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

27 February 2009

BBW CONSOLIDATED HALF YEAR FINANCIAL REPORTS

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

- BBW Consolidated Half Year Financial Report to 31 December 2008
- BBWPT Consolidated Half Year Financial Report to 31 December 2008

ENDS

Further Information:

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About Babcock & Brown Wind Partners

Babcock & Brown Wind Partners is a pure renewable energy business which owns and operates wind farms spanning four countries and three continents. BBW listed on the Australian Securities Exchange on 28 October 2005 and has a market capitalisation of approximately A$0.7 billion.

BBW's business comprises interests in 41 wind farms that have a total installed capacity of approximately 2,246MW and are diversified by wind resource, currency, equipment supplier, off-take arrangements and regulatory regime.

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

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).

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

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 2008

Babcock & Brown Wind Partners Group

Half-Year Report – 31 December 2008

Contents

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 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

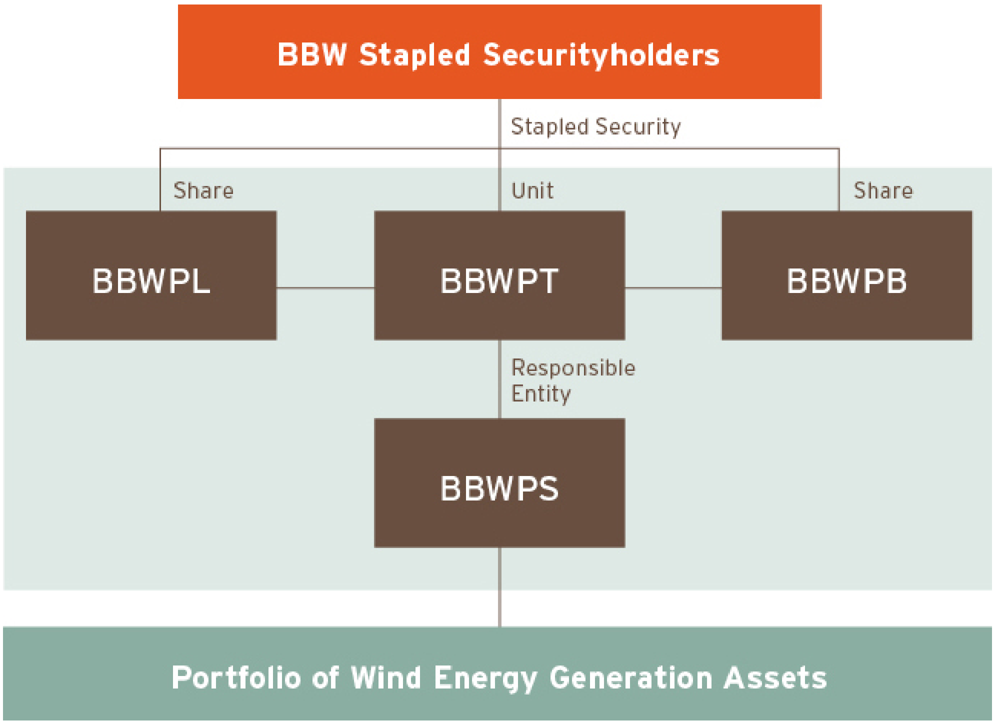
Group Structure

As at the date of this report, 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 Services Limited ("BBWPS"), a wholly owned subsidiary within the Group, has been appointed as the responsible entity of BBWPT.

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 2008 have been prepared.

Directors' Report

In respect of the half-year ended 31 December 2008, the directors of BBWPL submit the following report on the consolidated interim financial report of Babcock & Brown Wind Partners ("BBW").

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.

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 Anthony Battle
Mr Douglas Clemson
Mr Peter Hofbauer
Mr Warren Murphy
Mr Nils Andersen (appointed 8 October 2008)
Mr Graham Kelly (appointed 20 October 2008)
Mr Miles George (appointed 1 January 2009)

Review of Operations

Distribution

The directors have confirmed that a distribution of 4.5 cents per security for the half-year ended 31 December 2008 is expected to be paid on 18 March 2009. The directors of BBW also confirmed their expectations that BBW would pay a full year distribution of at least 9 cents per stapled security for the year ended 30 June 2009.

Revenue

During the half-year ended 31 December 2008 BBW earned product and lease revenues from continuing operations of $151.0 million compared to $43.3 million in the previous corresponding period, representing an increase of approximately 249%. These numbers do not include the revenues relating to the Spanish and Portuguese assets, which have been classified within discontinued operations.

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

Earnings before interest, tax, depreciation and amortisation ("EBITDA") were $90.4 million, up approximately 116% compared to the previous corresponding period. Net loss was $88.4 million during the current half-year compared to a net loss of $4.4 million in the half-year ended 31 December 2007. The net loss of $88.4 million includes costs of $44.5 million associated with the termination of management agreements.

Depreciation and amortisation expense increased by approximately 303% from $18.3 million in the previous corresponding period to $73.7 million in the current period due to depreciation on a significantly higher asset base.

Net finance costs were $66.7 million for the half-year, compared to $30.0 million in the prior corresponding period. The tax benefit during the six months ended 31 December 2008 was $18.4 million compared with $7.7 million in the prior corresponding period.

Net Operating Cash Flow

Net operating cash flow was $79.7 million in the half-year compared with $29.7 million in the prior corresponding period.

Outlook

BBW is uniquely positioned as a pure renewable energy generation business, focussed on being a cost competitive provider of utility-scale renewable energy. As a strategic priority, BBW will focus its attention on growth markets where it can demonstrate sustainable competitive advantages and consider recycling capital from existing lower yield / mature assets to fund that growth.

BBW will also continue to invest in asset management capabilities including, where appropriate, bringing existing asset management capabilities 'in-house' to capture further operational performance improvements and costs savings.

Auditor's Independence Declaration

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

Rounding off of amounts

The BBW 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:

Miles George
Director
Sydney, 27 February 2009

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Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Wind Partners Limited for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

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

AJ Wilson
Partner

Sydney
27 February 2009

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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 and Brown Wind Partners Limited (the company), which comprises the balance sheet as at 31 December 2008, 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 and Brown Wind Partners Limited 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 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 2008 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.

PRICEWATERHOUSECOOPERS

Independent auditor's review report to the members of Babcock & Brown Wind Partners Limited (continued)

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 2008 included on the company's website. Babcock & Brown Wind Partners Limited's directors are responsible for the integrity of the company's website. We have not been engaged to report on the integrity of this website. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

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 2008 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

PricewaterhouseCoopers

AJ Wilson
Partner

Sydney
27 February 2009

Directors' Declaration

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 9 to 39:

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 2008 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 BBWPL will be able to pay its respective debts as and when they become due and payable.

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

On behalf of the Directors of BBWPL:

Miles George
Director
Sydney, 27 February 2009

Consolidated income statements for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Revenue	2	150,970	43,286
Net gain on revaluation of financial assets		-	24,246
Other income	3	49,582	18,884
Operating expenses	4	(51,898)	(15,842)
Management charges	4	(10,390)	(14,219)
Depreciation and amortisation expense	4	(73,746)	(18,313)
Finance costs	4	(119,152)	(47,229)
Termination of management agreements	4	(44,549)	-
Net loss before income tax expense		(99,183)	(9,187)
Income tax benefit		18,394	7,665
Loss from continuing operations		(80,789)	(1,522)
Loss from discontinued operations	5	(7,613)	(2,872)
Net loss for the period		(88,402)	(4,394)
Attributable to stapled security holders as:			
Equity holders of the parent		(93,251)	(9,423)
Equity holders of the other stapled entities (minority interests)		968	4,015
		(92,283)	(5,408)
Other minority interests		3,881	1,014
		(88,402)	(4,394)
Loss per share of the parent based on earnings attributable to the equity holders of the parent:			
Basic (cents per security)	10	(10.8)	(1.2)
Diluted (cents per security)	10	(10.8)	(1.2)

The above income statements should be read in conjunction with the accompanying notes on pages 13 to 39.

Consolidated balance sheets as at 31 December 2008

	Note	As at 31 Dec 2008 $'000	As at 30 Jun 2008 $'000 (Restated)
Current assets			
Cash and cash equivalents	13	368,259	208,505
Trade and other receivables		71,336	194,213
Prepayments		23,196	29,792
Other current assets		3,369	927
Derivative financial instruments		40	33,372
		466,200	466,809
Assets of disposal group classified as held for sale	5	1,304,344	-
Total current assets		1,770,544	466,809
Non-current assets			
Receivables		108,904	38,651
Prepayments		7,782	15,158
Investment in associates		-	271
Derivative financial instruments		-	92,068
Property, plant and equipment		3,653,417	4,887,995
Deferred tax assets		78,757	72,272
Goodwill		24,860	48,291
Intangible assets		447,529	964,777
Total non-current assets		4,321,249	6,119,483
Total assets		6,091,793	6,586,292
Current liabilities			
Trade and other payables		154,073	296,392
Borrowings		141,205	177,921
Derivative financial instruments		61,595	9,074
Current tax payables		912	6,346
		357,785	489,733
Liabilities directly associated with assets classified as held for sale	5	1,297,298	-
Total current liabilities		1,655,083	489,733
Non-current liabilities			
Payables		1	17,196
Borrowings		1,760,137	3,342,304
Derivative financial instruments		258,220	15,293
Provisions		4,387	-
Deferred tax liabilities		47,311	289,022
Total non-current liabilities		2,070,056	3,663,815
Institutional equity partnerships classified as liabilities	6	1,846,367	1,306,319
Total liabilities		5,571,506	5,459,867
Net assets		520,287	1,126,425
Equity holders of the parent			
Contributed equity	12	4,500	4,501
Reserves		(323,814)	(42,287)
Retained earnings		(94,317)	(1,066)
		(413, 631)	(38,852)
Equity holders of the other stapled entities (minority interests)			
Contributed equity	12	935,540	1,009,909
Reserves		(21,635)	(21,635)
Retained earnings		11,628	10,660
		925,533	998,934
Other minority interests		8,385	166,343
Total equity		520,287	1,126,425

The above balance sheets should be read in conjunction with the accompanying notes on pages 13 to 39.

Consolidated statements of changes in equity for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Total equity at the beginning of the half year		1,126,425	747,056
Movement in fair value of cash flow hedges, net of tax*		(307,971)	1,563
Exchange differences on translation of foreign operations and movement in fair value of net investment hedges		26,444	6,144
Net income / (expense) recognised directly in equity		(281,527)	7,707
Net loss for the period		(88,402)	(4,394)
Total recognised income and expense for the period		(369,929)	3,313
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		9,746	264,183
Purchase of securities – on market buyback		(21,142)	-
Minority interest on acquisition of subsidiary		-	111,333
Disposal of minority interest on sale of subsidiary		(161,839)	-
Securities issued as consideration for purchase of subsidiaries		-	12,960
Distributions paid	7	(62,974)	(42,067)
Distribution to minority interest		-	(1,781)
Total equity at the end of the half year		520,287	1,094,997
Total recognised income and expenses for the period is attributable to:			
Equity holders of the parent		(374,778)	(1,716)
Equity holders of the other stapled entities		968	4,015
Other minority interests		3,881	1,014
		(369,929)	3,313

* The Group has entered into interest rate swaps in relation to $1,643 million of borrowings. The average interest rate of these swaps is 5.7% and they have an average duration of nine years. The downward movement in fair value of cash flow hedges of $307,971,000, as shown above, results from the recent falls in global interest rates. This movement in fair value is recorded through equity as these swaps qualify for hedge accounting.

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 13 to 39.

Consolidated cash flow statements for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Cash flows from operating activities			
Loss for the period		(88,402)	(4,394)
Adjustments for:			
Distributions paid to minority interests		(7,924)	-
Interests in institutional equity partnerships		8,051	(1,626)
Loss on revaluation for fair value through profit or loss financial assets – financial instruments		13,605	7,262
Gain on revaluation for fair value through			
profit or loss financial assets – financial asset investments		-	(24,246)
Distributions received from financial asset investments		-	17,705
Loss on sale of investment		16,925	-
Depreciation and amortisation of non-current assets		112,430	35,839
Foreign exchange (gain)/loss		293	-
Amortisation of borrowing costs capitalised		3,470	2,373
Increase/(decrease) in current tax liability		9,337	(1,006)
(Increase)/decrease in deferred tax balances		(13,129)	1,540
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		(5,941)	(13,824)
Increase/(decrease) in liabilities:			
Current payables		30,959	10,120
Net cash from operating activities		79,674	29,743
Cash flows from investing activities			
Proceeds on sale of subsidiary, net of cash disposed of	5	275,867	-
Payments in relation to asset held for sale		(41,446)	-
Payment for property, plant and equipment and intangible assets		(309,335)	(117,819)
Payment for investments in controlled and jointly controlled entities		(21,067)	(317,567)
Payment for investments in associates		-	(184)
Payment for investments in financial assets		-	(540,881)
Loans advanced		(54,379)	(12,681)
Loans to related parties		-	(776,000)
Repayment of loans by related parties		-	776,000
Refund of investment prepayment		2,684	-
Net cash used in investing activities		(147,676)	(989,132)
Cash flows from financing activities			
Proceeds from issues of equity securities, net of costs		-	254,059
Payment for security buy-back		(21,142)	-
Proceeds from borrowings		408,195	834,888
Repayment of borrowings		(152,859)	(358,795)
Loans from related parties		13,440	-
Repayment of borrowings to related parties		-	(57,138)
Distributions paid to security holders		(53,229)	(31,943)
Net cash provided by financing activities		194,405	641,071
Net increase in cash and cash equivalents		126,403	(318,318)
Cash and cash equivalents at the beginning of the half year		208,505	442,969
Effects of exchange rate on the balance of cash held in foreign currencies		53,118	1,024
Cash and cash equivalents at the end of the half year	13	388,026	125,675

The above cash flow statements should be read in conjunction with the accompanying notes on pages 13 to 39.

Notes to the consolidated financial statements

1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2008 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 2008 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 treatment in relation to jointly controlled assets

The directors have reassessed the accounting treatment in relation to certain jointly controlled US wind farms. The wind farms include Sweetwater 1, Sweetwater 2, Sweetwater 3, Blue Canyon and Combine Hills. The wind farms had previously been recognised as investments in associates and designated as fair value through the profit and loss under AASB 139 *Financial Instruments: Recognition and Measurement* and AASB 128 *Investments in Associates*.

The directors have now determined that BBW had joint control of these interests from 30 June 2006. Joint control arises given that the strategic and operating decisions of the wind farms require unanimous consent amongst the B Class investors. As a result the directors have elected to proportionately consolidate BBW's interests in accordance with AASB 131 *Interests in Joint Ventures*.

The impact of the change in accounting treatment of the jointly controlled entities has been applied retrospectively and comparative information in relation to the 2007 half year has been restated accordingly.

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

The following adjustments were made as at 31 December 2007:

	Half year ended 31 Dec 2007 $'000	Accounting treatment change $'000	Purchase price allocation $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Revenue	34,334	8,952	-	43,286
Net gain on revaluation of financial assets	30,577	(6,331)	-	24,246
Other income	12,462	6,422	-	18,884
Operating expenses	(12,211)	(3,631)	-	(15,842)
Management charges	(14,219)	-	-	(14,219)
Depreciation and amortisation expense	(11,445)	(5,450)	(1,418)	(18,313)
Finance costs	(42,425)	(4,804)	-	(47,229)
Net profit / (loss) before income tax expense	(2,927)	(4,842)	(1,418)	(9,187)
Income tax benefit / (expense)	7,497	-	168	7,665
Profit/ (loss) from continuing operations	4,570	(4,842)	(1,250)	(1,522)
Loss from discontinued operations	(1,410)	-	(1,462)	(2,872)
Net profit / (loss) for the period	3,160	(4,842)	(2,712)	(4,394)
Attributable to stapled security holders as:				
Equity holders of the parent	(1,869)	(4,842)	(2,712)	(9,423)
Equity holders of the other stapled entities (minority interests)	4,015	-	-	4,015
	2,146	(4,842)	(2,712)	(5,408)
Other minority interests	1,014	-	-	1,014
	3,160	(4,842)	(2,712)	(4,394)
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:				
Basic (cents per security)	(0.2)			(1.2)
Diluted (cents per security)	(0.2)			(1.2)

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

	As at 30 Jun 2008 $'000	Purchase price allocation $'000	As at 30 Jun 2008 $'000 (Restated)
Current assets			
Cash and cash equivalents	208,505	-	208,505
Trade and other receivables	194,213	-	194,213
Prepayments	29,792	-	29,792
Other current assets	927	-	927
Derivative financial instruments	33,372	-	33,372
	466,809	-	466,809
Assets of disposal group classified as held for sale	-	-	-
Total current assets	466,809	-	466,809
Non-current assets			
Receivables	38,651	-	38,651
Prepayments	15,158	-	15,158
Investment in associates	271	-	271
Derivative financial instruments	92,068	-	92,068
Property, plant and equipment	4,887,995	-	4,887,995
Deferred tax assets	72,272	-	72,272
Goodwill	752,681	(704,390)	48,291
Intangible assets	249,525	715,252	964,777
Total non-current assets	6,108,621	10,862	6,119,483
Total assets	6,575,430	10,862	6,586,292
Current liabilities			
Trade and other payables	296,392	-	296,392
Borrowings	177,921	-	177,921
Derivative financial instruments	9,074	-	9,074
Current tax payables	6,346	-	6,346
	489,733	-	489,733
Liabilities directly associated with the assets classified as held for sale	-		-
Total current liabilities	489,733	-	489,733
Non-current liabilities			
Payables	17,196	-	17,196
Borrowings	3,342,304	-	3,342,304
Derivative financial instruments	15,293	-	15,293
Deferred tax liabilities	269,078	19,944	289,022
Total non-current liabilities	3,643,871	19,944	3,663,815
Institutional equity partnerships classified as liabilities	1,306,604	(285)	1,306,319
Total liabilities	5,440,208	19,659	5,459,867
Net assets	1,135,222	(8,797)	1,126,425
Equity holders of the parent			
Contributed equity	4,501	-	4,501
Reserves	(42,794)	507	(42,287)
Retained earnings	8,238	(9,304)	(1,066)
	(30,055)	(8,797)	(38,852)
Equity holders of the other stapled entities (minority interests)			
Contributed equity	1,009,909	-	1,009,909
Reserves	(21,635)	-	(21,635)
Retained earnings	10,660	-	10,660
	998,934	-	998,934
Other minority interests	166,343	-	166,343
Total equity	1,135,222	(8,797)	1,126,425

2. Revenue

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
From continuing operations		
Revenue from the sale of energy and products	48,655	7,156
Revenue from lease of plant and equipment	100,180	35,732
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	2,135	398
	150,970	43,286
From discontinued operations (Note 5)		
Revenue from the sale of energy and products	141,778	41,546
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	2,906	594
	144,684	42,140

3. Other income

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Interest income	6,016	10,624
Fair value gains on financial instruments	-	1,838
Value of benefits provided – production tax credits (Class A) (note 6)	52,179	6,639
Value of benefits provided – tax losses (Class A) (note 6)	81,224	5,371
Benefits deferred during the period (note 6)	(95,025)	(5,588)
Other income	5,188	-
	49,582	18,884

4. Expenses

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Profit/ (loss) before income tax has been arrived at after charging the following expenses:		
Operating expenses:		
Administration, consulting and legal fees	6,006	3,673
Wind farm operations and maintenance costs	43,042	7,762
Foreign exchange losses	2,850	4,407
	51,898	15,842
Management charges:		
Base fees	4,770	9,861
Management expenses	5,620	4,358
	10,390	14,219
Depreciation and amortisation expense:		
Depreciation of property, plant & equipment	66,109	16,004
Amortisation of intangible assets	7,637	2,309
	73,746	18,313
Finance costs:		
Interest expense	47,106	31,420
Fair value losses on financial instruments	19,501	8,912
Allocation of return on outstanding balance (Class A) (note 6)	38,162	5,441
Movement in residual interest (Class A) (note 6)	6,364	(645)
Minority interest (Class B) (note 6)	1,904	-
Bank fees and loan amortisation costs	6,115	2,101
	119,152	47,229

Termination of Management Agreements

The Group has previously entered into management agreements and an exclusive financial advisory agreement with Babcock & Brown. During the half year ended 31 December 2008, the Group terminated these agreements for a total settlement of $40,000,000 before associated costs.

Of the $40,000,000, a payment of $35,000,000 was made on 31 December 2008. The remainder, $5,000,000 is expected to be paid on 30 June 2009.

5. Discontinued operations

(a) Details of operations disposed and held for sale

Sale of Spanish Portfolio

In August 2008, BBW agreed to sell its portfolio of operating Spanish wind energy assets. The sale was subject to local authority consents and financial close occurred in January 2009.

Sale of Portuguese Portfolio

In November 2008, BBW agreed to sell its jointly owned wind farms in Portugal. The sale and settlement occurred simultaneously in November 2008.

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

The results of the discontinued operations for the half year until the earlier of disposal and 31 December 2008 are presented below:

	Half year ended 31 Dec 2008			**Half year ended 31 Dec 2007**		
	Portugal $'000	**Spain $'000**	**Total $'000**	**Portugal $'000**	**Spain $'000**	**Total $'000**
Revenue (Note 2)	74,819	69,865	144,684	13,065	29,075	42,140
Other income	3,251	1,284	4,535	906	384	1,290
Expenses	(72,513)	(70,384)	(142,897)	(13,901)	(30,138)	(44,039)
Profit before income tax	5,557	765	6,322	70	(679)	(609)
Income tax expense	(2,530)	(4,324)	(6,854)	(810)	(1,453)	(2,263)
Profit after income tax of discontinued operations	3,027	(3,559)	(532)	(740)	(2,132)	(2,872)
Loss on sale of subsidiary before income tax	(3,631)	-	(3,631)	-	-	-
Income tax expense	(3,450)	-	(3,450)	-	-	-
Loss on sale of subsidiary after income tax	(7,081)	-	(7,081)	-	-	-
Profit / (loss) from discontinued operations	(4,054)	(3,559)	(7,613)	(740)	(2,132)	(2,872)

5. Discontinued operations *(cont'd)*

(c) Assets and liabilities – held for sale operations

The major classes of assets and liabilities of the Spanish assets at 31 December 2008 are as follows:

	As at 31 Dec 2008 $'000
Cash	19,767
Receivables	39,227
Prepayments	4,039
Investment in associate	316
Property, plant and equipment	789,734
Deferred tax assets	9,196
Goodwill	34,150
Intangibles	407,915
Assets of disposal group classified as held for sale	1,304,344
Trade creditors	5,018
Current tax payables	5,353
Borrowings	1,214,378
Derivative financial instruments	23,213
Deferred tax liabilities	49,336
Liabilities directly associated with assets classified as held for sale	1,297,298
Net assets attributable to discontinued operations	7,046

(d) Cash flow information – held for sale operations

The net cash flows of the Spanish assets are as follows:

	Half year ended 31 Dec 2008 $'000	**Half year ended 31 Dec 2007 $'000**
Net cash flow inflow/ (outflow) from operating activities	58,243	15,763
Net cash flow inflow/ (outflow) from investing activities	(40,749)	(96,384)
Net cash flow inflow/ (outflow) from financing activities	(19,454)	86,246
Net cash inflow/ (outflow)	(1,960)	5,625

5. Discontinued operations *(cont'd)*

(e) Assets and liabilities and cash flow information of the disposed entity

The major classes of assets and liabilities of the Portuguese assets as at the date of sale (14 November 2008) are as follows:

	As at 14 Nov 2008 $'000
Cash	16,027
Receivables	126,376
Property, plant and equipment	1,838,108
Intangibles	368,211
Other assets	23,984
Total assets	2,372,706
Trade creditors	151,063
Borrowings	1,509,445
Other liabilities	241,152
Total liabilities	1,901,660
Net assets	471,046
BBW's share of net assets attributable to discontinued operations	295,525

The net cash flows of the Portuguese assets are as follows:

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000
Net cash flow inflow/ (outflow) from operating activities	41,093	(1,546)
Net cash flow inflow/ (outflow) from investing activities	(81,874)	8,542
Net cash flow inflow/ (outflow) from financing activities	9,070	(3,274)
Net cash inflow/ (outflow)	(31,711)	3,722

5. Discontinued operations *(cont'd)*

(f) Details of the sale of the subsidiary

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000
Consideration received:		
Cash received from sale	291,894	-
Total disposal consideration	291,894	-
BBW's share of net assets attributable to discontinued operations	295,525	-
Loss on sale before income tax	(3,631)	-
Income tax expense	(3,450)	-
Loss on sale after income tax	(7,081)	-
Net cash inflow on disposal:		
Cash and cash equivalents consideration	291,894	-
Less: cash and cash equivalents balance disposed of	(16,027)	-
Proceeds on sale of subsidiary, net of cash disposed of	275,867	-

6. Institutional equity partnerships classified as liabilities

Nature of institutional equity partnerships

The Group's relationship with the non-managing members and managing members (Class A institutional investors and Class B investors respectively) is established through a limited liability company operating agreement that apportions the cash flows generated by the wind farms between the Class B investors (the Group's ownership of these varies from 50%-100%) and allocates the tax benefits, which include Production Tax Credits (PTC) and accelerated depreciation, largely to the Class A institutional investors.

The Class A institutional investors purchase their partnership interests for an upfront cash payment. This payment is fixed so that the investors, as of the date that they purchase their interest, anticipate earning an agreed targeted internal rate of return by the end of the ten year period over which PTCs are generated. This anticipated return is computed based on the total anticipated benefit that the institutional investors will receive and includes the value of PTCs, allocated taxable income or loss and cash distributions received.

Under these structures, all operating cash flow is allocated to the Class B investor until the earlier of a fixed date, or when the Class B investors recover the amount of invested capital. This is expected to occur between five to ten years from the initial closing date. Thereafter, all operating cash flow is allocated to the Class A institutional investors until they receive the targeted internal rate of return (the "Reallocation Date").

Prior to the Reallocation Date, a significant part of the tax income and benefits generated by the partnerships are allocated to the Class A institutional investor, with any remaining benefits allocated to the Class B investors.

After the Reallocation Date, the Class A institutional investor retains a small minority interest for the duration of its membership in the structure. The Group also has an option to purchase the Class A institutional investor's residual interests at fair market value on the Reallocation Date.

Investments in these partnership structures are classified as liabilities as the partnerships have limited lives and the allocation of income earned is governed by contractual agreements over the life of the investment. Whilst classified as liabilities it is important to note:

- Should future operational revenues from the US wind farm investments be insufficient, there is no contractual obligation on the Group to repay the liabilities.
- Institutional balances outstanding (Class A and Class B minority interests) do not impact the Group's lending covenants or interest cover ratios.
- There is no exit mechanism for institutional investors consequently there is no re-financing risk.

6. Institutional equity partnerships classified as liabilities *(cont'd)*

	Class A members		Class B members		Total	
	As at 31 Dec 2008 $'000	**As at 30 Jun 2008 $'000**	**As at 31 Dec 2008 $'000**	**As at 30 Jun 2008 $'000**	**As at 31 Dec 2008 $'000**	**As at 30 Jun 2008 $'000**
Class A and Class B liabilities:						
At 1 July	969,402	149,901	71,155	-	1,040,557	149,901
Institutional liabilities acquired on consolidation of US wind farm investments	-	1,003,486	-	84,351	-	1,087,837
Distributions (Class A & B)	(725)	-	(6,720)	(10,032)	(7,445)	(10,032)
Value of benefits provided – production tax credits (Class A)	(52,179)	(52,824)	-	-	(52,179)	(52,824)
Value of benefits provided – tax losses (Class A)*	(81,224)	(75,571)	-	-	(81,224)	(75,571)
Allocation of return on outstanding balance (Class A)	38,162	39,522	-	-	38,162	39,522
Movement in residual interest (Class A)	6,364	5,108	-	-	6,364	5,108
Uplift on minority interest (Class B) resulting from purchase price allocation	-	-	24,971	-	24,971	-
Minority interest (Class B)	-	-	1,904	4,303	1,904	4,303
Foreign exchange gain/(loss)	367,773	(100,220)	30,505	(7,467)	398,278	(107,687)
At period end	1,247,573	969,402	121,815	71,155	1,369,388	1,040,557
Deferred revenue:						
At 1 July					265,762	55,628
Resulting from business combinations during the period					-	147,565
Benefits deferred during the period					95,025	88,228
Foreign exchange gain/(loss)					116,192	(25,659)
At period end					476,979	265,762
					1,846,367	1,306,319

* This comprises the following:

	As at 31 Dec 2008 $'000	**As at 30 Jun 2008 $'000**
Total Taxable Income/Loss before accelerated tax depreciation	30,990	29,496
Accelerated tax depreciation	(112,214)	(105,067)
Tax loss	(81,224)	(75,571)

7. Distributions paid and proposed

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Final distribution in respect of 2008 year of 7.25 cents per stapled security (2007: 6.25 cents) paid in September 2008 (2007: September 2007), 100% tax deferred (2007: 100% tax deferred)[1]	62,974	42,067
Total distributions paid	62,974	42,067
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 4.5 cents per stapled security (2007: 7.25 cents). The aggregate amount of the proposed distribution expected to be settled in cash on 18 March 2009 from the Trust's contributed equity, but not recognised as a liability at the end of the half year, is:	38,170	61,485

The balance of the franking account at 31 December 2008 is $ nil (31 December 2007: $ nil).

[1] Of the $62,974,000 (2007: $42,067,000) final distribution, 16% (2007: 24%) was settled through the issue of stapled securities under the Distribution Reinvestment Plan. The distribution paid in cash was $53,229,000 (2007: $31,943,000) and the amount settled through the issue of stapled securities under the Distribution Reinvestment Plan was $9,745,000 (2007: $10,124,000).

8. 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.

Segment revenues

Half year ended 31 Dec 2008

	Revenue from the sale of energy and products $'000	Revenue from lease of plant and equipment $'000	Compensation revenue $'000	Revenue from continuing operations $'000	Discontinued operations $'000	Total revenue $'000
Portugal	-	-	-	-	74,819	74,819
Spain	-	-	-	-	69,865	69,865
Australia	13,886	23,729	-	37,615	-	37,615
Germany	7,858	-	2,135	9,993	-	9,993
US	20,618	76,451	-	97,069	-	97,069
France	6,293	-	-	6,293	-	6,293
	48,655	100,180	2,135	150,970	144,684	295,654

Half year ended 31 Dec 2007 (Restated)

	Revenue from the sale of energy and products $'000	Revenue from lease of plant and equipment $'000	Compensation revenue $'000	Revenue from continuing operations $'000	Discontinued operations $'000	Total revenue $'000
Portugal	-	-	-	-	13,065	13,065
Spain	-	-	-	-	29,075	29,075
Australia	-	26,780	-	26,780	-	26,780
Germany	6,458	-	398	6,856	-	6,856
US	-	8,952	-	8,952	-	8,952
France	698	-	-	698	-	698
	7,156	35,732	398	43,286	42,140	85,426

8. Segment information *(cont'd)*

Segment results

Half year ended 31 Dec 2008

	Total continuing operations $'000	Discontinued operations $'000	Consolidated $'000
Portugal	-	1,926	1,926
Spain	-	765	765
Australia	(6,839)	-	(6,839)
Germany	(288)	-	(288)
US	(4,980)	-	(4,980)
France	(1,302)	-	(1,302)
Total	(13,409)	2,691	(10,718)
Revaluation of US wind farm investments			-
Unallocated			(85,774)
Loss before income tax expense			(96,492)
Income tax benefit			8,090
Loss for the period			(88,402)

Half year ended 31 Dec 2007 (Restated)

	Total continuing operations $'000	Discontinued operations $'000	Consolidated $'000
Portugal	-	5,086	5,086
Spain	-	10,959	10,959
Australia	14,972	-	14,972
Germany	2,506	-	2,506
US	629	-	629
France	(38)	-	(38)
Total	18,069	16,045	34,114
Revaluation of US wind farm investments			24,246
Unallocated, including net interest			(68,156)
Loss before income tax expense			(9,796)
Income tax benefit			5,402
Loss for the period			(4,394)

9. Business combinations

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

Half year ended 31 December 2008

	Seehausen $'000
Total cash consideration, including associated costs	**970**
Total purchase consideration	
Net assets / (liabilities) acquired	
Receivables	516
Plant and equipment	17,123
Payables	(120)
Interest bearing liabilities	(17,919)
Net assets / (liabilities)	**(400)**
Provisional goodwill	**1,370**

(i) Seehausen

In September 2008, BBWP Gesa Holdings GmbH & Co KG, a subsidiary of BBWPL, purchased 100% of the share capital of Seehausen GmbH which operates the Seehausen wind farm in Germany.

The purchase price, including associated costs, was approximately $970,000.

9. Business combinations *(cont'd)*

Year ended 30 June 2008

(i) 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 $58,166,000, including associated costs.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		**58,166**
Net assets / (liabilities) acquired		
Cash	164	164
Receivables	3,767	3,767
Plant and equipment	46,858	46,858
Other assets	267	267
Intangibles	-	43,904
Payables	(2,030)	(2,030)
Interest bearing liabilities	(34,257)	(34,257)
	14,769	**58,673**
Minority Interest		(507)
		58,166
Goodwill		**-**

Following the allocation of the purchase price, $43,904,000 of provisional goodwill has been transferred to intangible assets. These intangible assets have been amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(ii) 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 $239,155,000, including associated costs.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		**239,155**
Net assets / (liabilities) acquired		
Cash	39,397	39,397
Receivables	83,576	83,576
Plant and equipment	1,490,989	1,490,989
Other assets	18,146	18,146
Intangibles	-	290,813
Payables	(74,406)	(74,406)
Interest bearing liabilities	(1,257,172)	(1,257,172)
Other liabilities	(206,201)	(206,201)
	94,329	**385,142**
Minority Interest	(145,987)	(145,987)
	(51,658)	**239,155**
Goodwill		**-**

Following the allocation of the purchase price, $290,813,000 of provisional goodwill has been transferred to intangible assets. Prior to the sale of the Enersis Portfolio, these intangible assets have been amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(iii) 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 $117,713,000, including associated costs.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		**117,713**
Net assets / (liabilities) acquired		
Cash	**-**	**-**
Receivables	34,573	34,573
Plant and equipment	236,621	236,621
Other assets	142	142
Intangibles	-	117,416
Payables	(106)	(106)
Interest bearing liabilities	(270,933)	(270,933)
	297	**117,713**
Goodwill		**-**

Following the allocation of the purchase price, $117,416,000 of provisional goodwill has been transferred to intangible assets. These intangible assets have been amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(iv) Capital Wind Farm

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

The purchase price was approximately $46,081,000, including associated costs. The purchase price was partly settled by issuing approximately 14,055,000 stapled securities.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		21,601
Stapled securities issued as consideration		24,480
		46,081
Net assets / (liabilities) acquired		
Cash	737	737
Receivables	3,528	3,528
Plant and equipment	42,348	42,348
Intangibles	-	50,151
Interest bearing liabilities	(50,683)	(50,683)
Other liabilities	-	(15,045)
	(4,070)	**31,036**
Goodwill		**15,045**

Following the allocation of the purchase price, $50,151,000 of provisional goodwill has been transferred to intangible assets. These intangible assets are amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(v) 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 $363,000 including associated costs.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		363
Net assets / (liabilities) acquired		
Cash	252	252
Receivables	1,279	1,279
Plant and equipment	6,031	6,031
Other assets	50	50
Intangibles	-	590
Payables	(611)	(611)
Interest bearing liabilities	(7,228)	(7,228)
Other liabilities	-	(177)
	(227)	**186**
Goodwill		**177**

Following the allocation of the purchase price, $590,000 of provisional goodwill has been transferred to intangible assets. These intangible assets are amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(vi) US Wind Farms

As of 1 January 2008, the Group has determined that it has the ability to control certain wind farm entities. For these situations, the Group has consolidated from 1 January 2008 onwards. The information provided below relates to the following entities:

- Babcock & Brown Wind Portfolio Holdings I LLC
- Caprock Wind LLC
- CCWE Holdings LLC
- Crescent Ridge Holdings LLC
- Kumeyaay Holdings LLC

Consideration comprises the value of the investments at 1 January 2008, $642,363,000.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		642,363
Net assets / (liabilities) acquired		
Cash	33,936	33,936
Receivables	17,782	17,782
Plant and equipment	1,469,507	1,469,507
Other assets	2,776	2,776
Intangibles	-	162,397
Payables	(30,101)	(30,101)
Institutional equity partnerships classified as liabilities	(991,524)	(1,013,934)
	502,376	**642,363**
Goodwill		-

Following the allocation of the purchase price, $139,987,000 of provisional goodwill has been transferred to intangible assets. These intangible assets are amortised and a prior period adjustment has been recorded (refer note 1).

9. Business combinations *(cont'd)*

(vii) Apfelbaum Portfolio

In June 2008, BBWP Gesa Holding GmbH & Co. KG, a subsidiary of BBWPL, purchased 100% of the share capital of the following three entities that comprise the Apfelbaum Portfolio of wind farms:

- Sonnenberg GmbH & Co KG
- Eschweiler GmbH
- Coswig GmbH

The purchase price was approximately $3,147,000, including associated costs.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		3,147
Net assets / (liabilities) acquired		
Receivables	437	437
Plant and equipment	20,705	20,705
Intangibles	-	4,119
Payables	(366)	(366)
Interest bearing liabilities	(21,748)	(21,748)
Other liabilities	-	(1,236)
	(972)	**1,911**
Goodwill		**1,236**

Following the allocation of the purchase price, $4,119,000 of provisional goodwill has been transferred to intangible assets. These intangible assets are amortised and a prior period adjustment has been recorded (refer note 1).

10. Earnings per security/ share

	Half year ended 31 Dec 2008 Cents per security	Half year ended 31 Dec 2007 Cents per security (Restated)
Basic and diluted earnings/ (loss) per stapled security/ parent entity share:		
Parent entity share	(10.8)	(1.2)
Stapled security	(10.6)	(0.7)

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 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Earnings attributable to the parent entity share holders	(93,251)	(9,423)
Earnings attributable to the stapled security holders	(92,283)	(5,408)

	Half year ended 31 Dec 2008 No.'000	Half year ended 31 Dec 2007 No.'000
Weighted average number of securities/ shares for the purposes of basic and diluted earnings per security/ share	867,100	775,449

11. Contingent liabilities and contingent assets

	As at 31 Dec 2008 $'000	As at 30 Jun 2008 $'000
Contingent liabilities		
Letters of credit	72,597	45,140
Guarantees	88,010	84,505
	160,607	129,645

Guarantees generally relate to wind farm construction, operations and decommissioning. No liability was recognised by the parent entity of the Group in relation to these guarantees, as their combined fair value is immaterial.

Framework agreements

The Group had previously entered into framework agreements in relation to assets in Spain and Germany. In its prior period financial statements the Group disclosed that it was obliged to acquire assets under these framework agreements only in circumstances where certain contractual conditions were satisfied.

As at 31 December 2008, in accordance with a specific review of these arrangements and subsequent changes and amendments, the Group is no longer under an obligation to acquire assets under the Gamesa Framework Agreement. Further, as a result of changes and amendments associated with the arrangements under the Plambeck Framework Agreement, the Group does not expect to acquire any assets under this framework agreement before this agreement terminates on 30 June 2009.

12. Issuances, repurchases and repayments of securities

	No'000	$'000
Fully paid stapled securities/shares		
Balance as at 1 July 2008	868,601	1,014,410
Capital distribution	-	(62,974)
Distribution reinvestment plan (i)	8,398	9,746
On market security buy-back (ii)	(28,780)	(21,142)
Transaction costs arising on security issue and buy-back	-	-
Balance as at 31 December 2008	848,219	940,040

Attributable to:	
Equity holders of the parent	4,500
Equity holders of the other stapled securities (minority interests)	935,540
	940,040

	No'000	$'000
Fully paid stapled securities/shares		
Balance as at 1 July 2007	673,071	810,325
Capital distribution	-	(42,067)
Distribution reinvestment plan (i)	6,268	10,124
Alinta scheme of arrangement (iii)	130,147	211,057
Security purchase plan (iv)	26,935	46,280
Institutional placement (v)	4,350	7,830
Capital Wind Farm acquisition (vi)	7,295	12,960
Transaction costs arising on security issue	-	(11,107)
Balance as at 31 December 2007	848,066	1,045,402

Attributable to:	
Equity holders of the parent	4,498
Equity holders of the other stapled securities (minority interests)	1,040,904
	1,045,402

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

Stapled securities entitle the holder to participate in dividends from BBWPL and BBWPB and in distributions from BBWPT. The holder is entitled to participate in the proceeds on winding up of the company in proportion to the number of and amounts paid on the securities held.

(i) Distribution reinvestment plan

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

On 18 September 2008, BBW issued 8,398,012 stapled securities at a price of $1.1603 per security in relation to the payment of the final distribution for the year ended 30 June 2008.

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.

(ii) On market security buy-back

On 16 September 2008, BBW announced its intention to undertake a buy-back of up to 10% of its securities over the following 12 months. On 26 November 2008, securityholders approved a resolution at the Annual General Meeting for an on-market security buyback of up to 30% of securities on issue.

As at 31 December 2008, BBW had purchased 28,779,580 stapled securities at an average price of $0.7346 per security.

(iii) Alinta scheme of arrangement

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

On 31 August 2007, under the scheme of arrangement, BBW issued 128,754,789 stapled securities at a price of $1.6214 net of transaction costs of $9.5 million to Alinta shareholders.

On 4 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 payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet resulting in a total of $211m gross proceeds from both stapled security issuances during the year.

(iv) Security purchase plan

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

(v) Institutional placement

On 4 May 2007, BBW issued 87,100,000 stapled securities pursuant to an institutional placement. Each stapled security was priced at $1.80 and total proceeds amounted to $156,780,000 before costs of $3,187,000.

In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4,350,000 stapled securities at the same price as the institutional placement conditional upon the approval of BBW securityholders at the Annual General Meeting held on 9 November 2007.

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

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

(vi) Capital wind farm acquisition

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 the 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.

13. Notes to the cash flow statement

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
(a) Reconciliation of cash and cash equivalents		
For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks, 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	368,259	125,675
Cash and cash equivalents attributable to discontinued operations (Note 5)	19,767	-
Cash and cash equivalents at the end of the period	388,026	125,675

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
(b) Businesses acquired		
During the period, 1 business (2007: 6) was acquired. Details of the acquisition are as follows:		
Consideration		
Cash and cash equivalents paid	970	346,415
Consideration settled through the issue of stapled securities	-	24,480
Cash and cash equivalents deferred until a future period	-	87,798
	970	458,693
Fair value of net assets acquired		
Cash	-	40,552
Receivables and other current assets	516	90,160
Property, plant and equipment	17,123	1,736,531
Other assets	-	62,827
Payables	(120)	(124,689)
Interest bearing liabilities	(17,919)	(1,582,766)
Other liabilities	-	(186,309)
Net assets/ (liabilities)	(400)	36,306
Minority interest	-	(111,333)
Net assets/ (liabilities) acquired	(400)	(75,027)
Goodwill	1,370	533,720

13. Notes to the cash flow statement *(cont'd)*

	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Net cash outflow on acquisition		
Total consideration	970	458,692
Less: cash and cash equivalent balances acquired	-	(40,552)
Less: consideration still to be paid	-	(87,797)
Less: consideration settled through issue of stapled securities	-	(24,480)
Add: prior year and future acquisition costs paid	20,097	11,704
Cash paid for investments in controlled entities	21,067	317,567

(c) Non-cash financing and investing activities		
Distribution reinvestment plan	9,745	10,124
Acquisition of Capital Wind Farm	-	24,480
	9,745	34,604

(d) Restricted cash balances

As at balance date $10,959,000 (30 June 2008: $13,435,000) of cash held is restricted and includes amounts held under project cost reserves.

14. Subsequent events

On 8 January 2009, the sale of the operating Spanish wind energy assets to Formento de Construcciones y Contratas, S.A., which was announced on 21 August 2008, reached financial close.

On 30 January 2009, the Group announced that it would proceed with a 39MW expansion to its Lake Bonney wind farm in South Australia.

BABCOCK & BROWN WIND PARTNERS TRUST

ARSN 116 244 118

Interim Financial Report
for the Half-Year Ended
31 December 2008

Contents

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 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

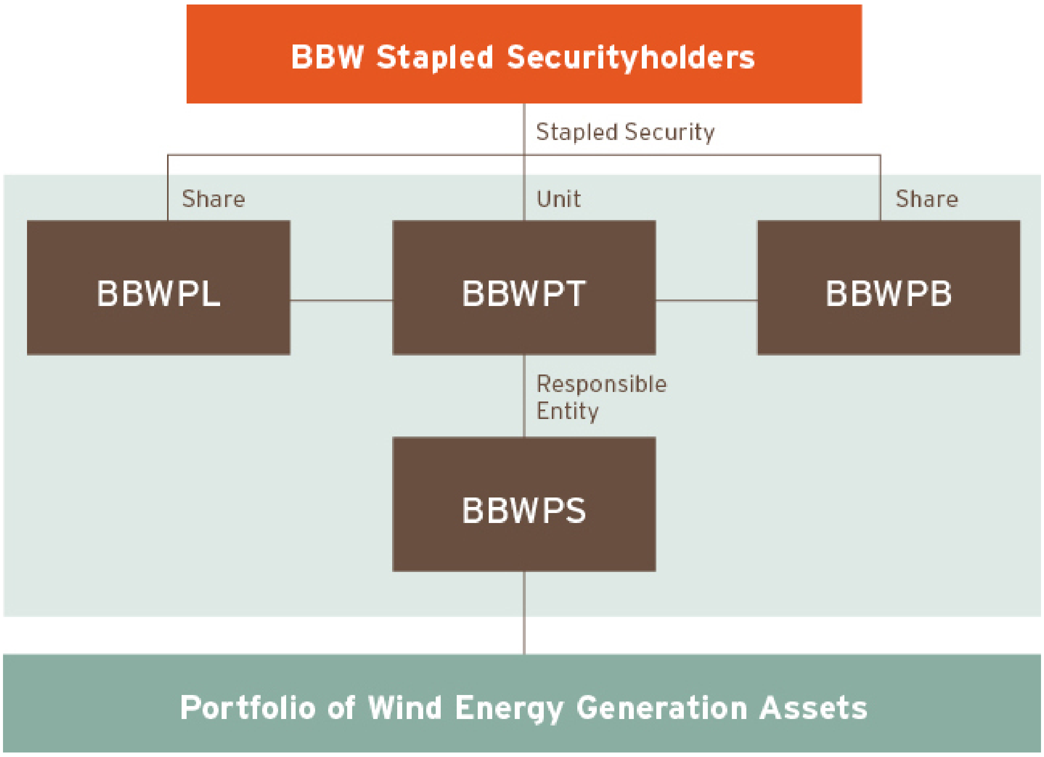
BBW Group Structure

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 Services Limited ("BBWPS"), a wholly owned subsidiary within the Group, has been appointed as the responsible entity of BBWPT.

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 has therefore prepared separate financial statements for BBWPT and its controlled entities. The attached financial statements have been prepared for the BBWPT consolidated group at 31 December 2008 and should be read in conjunction with BBWPL's consolidated financial statements.

Directors

The names of the directors of Babcock & Brown Wind Partners Services Limited, the responsible entity of BBWPT, during or since the end of the half-year and to the date of this report are:

Mr Anthony Battle
Mr Douglas Clemson
Mr Peter Hofbauer
Mr Warren Murphy
Mr Nils Andersen
Mr Graham Kelly (appointed 20 October 2008)
Mr Miles George (appointed 1 January 2009)

Review of Operations

Distribution

The directors have confirmed that a distribution of 4.5 cents per security for the half-year ended 31 December 2008 is expected to be paid on 18 March 2009. The directors of BBW also confirmed their expectations that BBW would pay a full year distribution of at least 9 cents per stapled security for the year ended 30 June 2009.

Financial Result

BBWPT had a net loss for the six months ended 31 December 2008 of $1,901,000 (six months ended 31 December 2007: profit $5,608,000). The loss generated in the six months to 31 December 2008 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. Although note that this Management Agreement was terminated by agreement between the parties on 31 December 2008 (refer Consolidated income statements on page 8).

Auditor's Independence Declaration

The auditor's independence declaration is included on page 4.

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 of the responsible entity.

On behalf of the Directors of BBWPS:

Miles George
Director

Sydney, 27 February 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the review of Babcock & Brown Wind Partners Trust for the half year ended 31 December 2008, I declare that to the best of my knowledge and belief, there have been:

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

Sydney
27 February 2009

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Babcock and Brown Wind Partners Trust (the registered scheme), which comprises the balance sheet as at 31 December 2008, 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 the half-year.

Directors' responsibility for the half-year financial report

The directors of the 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 2008 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.

PRICEWATERHOUSECOOPERS

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

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 for the half-year ended 31 December 2008 included on Babcock & Brown Wind Partners Group's website. The directors of Babcock & Brown Wind Partners Services Limited are responsible for the integrity of Babcock & Brown Wind Partners Group website. We have not been engaged to report on the integrity of this website. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed financial report to confirm the information included in the reviewed financial report presented on this website.

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 2008 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

PricewaterhouseCoopers

AJ Wilson
Partner

Sydney
27 February 2009

Directors' Declaration

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 set out on pages 8 to 15:

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 2008 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 its 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.

On behalf of the Directors of BBWPS:

Miles George
Director

Sydney, 27 February 2009

Consolidated income statements
for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000
Interest income		2,764	6,455
Share of net profit or loss of associates accounted for using the equity method		221	1,218
Operating expenses		(466)	(475)
Finance costs		(8)	(1)
Management charges		(447)	(1,199)
Termination of management agreement[1]		(3,895)	-
(Loss) / profit from operating activities		(1,831)	5,998
Finance costs - net profit attributable to the minority interest[2]		(70)	(390)
Net operating (loss) / profit		(1,901)	5,608
Net operating (loss) / profit attributable to the unit holders		(1,901)	5,608
Net operating profit attributable to minority interests		-	-
		(1,901)	5,608
Earnings per unit based on earnings attributable to unit holders:			
Basic (cents per security)	5	(0.2)	0.7
Diluted (cents per security)	5	(0.2)	0.7

[1] BBWPT has previously entered into a management agreement with the Babcock & Brown group. During the half year ended 31 December 2008, the management agreement was terminated.

[2] 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.

The above income statements should be read in conjunction with the accompanying notes on pages 12 to 15.

Consolidated balance sheets as at 31 December 2008

	Note	As at 31 Dec 2008 $'000	As at 30 June 2008 $'000
Current assets			
Cash and cash equivalents		688	661
Trade and other receivables		3,920	805
Total current assets		4,608	1,466
Non-current assets			
Receivables		915,368	995,133
Investment in associates		54,541	54,320
Total non-current assets		969,909	1,049,453
Total assets		974,517	1,050,919
Current liabilities			
Trade and other payables		655	888
Total current liabilities		655	888
Non-current liabilities			
Payables		494	494
Share of net assets attributable to minority interests		29,856	29,785
Total non-current liabilities		30,350	30,279
Total liabilities		31,005	31,167
Net assets		943,512	1,019,752
Equity			
Contributed equity	7	929,149	1,003,487
Retained earnings		14,363	16,265
Total equity and net assets attributable to the unit holders		943,512	1,019,752

The above balance sheets should be read in conjunction with the accompanying notes on pages 12 to 15.

Consolidated statements of changes in equity for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000
Total equity at the beginning of the half year		1,019,752	812,590
Net (loss) / profit for the period		(1,901)	5,608
Total recognised income and expense for the period		(1,901)	5,608
Transactions with equity holders in their capacity as equity holders:			
Contributions of equity, net of transaction costs		9,714	263, 390
Consideration for buyback of securities		(21,079)	-
Securities issued as consideration for purchase of subsidiaries		-	12,921
Distributions paid	2	(62,974)	(42,067)
Total equity at the end of the half year		943,512	1,052,442

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 12 to 15.

Consolidated cash flow statements for the half year ended 31 December 2008

	Note	Half year ended 31 Dec 2008 $'000	Half year ended 31 Dec 2007 $'000
Cash flows from operating activities			
(Loss)/profit for the period		(1,901)	5,608
Adjustments for:			
Share of associates' loss (less dividends)		(151)	(828)
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:			
Decrease/(increase) in assets:			
Current receivables and other current assets		585	(813)
(Decrease)/increase in liabilities:			
Current payables		(228)	165
Net cash (used in)/provided by operating activities		(1,695)	4,132
Cash flows from financing activities			
Proceeds from issues of equity securities, net of costs		-	253,297
Payment for security buy-back		(21,079)	-
Loans advanced to related parties		-	(271,921)
Repayment of borrowings from related parties		76,030	46,622
Distributions paid to security holders		(53,229)	(31,943)
Net cash provided by financing activities		1,722	(3,945)
Net increase in cash and cash equivalents		27	187
Cash and cash equivalents at the beginning of the half year		661	337
Cash and cash equivalents at the end of the half year		688	524

The above cash flow statements should be read in conjunction with the accompanying notes on pages 12 to 15.

Notes to the Consolidated Financial statements

1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2008 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 2008 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 2008 $'000	Half year ended 31 Dec 2007 $'000 (Restated)
Final distribution in respect of 2008 year of 7.25 cents per stapled security (2007: 6.25 cents) paid in September 2008 (2007: September 2007), 100% tax deferred (2007: 100% tax deferred)[1]	62,974	42,067
Total distributions paid	62,974	42,067
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 4.5 cents per stapled security (2008: 7.25 cents). The aggregate amount of the proposed distribution expected to be settled in cash on 18 March 2009 from the Trust's contributed equity, but not recognised as a liability at the end of the half year, is:	38,170	61,485

The balance of the franking account at 31 December 2008 is $nil (31 December 2007: $nil).

[1] Of the $62,974,000 (2007: $42,067,000) final distribution, 16% (2007: 24%) was settled through the issue of stapled securities under the Distribution Reinvestment Plan. The distribution paid in cash was $53,229,000 (2007: $31,943,000) and the amount settled through the issue of stapled securities under the Distribution Reinvestment Plan was $9,745,000 (2007: $10,124,000).

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 year ended 30 June 2006, the Trust also acquired a non-controlling interest in entities that carry on wind farm businesses. These activities were based in Australia.

4. Business combinations

There were no changes in the composition of the consolidated entity during the half year ended 31 December 2008 or during the half year ended 31 December 2007.

5. Earnings per unit

	Half year ended 31 Dec 2008 Cents per unit	Half year ended 31 Dec 2007 Cents per unit
Basic and diluted (loss) / earnings per unit	(0.2)	0.7

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 2008 $'000	Half year ended 31 Dec 2007 $'000
(Loss) / earnings attributable to the unit holders	(1,901)	5,608

	Half year ended 31 Dec 2008 No.'000	Half year ended 31 Dec 2007 No.'000
Weighted average number of units for the purposes of basic and diluted earnings per unit	867,100	775,449

6. Contingent liabilities and capital commitments

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

7. Issuances, repurchases and repayments of securities

	No'000	$'000
Fully paid stapled securities/shares		
Balance as at 1 July 2008	868,601	1,003,486
Capital distribution	-	(62,974)
Distribution reinvestment plan (i)	8,398	9,715
On-market security buy-back (ii)	(28,780)	(21,078)
Transaction costs arising on security issue and buy-back	-	-
Balance as at 31 December 2008	848,219	929,149

	No'000	$'000
Fully paid stapled securities/shares		
Balance as at 1 July 2007	673,071	800,325
Capital distribution	-	(42,067)
Distribution reinvestment plan (i)	6,268	10,093
Alinta scheme of arrangement (iii)	130,147	210,424
Security purchase plan (iv)	26,935	46,142
Institutional placement (v)	4,350	7,807
Capital Wind Farm acquisition (vi)	7,295	12,921
Transaction costs arising on security issue	-	(11,076)
Balance as at 31 December 2007	848,066	1,034,569

Stapled securities entitle the holder to participate in dividends from BBWPL and BBWPB and in distributions from BBWPT. The holder is entitled to participate in the proceeds on winding up of the company in proportion to the number of and amounts paid on the securities held.

(i) Distribution reinvestment plan

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

On 18 September 2008 (2007: 14 September 2007), BBW issued 8,398,012 stapled securities (2007: 6,267,665) at a price of $1.16 per security (2007: $1.62 per security) in relation to the payment of the final distribution for the year ended 30 June 2008 (2007: 30 June 2007).

As advised at the BBW Annual General Meeting of 26 November 2008, in light of the ongoing on-market security buy-back program, the distribution reinvestment plan has been suspended until further notice.

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

(ii) On-market security buy-back

On 16 September 2008, BBW announced its intention to undertake a buy-back of up to 10% of its securities over the following 12 months. On 26 November 2008, securityholders approved a resolution at the Annual General Meeting for an on-market security buy-back of up to 30% of securities on issue.

As at 31 December 2008, BBW had purchased 28,779,580 stapled securities at an average price of $0.7346 per security.

(iii) Alinta scheme of arrangement

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

On 31 August 2007, under the scheme of arrangement, BBW issued 128,754,789 stapled securities at a price of $1.62 net of transaction costs of $9.5 million to Alinta shareholders.

On 4 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 payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet resulting in a total of $211m gross proceeds from both stapled security issuances during the year.

(iv) Security purchase plan

On 18 September 2007, BBW announced a Security Purchase Plan enabling existing shareholders to acquire up to $5,000 in value of additional BBW securities at a discount to the market price. Pursuant to this plan, BBW issued 26,935,224 stapled securities on 24 October 2007 at a price of $1.72 per security.

(v) Institutional placement

During the year ended 30 June 2007, BBW issued stapled securities pursuant to an institutional placement. In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4,350,000 stapled securities at the same price as the institutional placement conditional upon the approval of BBW securityholders at the Annual General Meeting held on 9 November 2007.

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

(vi) Capital wind farm acquisition

On 20 December 2007, BBW issued 7,294,836 stapled securities at a price of $1.78 per security as part consideration for the acquisition of the Capital wind farm. Pursuant to the Sale and Purchase Agreement a further 6,760,167 stapled securities were issued on 3 January 2008 at a price of $1.70 per security.

8. Subsequent events

There were no material events after balance sheet date.