stapled securities on issue used in calculation of loss per stapled security ('000)	775,449	577,725

7. Contingent Liabilities

	As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
Letters of credit	9,663	9,663
Guarantees	105,961	89,753
	<u>115,624</u>	<u>99,416</u>

Framework agreements

The Group has entered into framework agreements which provide it with access to a potential portfolio of wind farms of up to approximately 600MW of installed capacity in Spain and Germany in the period through to the end of 2009.

Wind farms supplied under these framework agreements must satisfy certain contractual conditions before the Group is obliged to acquire under the terms of the agreement. A number of the potential projects are still in the development phase and consequently these conditions precedent may take longer than expected or in fact may never become satisfied. The Group was not obliged to purchase any wind farms under these framework agreements during the period from 31 December 2007 through to the date of this report.

Gamesa Framework Agreement

BBWPL has entered into a Framework Agreement with Babcock & Brown (UK) Holdings Limited under which BBWPL has secured rights and assumed obligations corresponding to rights and obligations under an agreement between Babcock & Brown (UK) Holdings Limited and Gamesa Energia S.A. ("**Gamesa**") to acquire wind farms in Spain and Germany with a total installed capacity of up to approximately 350MW in 2008 and 2009 subject to certain conditions being satisfied. Gamesa is a

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

Spanish listed company with a global network of offices that is one of the world's largest manufacturers and suppliers of technologically advanced products and services in the renewable energy sector.

Plambeck Framework Agreement

BBWPL has entered into a Framework Agreement with Plambeck Neue Energien AG ("Plambeck") to acquire a portfolio of wind farms comprising potentially up to approximately 250MW in FY08 and FY09.

8. Issuances, Repurchases, and Repayments of Securities

Half year ended 31 December 2007

The following table provides the movement in contributed equity during the period:

	Stapled Securities (No. '000s)	Stapled Securities (\$'000)
Opening balance at 1 July 2007	673,071	810,325
Alinta scheme of arrangement (i)	130,147	211,057
Distribution reinvestment plan (ii)	6,268	10,124
Security purchase plan (iii)	26,935	46,280
Conditional Placement (iv)	4,350	7,830
Capital wind farm (v)	7,295	12,960
Distributions	-	(42,067)
Equity raising costs	-	(11,107)
Closing balance at 31 December 2007	848,066	1,045,402
Equity holder of the parent		4,498
Equity holder of the other stapled entities		1,040,904
		1,045,402

(i) Alinta Scheme of Arrangement

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

On 31 August 2007, under the scheme of arrangement, BBW issued 128,754,789 stapled securities at a price of \$1.6214 and paid \$9.5 million in cash to Alinta shareholders in exchange for \$211 million.

On 6 September 2007 a further 1,392,852 stapled securities were issued at a price of \$1.65 per security to fund BBW's share of the payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

(ii) Distribution Reinvestment Plan

On 14 September 2007, BBW issued 6,267,665 stapled securities at a price of \$1.6151 per security in relation to the payment of the final distribution for the year ended 30 June 2007.

(iii) Security Purchase Plan

On 18 September 2007, BBW announced a Security Purchase Plan enabling existing security holders to acquire up to \$5,000 in value of additional BBW securities at a discount to the market price. Pursuant to this plan, BBW issued 26,935,224 stapled securities on 24 October 2007 at a price of \$1.7188 per security.

(iv) Conditional Placement

On 27 April 2007, BBW announced the completion of an institutional placement of 87.1m securities. In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4.35m stapled securities at the same price as the institutional placement conditional upon the approval of BBW securityholders at the Annual General Meeting on 9 November 2007.

Securityholders approved the issue and on 14 November 2007 BBW issued 4,350,000 stapled securities at a price of \$1.80 per security.

(v) Capital Wind Farm

On 20 December 2007, BBW issued 7,294,836 stapled securities at a price of \$1.7766 per security as part consideration for the acquisition of Capital wind farm. Pursuant to the Sale and Purchase Agreement a further 6,760,167 stapled securities were issued on 3 January 2008 at a price of \$1.7041 per security.

Half year ended 31 December 2006

The following table provides the movement in contributed equity during the period:

	Stapled Securities (No. '000s)	Stapled Securities (\$'000)
Opening balance at 1 July 2006	575,302	706,134
Distribution reinvestment plan (i)	4,794	6,520
Distributions	-	(29,340)
Equity raising costs	-	(338)
Closing balance at 31 December 2006	580,096	682,976

There were no issuances, repurchases or repayments of securities other than that relating to the Distribution Reinvestment Plan.

(i) Distribution Reinvestment Plan

On 29 September 2006, BBW issued 4,794,000 stapled securities at a price of \$1.36 in relation to the payment of the final distribution for the year ended 30 June 2006.

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

9. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

	As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
--	--------------------------------	---------------------------------

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

Cash and cash equivalents	124,195	441,625
	<u>124,195</u>	<u>441,625</u>

(b) Restricted cash balances

As at balance date, \$10,231,000 of cash held is restricted and includes amounts held under project cost reserves (30 June 2007: \$14,164,000).

(c) Businesses acquired

	31 Dec 07 \$'000	31 Dec 06 \$'000
Consideration		
Cash and cash equivalents paid	346,415	-
Consideration settled through the issue of stapled securities	24,480	-
Cash and cash equivalents deferred until a future period	87,797	-
	<u>458,692</u>	-

Fair value of net assets acquired

Cash	40,552	-
Receivables	90,160	-
Plant and equipment	1,736,531	-
Other assets	62,827	-
Payables	(124,689)	-
Interest bearing liabilities	(1,582,766)	-
Other liabilities	(186,309)	-
Net assets acquired	<u>36,306</u>	-
Less: Minority interests	<u>(111,333)</u>	-
	<u>(75,027)</u>	-
Implied goodwill	<u>533,719</u>	-

Net cash outflow on acquisition

Total consideration	458,692	-
Less cash and cash equivalent balances acquired	(40,552)	-
Less: consideration settled through issue of stapled securities	(24,480)	-
Less consideration still to be paid	(87,797)	-
Cash paid for purchase of controlled entity	<u>305,863</u>	-

Babcock & Brown Wind Partners Group

Notes to the Consolidated Financial Statements for the Half-Year Ended 31 December 2007

In addition to the net cash outflow on acquisition presented above, BBW paid outstanding costs of \$11,704,000 in relation to controlled entities acquired in the prior period.

- 10. Events occurring after the balance sheet date**
There were no material events after balance sheet date.

BABCOCK & BROWN WIND PARTNERS TRUST

ARSN 116 244 118

**Interim Financial Report
for the Half-Year Ended
31 December 2007**

Babcock & Brown Wind Partners Trust

Half-Year Report - 31 December 2007

Contents

An overview of the BBWPT financial statements	3
Directors' report	4
Auditor's independence declaration	5
Independent review report to the unit holders	6
Directors' declaration	8
Consolidated income statements	9
Consolidated balance sheets	10
Consolidated statements of changes in equity	11
Consolidated cash flow statements	12
Notes to the consolidated financial statements	13

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 financial report for the year ended 30 June 2007 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

Babcock & Brown Wind Partners Trust

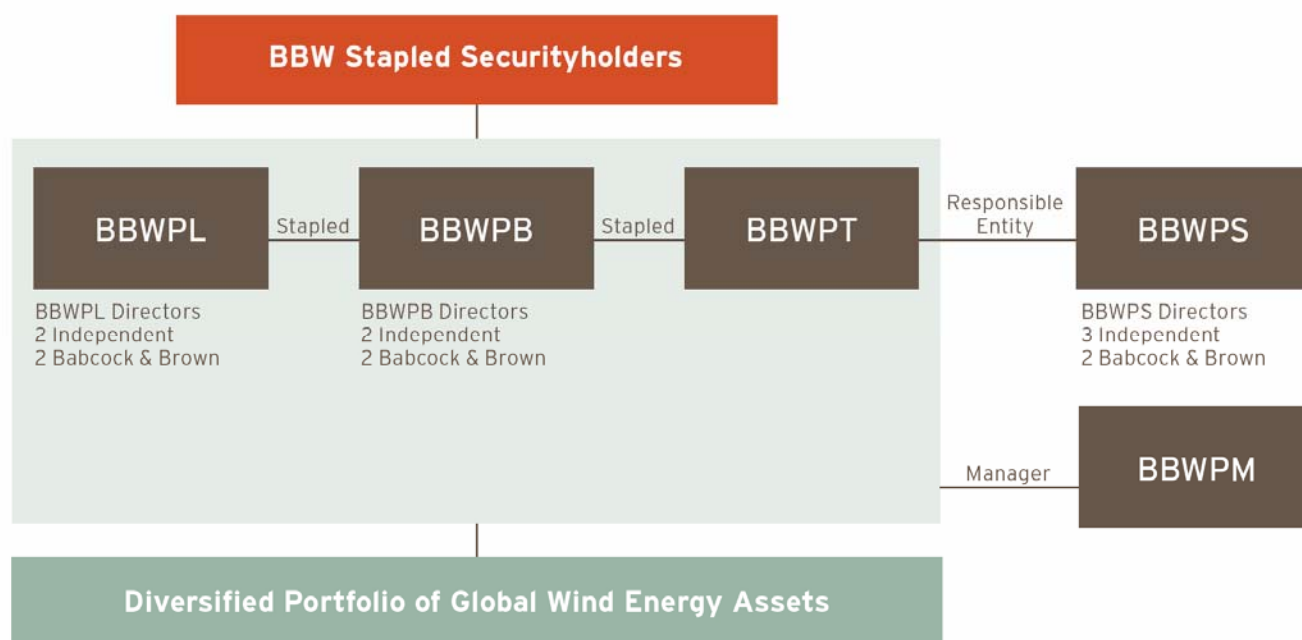
An Overview of the BBW Financial Statements

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

- Babcock & Brown Wind Partners Limited (“BBWPL”);
- Babcock & Brown Wind Partners Trust (“BBWPT” or the “Trust”);
- Babcock & Brown Wind Partners (Bermuda) Limited (“BBWPB”) and;
- Subsidiary entities of each of BBWPL and BBWPT.

The issued securities in BBWPL, BBWPT and BBWPB have been stapled together and trade as listed stapled securities on the Australian Securities Exchange (ASX code: BBW). Each stapled security represents one share in each of BBWPL and BBWPB and one unit in BBWPT. Babcock & Brown Wind Partners Management Pty Limited (“BBWPM”), a wholly owned subsidiary of the Babcock & Brown Group, has been appointed as the manager of BBW under a long term management agreements.

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



UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement BBWPL has been identified as the parent of the consolidated group comprising BBWPL and its controlled entities, BBWPT and its controlled entities and BBWPB and has prepared financial statements on this basis.

Additionally, BBWPT is a disclosing entity and is required to prepare financial statements for BBWPT and its controlled entities. The attached financial statements have been prepared for the BBWPT consolidated group at 31 December 2007 and should be read in conjunction with BBWPL’s consolidated financial statements.

Babcock & Brown Wind Partners Trust

Directors' Report

Directors

The names of the directors of BBWPS during or since the end of the half-year and to the date of this report are:

BBWPS:

Mr P. Hofbauer

Mr W. Murphy

Mr N. Andersen

Mr A. Battle

Mr D. Clemson

Review of Operations

BBWPT's net profit after tax for the six months ended 31 December 2007 is \$5,608,000 (six months ended 31 December 2006: profit \$3,287,000). The profit generated in the six months to 31 December 2007 is comprised mainly of interest income, equity accounted profits in Walkaway Wind Power Pty Limited and costs payable to Babcock & Brown Wind Partners Management Pty Limited ("BBWPM" or the "Manager") in accordance with the Management Agreement between BBWPS and Babcock & Brown Infrastructure Management Pty Limited dated 15 September 2005, as novated to BBWPM on 6 March 2007.

Auditor's Independence Declaration

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

Rounding Off of Amounts

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

Signed in accordance with a resolution of directors.

On behalf of the Directors of BBWPS:



Peter Hofbauer

Director

Sydney, 28 February 2008

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Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Wind Partners Trust (the registered scheme) for the half year ended 31 December 2007, 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 Babcock & Brown Wind Partners Trust and the entities it controlled during the period.



AJ Wilson

Partner
PricewaterhouseCoopers

Sydney

28 February 2008

INDEPENDENT AUDITOR'S REVIEW REPORT
to the unit holders of Babcock & Brown Wind Partners Trust

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Babcock & Brown Wind Partners Trust (the registered scheme), which comprises the balance sheet as at 31 December 2007, and the income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, other selected explanatory notes and the directors' declaration for the Babcock & Brown Wind Partners Trust Group (the consolidated entity). The consolidated entity comprises both the registered scheme and the entities it controlled during that half-year.

Directors' Responsibility for the Half-Year Financial Report

The directors of Babcock & Brown Wind Partners Services Limited are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 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 Babcock & Brown Wind Partners 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. It also includes reading the other information included with the financial report to determine whether it contains any material inconsistencies with the financial report. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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

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

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

Matters relating to the electronic presentation of the reviewed financial report

This review report relates to the financial report of Babcock & Brown Wind Partners Trust (the registered scheme) for the half-year ended 31 December 2007 included on Babcock & Brown Wind Partners Group's web site. The directors of Babcock & Brown Wind Partners Services Limited are responsible for the integrity of the Babcock & Brown Wind Partners Group web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the financial report identified above. It does not provide an opinion on any other information which may have been hyperlinked to/from the financial report. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this web site.

Independence


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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Babcock & Brown Wind Partners 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 2007 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting and Corporations Regulations 2001*.


PricewaterhouseCoopers


AJ Wilson
Partner

Sydney
28 February 2008

Babcock & Brown Wind Partners Trust

Directors' Declaration on the Consolidated Financial Report of Babcock & Brown Wind Partners Trust

In the opinion of the directors of Babcock & Brown Wind Partners Services Limited ("BBWPS"), the consolidated financial statements and Notes for Babcock & Brown Wind Partners Trust ("BBWPT" or the "Trust") (as defined in Note 1) as set out on pages 9 to 16:

- a) comply with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements; and
- b) give a true and fair view of the consolidated financial position of BBWPT as at 31 December 2007 and of its performance, as represented by the results of its operations and cash flows, for the six months ended on that date.

In the directors' opinion:

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

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



Peter Hofbauer

Director

Sydney, 28 February 2008

Babcock & Brown Wind Partners Trust

Consolidated Income Statements for the Half-Year Ended 31 December 2007

	Note	Half-Year Ended 31 Dec 07 \$'000	Half-Year Ended 31 Dec 06 \$'000
Interest income		6,455	3,625
Share of net profit or loss of associates accounted for using the equity method		1,218	903
Operating expenses		(475)	(370)
Finance costs		(1)	(1)
Management charges		(1,199)	(581)
Profit from operating activities		5,998	3,576
Finance costs - net profit attributable to the minority interest*		(390)	(289)
Net operating profit		5,608	3,287
Net operating profit attributable to the unit holders		5,608	3,287
Net operating profit attributable to minority interests		-	-
		5,608	3,287
Basic and diluted earnings per unit (cents)	5	0.7	0.6

The above Consolidated Income Statements should be read in conjunction with the accompanying notes on pages 13 to 16.

* This represents the net profit attributable to the minority interest relating to a subsidiary trust of BBWPT. The trust deed of the subsidiary trust contains a finite life clause. Consequently, the units of the subsidiary trust are classified as debt for accounting purposes and the minority interest represented above is classified as finance costs.

Babcock & Brown Wind Partners Trust

Consolidated Balance Sheets as at 31 December 2007

	Note	As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
ASSETS			
Current Assets			
Cash and cash equivalents		524	337
Trade and other receivables		5,853	5,039
Total Current Assets		6,377	5,376
Non-Current Assets			
Receivables		1,022,526	784,337
Investment in associate		56,034	54,816
Total Non-Current Assets		1,078,560	839,153
Total Assets		1,084,937	844,529
LIABILITIES			
Current Liabilities			
Trade and other payables		1,185	1,020
Total Current Liabilities		1,185	1,020
Non-Current Liabilities			
Payables		494	494
Share of net assets attributable to minority interests*		30,816	30,425
Total Non-Current Liabilities		31,310	30,919
Total Liabilities		32,495	31,939
Net Assets		1,052,442	812,590
Equity			
Contributed equity	7	1,034,569	800,325
Retained profits		17,873	12,265
Reserves		-	-
Total Equity and net assets attributable to the unit holders		1,052,442	812,590

The above Consolidated Balance Sheets should be read in conjunction with the accompanying notes on pages 13 to 16.

* This represents the share of net assets attributable to the minority interest relating to a subsidiary trust of BBWPT. The trust deed of the subsidiary trust contains a finite life clause. Consequently, the units of the subsidiary trust are classified as debt for accounting purposes and the minority interest represented above is classified as a non current liability.

Babcock & Brown Wind Partners Trust

Consolidated Statements of Changes in Equity for the Half-Year Ended 31 December 2007

	Note	Half-Year Ended 31 December 2007 \$'000	Half-Year Ended 31 December 2006 \$'000
Total equity at the beginning of the half year		812,590	702,653
Net income recognised directly in equity - share of movement in associates hedge reserve		-	640
Net profit for the half year		5,608	3,287
Total recognised income and expense for the half year		5,608	3,927
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs paid		263,390	6,180
Securities issued as consideration for purchase of interest in subsidiaries		12,921	-
Distributions paid	2	(42,067)	(29,340)
Total equity at the end of the half year		1,052,442	683,420

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes on pages 13 to 16.

Babcock & Brown Wind Partners Trust

Consolidated Cash Flow Statements For the Half-Year Ended 31 December 2007

Note	Half-Year Ended 31 Dec 07 \$'000 Inflows / (Outflows)	Half-Year Ended 31 Dec 06 \$'000 Inflows / (Outflows)
Cash Flows from Operating Activities		
Payments to suppliers	(1,354)	(884)
Interest and other costs of finance paid	(1)	
Interest received	5,487	39
Net Cash Provided By/ (Used In) Operating Activities	4,132	(845)
Cash Flows from Financing Activities		
Distributions paid to security holders ¹	(31,943)	(22,820)
Proceeds from issue of units, net of costs	253,297	(275)
Borrowings provided to related parties	(271,921)	-
Proceeds from repayment of borrowings from related parties	46,622	23,165
Net Cash Provided By/ (Used In) Financing Activities	(3,945)	70
Net increase in cash held	187	(775)
Cash and cash equivalents at the beginning of the half-year	337	919
Cash and cash equivalents at the end of the half-year	524	144

The above Consolidated Cash Flow Statements should be read in conjunction with the accompanying notes on pages 13 to 16.

¹ Total distribution was \$42,067,000 (2007: \$29,340,000) of which \$31,943,000 (2007: \$22,820,000) was paid in cash and \$10,124,000 (2007: \$6,520,000) was satisfied through the issue of stapled securities under the Distribution Reinvestment Plan.

Babcock & Brown Wind Partners Trust

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2007

1. Summary of Significant Accounting Policies

This general purpose financial report for the interim half year reporting period ended 31 December 2007 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2007 and any public announcements made by BBW 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.

2. Distributions Paid and Proposed

	Half year ended	
	31 Dec 07	31 Dec 06
	\$'000	\$'000
Final distribution in respect of 2007 year of 6.25 cents per stapled security (2006: 5.1 cents) paid in September 2007 (2006: September 2006) from the Trust's contributed equity ¹	42,067	29,340
Total distributions paid	42,067	29,340
Distributions not recognised at the end of the half-year		
In addition to the above distributions, since the end of the half year the directors have recommended the payment of an interim distribution of 7.25 cents per stapled security (2006: 6.25 cents). The aggregate amount of the proposed distribution expected to be paid in cash and through the Distribution Reinvestment Plan on 18 March 2008 from the Trust's contributed equity, but not recognised as a liability at the end of the half-year, is:	61,485	36,256

The balance of the franking account at 31 December 2007 is \$ nil (31 December 2006: \$ nil).

¹ Of the \$42,067,000 (2006: \$29,340,000) final distribution, 24% (2006: 22%) was settled through the issue of stapled securities under the Distribution Reinvestment Plan. The distribution paid in cash was \$31,943,000 (2006: \$22,820,000) and the amount settled through the issue of stapled securities under the Distribution Reinvestment Plan was \$10,124,000 (2006: \$6,520,000).

Babcock & Brown Wind Partners Trust

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2007

3. Segment Information

The principal activities of the consolidated entity during the period were to lend and manage funds to entities carrying on wind farm businesses. During the half year ended 31 December 2005, the Trust also acquired a non-controlling interest in entities that carry on wind farm businesses. These activities were based in Australia.

4. Business combination

Half year ended 31 December 2007

There were no changes in the composition of the consolidated entity during the half-year ended 31 December 2007.

Half year ended 31 December 2006

There were no changes in the composition of the consolidated entity during the half-year ended 31 December 2006.

5. Earnings Per Unit

	Half-Year Ended 31 Dec 07 \$'000	Half-Year Ended 31 Dec 06 \$'000
Earnings per Unit		
Basic and diluted earnings per unit (cents)	0.7	0.6
Earnings used in calculation of basic and diluted earnings per unit to unit holders (\$'000)	5,608	3,287
Weighted average number of units on issue used in calculation of earnings per unit ('000)	775,449	577,725

Babcock & Brown Wind Partners Trust

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2007

6. Contingent Liabilities

	As at 31 Dec 2007 \$'000	As at 30 June 2007 \$'000
<i>Share of associates contingent liabilities</i>		
Letters of credit	2,584	2,584
	<u>2,584</u>	<u>2,584</u>

7. Issuances, Repurchases, and Repayments of Securities

Half year ended 31 December 2007

The following table provides the movement in contributed equity during the period:

	Stapled Securities (No. '000s)	Stapled Securities (\$'000)
Opening balance at 1 July 2007	673,071	800,325
Alinta scheme of arrangement (i)	130,147	210,424
Distribution reinvestment plan (ii)	6,268	10,093
Security purchase plan (iii)	26,935	46,142
Conditional Placement (iv)	4,350	7,807
Capital wind farm (v)	7,295	12,921
Distributions	-	(42,067)
Equity raising costs	-	(11,076)
Closing balance at 31 December 2007	<u>848,066</u>	<u>1,034,569</u>

(i) Alinta Scheme of Arrangement

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

On 31 August 2007, under the scheme of arrangement, BBWPT issued 128,754,789 stapled securities at a price of \$1.6214 and paid \$9.5 million in cash to Alinta shareholders in exchange for \$211 million.

On 6 September 2007 a further 1,392,852 stapled securities were issued at a price of \$1.65 per security to fund BBW's share of the payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet.

Babcock & Brown Wind Partners Trust

Notes to the Consolidated Financial Statements For the Half-Year Ended 31 December 2007

(ii) Distribution Reinvestment Plan

On 14 September 2007, BBWPT issued 6,267,665 stapled securities at a price of \$1.6151 per security in relation to the payment of the final distribution for the year ended 30 June 2007.

(iii) Security Purchase Plan

On 18 September 2007, BBW announced a Security Purchase Plan enabling existing security holders to acquire up to \$5,000 in value of additional BBW securities at a discount to the market price. Pursuant to this plan, BBWPT issued 26,935,224 stapled securities on 24 October 2007 at a price of \$1.7188 per security.

(iv) Conditional Placement

On 27 April 2007, BBW announced the completion of an institutional placement of 87.1m securities. In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4.35m stapled securities at the same price as the institutional placement conditional upon the approval of BBW securityholders at the Annual General Meeting on 9 November 2007.

Securityholders approved the issue and on 14 November 2007 BBW issued 4,350,000 stapled securities at a price of \$1.80 per security.

(v) Capital Wind Farm

On 20 December 2007, BBW issued 7,294,836 stapled securities at a price of \$1.7766 per security as part consideration for the acquisition of Capital wind farm. Pursuant to the Sale and Purchase Agreement a further 6,760,167 stapled securities were issued on 3 January 2008 at a price of \$1.7041 per security.

Half year ended 31 December 2006

The following table provides the movement in contributed equity during the period:

	Stapled Securities (No. '000s)	Stapled Securities (\$'000)
Opening balance at 1 July 2006	575,302	697,831
Distribution reinvestment plan (i)	4,794	6,455
Distributions	-	(29,340)
Equity raising costs	-	(275)
Closing balance at 31 December 2006	580,096	674,671

There were no issuances, repurchases or repayments of securities other than that relating to the Distribution Reinvestment Plan.

(i) Distribution Reinvestment Plan

On 29 September 2006, BBWPT issued 4,794,000 stapled securities at a price of \$1.36 as payment of the final distribution for the year ended 30 June 2006.

8. Events occurring after the balance sheet date

There were no material events after balance sheet date.