Infigen Energy Limited

ACN 105 051 616

Infigen Energy Trust

ARSN 116 244 118

Interim Financial Reports

for the Half-Year Ended

31 December 2016

Registered office:

Level 22
56 Pitt Street
Sydney NSW 2000

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CORPORATE STRUCTURE

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

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

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security (IFN security).

Infigen Energy RE Limited (IERL) is the Responsible Entity of IET.

The current stapled structure of the Infigen Energy Group was established immediately prior to listing on the Australian Securities Exchange in 2005. No change is expected while the Group's corporate debt facility (Global Facility) remains on foot. IEBL was established and included in the Group's stapled structure in 2005 to provide flexibility regarding potential investment ownership structures. IEBL has not been utilised for that purpose since it was established and the Group aims to wind-up this entity when it is feasible to do so.

The Infigen Energy Group is currently developing a capital management strategy that is better suited to supporting its ongoing business and plans for growth. As part of that work it has become aware that IET is a member of the "group" for the purposes of the Global Facility and therefore subject to various restrictive covenants that apply to certain members of the Infigen Energy Group. This differs from the prior understanding and corresponding disclosure.

Given IET's core function has been to act as a funding vehicle for the Group, the key practical effect of this is that IET cannot make loans to entities that are Excluded Companies for the purposes of the Global Facility. It can however, as has always been the case, and consistent with all equity raisings of the Group, make a loan to IEL which it can then use to fund the Infigen Energy Group, provided that loan is subordinated to the Global Facility debt.

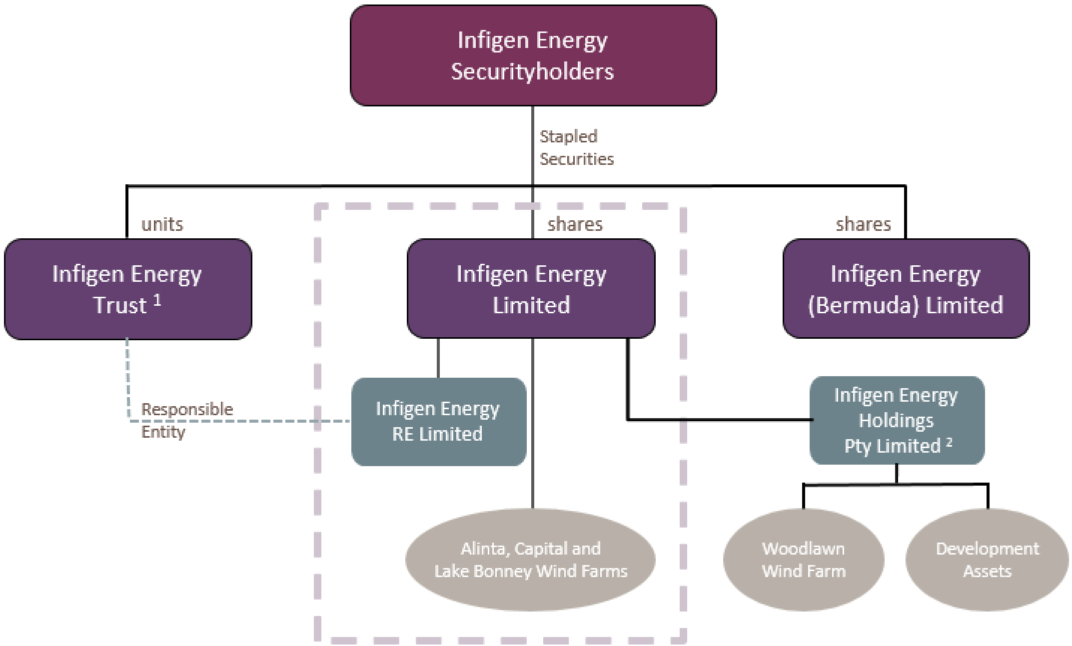
Accordingly, to address compliance with the Global Facility, two actions have been undertaken. First an intragroup loan made by IET to Infigen Energy Holdings Pty Limited (IEH), has been cancelled and the outstanding balance of $105.79 million refunded by IEH to IET. This occurred subsequent to the interim results balance date of 31 December 2016 and does not change the net debt position of the Infigen Energy Group. Secondly, two bank guarantees issued under the Global Facility in a total amount of approximately $526,000 have been replaced with facilities obtained by Excluded Companies. The Global Facility lenders have been notified of these actions.

Infigen Energy Group confirms the following in relation to its corporate structure:

- the assets of IET, including IET's cash, are held by IERL as the Responsible Entity of IET for the benefit of Infigen Energy securityholders via their ownership of units in IET;
- neither the cash sweep requirement nor the distribution prohibition in the Global Facility applies to IET; and
- the net assets of IET are disregarded for purposes of testing compliance with the Net Debt/EBITDA leverage ratio covenant in the Global Facility.

The following diagram represents the structure of the Infigen Energy Group, having regard to the above.

Corporate Structure & Global Facility



Entities and assets within the Global Facility borrower group as at 31 December 2016 that are subject to the cash sweep.

Footnotes:

1. Various restrictive covenants under the Global Facility apply to the activities of the Infigen Energy Trust.
2. Infigen Energy Holdings Pty Limited and its subsidiaries are "Excluded Companies" that are not subject to the Global Facility cash sweep or restrictive covenants.

As permitted by Class Order 05/642, issued by the Australian Securities and Investments Commission (ASIC), these Financial Statements are combined financial statements that present the consolidated financial statements and accompanying notes of both the Infigen Energy Group and IET.

DIRECTORS' REPORT

The Directors of Infigen Energy Limited and the Directors of Infigen Energy RE Limited, the Responsible Entity of Infigen Energy Trust, present their report together with the Interim Financial Report of the Group and the Trust (refer below) for the half-year ended 31 December 2016.

The Interim Financial Report of IEL comprises the consolidated Interim Financial Report of IEL and its controlled entities, including IET and its controlled entities and Infigen Energy (Bermuda) Limited, (the Infigen Energy Group or the Group).

The Interim Financial Report of IET comprises the consolidated Interim Financial Report of IET and its controlled entities (the Infigen Energy Trust Group or the Trust).

Directors

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

- Michael Hutchinson
- Ross Rolfe AO (appointed Chief Executive Officer/Managing Director on 17 November 2016)
- Philip Green
- Fiona Harris
- Sylvia Wiggins
- Miles George (retired 17 November 2016)

Review of Operations

Infigen Energy Group

Infigen Energy reported a net profit after tax for the six months to 31 December 2016 of $21.4 million, compared with a net loss after tax of $2.2 million in the prior corresponding period.

Further details are provided in the Management Discussion and Analysis of Financial and Operational Performance for the six months ended 31 December 2016.

Infigen Energy Trust

The net profit attributable to the unit holders of IET for the half-year ended 31 December 2016 amounted to $13.5 million (half-year ended 31 December 2015: $14.3 million profit).

Future Developments

Infigen is assessing optimal funding and operating strategies to enable it to support development of new projects and its existing energy markets business.

Infigen has made substantial progress on advancing the Bodangora wind farm project and is targeting financial close in the second half of FY17.

Infigen will continue to prospect for new sites and opportunities to enhance its development capability in different regional markets and by investing in different technologies.

During FY17 Infigen will seek to finalise long-term service and maintenance agreements for operating wind farm assets where maintenance contracts expire in December 2017.

Directors' Report (continued)

Rounding

The Group is an entity of a kind referred to the Australian Securities and Investments Commission (ASIC) Legislative Instrument 2016/191, 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 off to the nearest thousand dollars in accordance with the instrument unless otherwise indicated.

Auditor's Independence Declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 5.

Signed in accordance with a resolution of Directors.

On behalf of the Directors of IEL and IERL:

Ross Rolfe

Ross Rolfe AO

Chief Executive Officer / Managing Director

Sydney, 22 February 2017

Auditor's Independence Declaration

As lead auditor for the review of Infigen Energy Group and Infigen Energy Trust Group for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Infigen Energy Group and the entities it controlled during the period and Infigen Energy Trust Group and the entities it controlled during the period

Marc Upcroft
Partner
PricewaterhouseCoopers

Sydney
22 February 2017

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Independent auditor's review report to the stapled security holders of Infigen Energy Group and the unit holders of Infigen Energy Trust Group

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of the Infigen Energy Group and Infigen Energy Trust Group, which comprises the consolidated statement of financial position as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated cash flow statement for the half-year ended on that date, selected explanatory notes and the directors' declaration for Infigen Energy Group and Infigen Energy Trust Group. The Infigen Energy consolidated Group comprises Infigen Energy Limited and the entities it controlled during that half-year. The Infigen Energy Trust Group comprises the Infigen Energy Trust and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of Infigen Energy Limited and the directors of Infigen Energy RE, the responsible entity of Infigen Energy Trust (collectively referred to as 'the directors'), are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year 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 2016 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 Infigen Energy Group and Infigen Energy Trust Group, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Infigen Energy Group and Infigen Energy Trust Group is not in accordance with the *Corporations Act 2001* including:

1. giving a true and fair view of Infigen Energy Group's and Infigen Energy Trust Group's financial position as at 31 December 2016 and of their performance for the half-year ended on that date;

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

Mupcroft

Marc Upcroft
Partner

Sydney
22 February 2017

DIRECTORS' DECLARATION

In the opinion of the Directors of Infigen Energy Limited and the Directors of the Responsible Entity of Infigen Energy Trust, Infigen Energy RE Limited (collectively referred to as 'the Directors'):

a) the financial statements and notes of the Infigen Energy Group and the Infigen Energy Trust Group set out on pages 9 to 28 are in accordance with the *Corporations Act 2001*, including:

   (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements; and

   (ii) giving a true and fair view of the Infigen Energy Group's and Infigen Energy Trust Group's consolidated financial position as at 31 December 2016 and of their performance for the half-year ended on that date; and

b) there are reasonable grounds to believe that both the Infigen Energy Group and Infigen Energy Trust Group will be able to pay their debts as and when they become due and payable.

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

On behalf of the Directors of IEL and IERL:

Ross Rolfe

Ross Rolfe AO

Chief Executive Officer / Managing Director

Sydney, 22 February 2017

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

		INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
	Note	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Revenue from continuing operations	2	115,365	83,352	-	-
Other income	3	355	335	13,863	14,664
Operating expenses		(21,095)	(18,347)	(343)	(349)
Corporate costs		(8,901)	(6,379)	-	-
Development costs		(1,453)	(792)	-	-
Depreciation and amortisation expense	4	(25,958)	(25,922)	-	-
Interest expense	4	(24,566)	(26,404)	-	-
Other finance costs	4	(2,416)	(5,472)	(1)	(2)
Share of net profit of associates and joint ventures	5	25	126	-	-
Net profit before income tax expense		**31,356**	**497**	**13,519**	**14,313**
Income tax expense		(9,990)	(3,102)	-	-
Profit / (loss) from continuing operations		**21,366**	**(2,605)**	**13,519**	**14,313**
Profit from discontinued operations		-	415	-	-
Net profit / (loss) for the half-year		**21,366**	**(2,190)**	**13,519**	**14,313**
Other comprehensive income					
Items that may be reclassified to profit or loss					
Exchange differences on translation of foreign operations		-	6,774	-	-
Items that will not be reclassified to profit or loss					
Changes in the fair value of cash flow hedges, net of tax		15,343	4,916	-	-
Other comprehensive income for the half-year, net of tax		**15,343**	**11,690**	**-**	**-**
Total comprehensive income for the half-year		**36,709**	**9,500**	**13,519**	**14,313**
Net income / (loss) for the half-year is attributable to stapled securityholders as:					
Equity holders of the parent		21,797	(1,706)	-	-
Equity holders of the other stapled entities (minority interests)		(431)	(484)	13,519	14,313
		21,366	**(2,190)**	**13,519**	**14,313**
Total comprehensive income / (loss) is attributable to stapled securityholders as:					
Equity holders of the parent		37,140	9,984	-	-
Equity holders of the other stapled entities (minority interests)		(431)	(484)	13,519	14,313
		36,709	**9,500**	**13,519**	**14,313**
Earnings per security of the parent based on income / (loss) from continuing operations attributable to the equity holders of the parent					
Basic (cents per security)	9	2.8	(0.3)	1.7	1.9
Diluted (cents per security)	9	2.8	(0.3)	1.7	1.9
Earnings per security of the parent based on income / (loss) from discontinued operations attributable to the equity holders of the parent					
Basic (cents per security)	9	-	0.1	-	-
Diluted (cents per security)	9	-	0.1	-	-

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

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
		As at 31 Dec 2016 $'000	As at 30 June 2016 $'000	As at 31 Dec 2016 $'000	As at 30 June 2016 $'000
Current assets					
Cash and cash equivalents		144,680	147,602	407	405
Trade and other receivables		15,005	20,369	-	-
Inventory		43,482	20,620	-	-
Derivative financial instruments	6	858	355	-	-
Total current assets		**204,025**	**188,946**	**407**	**405**
Non-current assets					
Receivables		3,543	3,769	589,602	568,446
Derivative financial instruments	6	9	132	-	-
Investment in associates and joint ventures	5	1,423	1,258	-	-
Property, plant and equipment		760,697	783,819	-	-
Deferred tax assets		32,098	51,937	-	-
Intangible assets		121,312	122,671	-	-
Total non-current assets		**919,082**	**963,586**	**589,602**	**568,446**
Total assets		**1,123,107**	**1,152,532**	**590,009**	**568,851**
Current liabilities					
Trade and other payables		9,159	17,356	5,200	4,858
Borrowings	7	96,164	73,601	-	-
Derivative financial instruments	6	23,311	25,681	-	-
Provisions		1,297	2,900	-	-
Total current liabilities		**129,931**	**119,538**	**5,200**	**4,858**
Non-current liabilities					
Borrowings	7	613,737	668,889	-	-
Derivative financial instruments	6	52,167	75,119	-	-
Provisions		8,384	8,421	-	-
Total non-current liabilities		**674,288**	**752,429**	**-**	**-**
Total liabilities		**804,219**	**871,967**	**5,200**	**4,858**
Net assets		**318,888**	**280,565**	**584,809**	**563,993**
Equity holders of the parent					
Contributed equity	11	2,305	2,305	763,045	755,748
Reserves		(96,791)	(106,451)	-	-
Retained earnings		(331,328)	(353,125)	(178,236)	(191,755)
		(425,814)	**(457,271)**	**584,809**	**563,993**
Equity holders of the other stapled entities (non-controlling interests)					
Contributed equity	11	769,306	762,009	-	-
Retained earnings		(24,604)	(24,173)	-	-
		744,702	**737,836**	**-**	**-**
Total equity		**318,888**	**280,565**	**584,809**	**563,993**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	INFIGEN ENERGY GROUP					
	Attributable to equity holders of the parent					
	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Total equity at 1 July 2015	**2,305**	**(120,481)**	**(358,690)**	**(476,866)**	**737,770**	**260,904**
Net loss for the half-year	-	-	(1,706)	(1,706)	(484)	(2,190)
Changes in the fair value of cash flow hedges, net of tax	-	4,916	-	4,916	-	4,916
Exchange differences on translation of foreign operations and movement in fair value	-	6,774	-	6,774	-	6,774
Total comprehensive income / (loss) for the half-year	**-**	**11,690**	**(1,706)**	**9,984**	**(484)**	**9,500**
Transactions with equity holders in their capacity as equity holders:						
Recognition of share-based payments	-	(680)	-	(680)	-	(680)
Issues of securities to KMP for deferred remuneration	-	-	-	-	1,145	1,145
Total equity at 31 December 2015	**2,305**	**(109,471)**	**(360,396)**	**(467,562)**	**738,431**	**270,869**
Total equity at 1 July 2016	**2,305**	**(106,451)**	**(353,125)**	**(457,271)**	**737,836**	**280,565**
Net profit / (loss) for the half-year	-	-	21,797	21,797	(431)	21,366
Changes in the fair value of cash flow hedges, net of tax	-	15,343	-	15,343	-	15,343
Exchange differences on translation of foreign operations and movement in fair value	-	-	-	-	-	-
Total comprehensive income / (loss) for the half-year	**-**	**15,343**	**21,797**	**37,140**	**(431)**	**36,709**
Transactions with equity holders in their capacity as equity holders:						
Recognition of share-based payments	-	(5,683)	-	(5,683)	-	(5,683)
Issue of securities to KMP for deferred remuneration	-	-	-	-	7,297	7,297
Total equity at 31 December 2016	**2,305**	**(96,791)**	**(331,328)**	**(425,814)**	**744,702**	**318,888**

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

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE HALF-YEAR ENDED 31 December 2016 (CONTINUED)

	INFIGEN ENERGY TRUST GROUP		
	Contributed equity $'000	Retained earnings $'000	Total $'000
Total equity at 1 July 2015	**754,603**	**(220,383)**	**534,220**
Net profit for the half-year	-	14,313	14,313
Total comprehensive income for the half-year	**-**	**14,313**	**14,313**
Recognition of share-based payments	1,145	-	1,145
Total equity at 31 December 2015	**755,748**	**(206,070)**	**549,678**
Total equity at 1 July 2016	**755,748**	**(191,755)**	**563,993**
Net profit for the half-year	-	13,519	13,519
Total comprehensive income for the half-year	**-**	**13,519**	**13,519**
Recognition of share-based payments	7,297	-	7,297
Total equity at 31 December 2016	**763,045**	**(178,236)**	**584,809**

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

CONSOLIDATED CASH FLOW STATEMENTS

FOR THE HALF-YEAR ENDED 31 DECEMBER 2016

	Note	Infigen Energy Group		Infigen Energy Trust Group	
		Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Cash flows from operating activities					
Profit / (loss) for the half-year		21,366	(2,190)	13,519	14,313
Adjustments for:					
Profit for the half-year from discontinued operations		-	(415)	-	-
Loss on revaluation for fair value through profit or loss financial assets – financial instruments		395	34	-	-
Depreciation and amortisation of non-current assets	4	25,958	25,922	-	-
Unwind of discount on related party loan receivables		-	-	(13,861)	(14,661)
Unrealised foreign exchange loss		843	4,211	-	-
Amortisation of share based payments expense		745	470	-	-
Amortisation of borrowing costs capitalised		753	705	-	-
Share of profits from associates and joint ventures		(25)	(126)	-	-
Accretion of decommissioning & restoration provisions		60	58	-	-
Decrease in deferred tax assets		9,990	2,070	-	-
Changes in operating assets and liabilities:					
(Increase) / decrease in assets:					
Current receivables and inventory		(17,497)	(16,550)	-	-
Non-current receivables		226	-	-	-
Increase / (decrease) in liabilities:					
Current payables		(9,801)	(3,385)	344	339
Non-current payables		(37)	135	-	-
Net cash flow from operating activities		**32,976**	**10,939**	**2**	**(9)**
Cash flows from investing activities					
Payments for property, plant and equipment		(180)	(1,389)	-	-
Payments for intangible assets		(1,336)	(990)	-	-
Proceed from disposal of PPE		38	-	-	-
Payments for investments in associates and joint ventures		(140)	(139)	-	-
Proceeds transferred from discontinued operations from the sale of the US business		-	99,954	-	-
Net cash flow from investing activities (continuing operations)		**(1,618)**	**97,436**	**-**	**-**
Net cash flow from investing activities (discontinued operations)		**-**	**292,166**	**-**	**-**
Cash flows from financing activities					
Proceeds from issue of equity securities		-	-	7,297	1,145
Repayment of borrowings		(37,349)	(14,294)	-	-
Loans to related parties		-	-	(7,297)	(1,133)
Net cash flow from financing activities (continuing operations)		**(37,349)**	**(14,294)**	**-**	**12**
Net cash flow from financing activities (discontinued operations)		**-**	**(297,350)**	-	**-**
Net increase in cash and cash equivalents		(5,991)	94,081	2	3
Cash and cash equivalents at the beginning of the financial year		147,602	54,419	405	399
Effects of exchange rate changes on the balance of cash held in foreign currencies		3,069	(6,993)	-	-
Cash and cash equivalents at the end of the half-year		**144,680**	**141,507**	**407**	**402**

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

ABOUT THIS REPORT

As permitted by ASIC Class Order 05/642, this consolidated general purpose financial report for the half-year ended 31 December 2016 consists of consolidated financial statements and accompanying notes of both the Group and the Trust.

The Group and the Trust are for-profit entities for the purpose of preparing the financial statements. The Group and the Trust are incorporated and domiciled in Australia.

Stapled security

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

Trust information

IET was established in Australia on 16 June 2003. On 26 September 2005, IET became a Registered Scheme and Infigen Energy RE Limited (IERL) became the Responsible Entity of IET. The relationship of the Responsible Entity with the Scheme is governed by the terms and conditions specified in the Constitution of IET.

Basis of preparation

This condensed consolidated interim financial report of the Group and the Trust for the half-year ended 31 December 2016:

- treats Infigen Energy Limited as the 'parent' of the stapled entity for the purposes of preparing consolidated interim financial statements, with the other stapled entities being presented as non-controlling interests in accordance with the relief available to stapled entities in ASIC *Class Order 13/1050* as amended by *Class Order 13/1644* which enables stapled entities to present consolidated or combined financial statements;
- has been prepared in accordance with *Corporations Act 2001,* Accounting Standard AASB 134 *Interim Financial Reporting* and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- does not include all the notes 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 2016 and any public announcements made by the Group during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*;
- has been prepared on the basis of the legislative and regulatory regime that existed as at 31 December 2016 and at the date of this report. Changes to the regulatory regime could affect the carrying values of assets and future renewable energy project developments; and
- is presented in Australian Dollars with all values rounded off to the nearest thousand dollars, unless otherwise stated, in accordance with the Australian Securities and Investments Commission (ASIC) *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

Significant accounting policies

The same accounting policies have been applied by each entity within the Group and the Trust, and are consistent with those adopted and disclosed in the 30 June 2016 annual financial report.

a) Impact of standards issued but not yet adopted by the Group or the Trust

(i) AASB 15 *Revenue from Contracts with Customers*

The AASB has issued a new standard for the recognition of revenue. This will replace AASB 118 which covers revenue arising from the sale of goods and the rendering of services and AASB 111 which covers construction contracts.

The new standard is based on the principle that revenue is recognised when control of a good or service transfers to a customer.

The standard permits either a full retrospective or a modified retrospective approach for the adoption. It is effective for the first interim period within the annual reporting periods beginning on or after 1 January 2018. The Group and the Trust will adopt the new standard from 1 July 2018.

Management has identified that the new standard will affect the way revenue from LGCs and Power Purchase Agreements (PPAs) are described and disclosed in the financial statements. However, there will be no change to the recognition and measurement of these revenue items.

(ii) AASB 16 *Leases*

AASB 16 was issued in February 2016. The adoption of this standard will result in the Group's operating lease commitments being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, the operating lease is recognised as an asset (the right to use the leased item) as well as a financial liability (lease payment obligation). The Group's maintenance and capital expenditure commitments will not qualify as leases under AASB 16. An optional exemption also exists for short-term and low-value leases such as rental of office equipment.

The Group's income statement will be affected because the new accounting treatment will result in both an interest charge which is a component of finance cost therefore affecting key metrics like EBITDA, and a depreciation charge. The total expense will typically be higher in the earlier years of a lease and lower in later years.

The operating cash flows will be higher as cash payments for the principal portion of the lease liability are classified within financing activities. Only that part of the payments that reflects the interest charge will continue to be presented as operating cash flows.

The Group has not yet determined to what extent these commitments will result in the recognition of an asset and a liability for future payments and how this will affect the Group's profit and classification of cash flows. The standard permits the retrospective approach or the modified retrospective approach on transition. The Group will select the transition approach and evaluate the quantitative effects of this standard post-balance sheet date prior to the mandatory adoption of the standard.

The standard is mandatory for first interim periods within the annual reporting periods beginning on or after 1 January 2019. At this stage, the Group does not intend to adopt the standard before its effective date. The Group and the Trust will adopt the new standard from 1 July 2019.

There are no other standards that are not yet effective and that are expected to have a material impact on the Group or the Trust in the current or future reporting periods and on foreseeable future transactions.

1. Segment information

Segment information provided to the Board of Directors

Operating segments are reported in a manner that is consistent with the internal reporting provided to the chief operating decision-maker. The Group has determined the operating segment based on the reports reviewed by the Board of Directors of IEL that are used to make strategic decisions.

The Board of Directors considers the business primarily from a geographic perspective and has identified one reportable segment. The reporting segment consists of the renewable energy business held in Australia.

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

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

Corporate costs are classified as unallocated, and interest income and expenditure are allocated to Australia as this type of activity is driven by the Group's treasury function which manages the cash position of the Group.

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

Segment information (continued)

The segment information provided to the Board of Directors for the operating segments together with a reconciliation of segment EBITDA to operating profit/(loss) before income tax for the half-year ended 31 December 2016 is below.

INFIGEN ENERGY GROUP	Total $'000	Australia $'000	Unallocated $'000
Year ended 31 December 2016			
Segment revenue	115,365	115,365	-
Operating costs	(21,095)	(21,095)	-
Segment EBITDA from continuing	**94,270**	**94,270**	**-**
Corporate costs	(8,901)	-	(8,901)
Development costs	(1,453)	(1,453)	-
Share of net profit of associates	25	25	-
Other income	4	4	-
EBITDA	**83,945**	**92,846**	**(8,901)**
Depreciation & amortisation	(25,958)	(25,958)	-
EBIT	**57,987**	**66,888**	**(8,901)**
Net finance costs	(26,631)	(26,631)	-
Profit / (loss) before income tax	**31,356**	**40,257**	**(8,901)**
Income tax expense	(9,990)	(9,990)	-
Profit from discontinued operations	-	-	-
Net profit / (loss) after tax	**21,366**	**30,267**	**(8,901)**
Year ended 31 December 2015			
Segment revenue	83,352	83,352	-
Operating costs	(18,347)	(18,347)	-
Segment EBITDA from continuing	**65,005**	**65,005**	**-**
Corporate costs	(6,379)	-	(6,379)
Development costs	(792)	(792)	-
Share of net losses of associates	126	126	-
EBITDA	**57,960**	**64,339**	**(6,379)**
Depreciation & amortisation	(25,922)	(25,922)	-
EBIT	**32,038**	**38,417**	**(6,379)**
Net finance costs	(31,541)	(31,541)	-
Profit / (loss) before income tax	**497**	**6,876**	**(6,379)**
Income tax expense	(3,102)	(3,102)	-
Profit from discontinued operations	415	-	415
Net profit / (loss) after tax	**(2,190)**	**3,774**	**(5,964)**

Segment information (continued)

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

INFIGEN ENERGY GROUP	Australia $'000
As at 31 December 2016	
Total segment assets	**1,123,107**
Total assets include:	
Investment in associates & joint ventures	1,423
Additions to non-current assets (other than financial assets and deferred tax)	1,576
Total segment liabilities	**804,219**
As at 30 June 2016	
Total segment assets	**1,152,532**
Total assets include:	
Investment in associates & joint ventures	1,258
Additions to non-current assets (other than financial assets and deferred tax)	3,680
Total segment liabilities	**871,967**

2. Revenue

	INFIGEN ENERGY GROUP	
	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
From continuing operations		
Sale of energy and environmental products[1]	72,239	46,138
Lease of plant and equipment[2]	42,823	36,790
Compensated revenue	303	424
	115,365	**83,352**

[1] Revenue from the sale of electricity generated from the Group's wind farms, and from the generation of Large-scale Generation Certificates (LGCs). These are recognised at fair value when they are generated and in the same period as the costs relating to their generation are incurred.

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

3. Other income

	INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Interest income	351	335	2	3
Unwind of discount on related party loan receivables	-	-	13,861	14,661
Other	4	-	-	-
	355	**335**	**13,863**	**14,664**

4. Expenses

	Infigen Energy Group		INFIGEN ENERGY TRUST GROUP	
	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Depreciation and amortisation expense				
Depreciation of property, plant and equipment	23,264	23,250	-	-
Amortisation of intangible assets	2,694	2,672	-	-
	25,958	**25,922**	**-**	**-**
Interest expense				
Interest expense on borrowings	11,721	12,464	-	-
Interest expense on derivative financial instruments	12,845	13,940	-	-
	24,566	**26,404**	**-**	**-**
Other finance costs				
Fair value losses on financial instruments	395	34	-	-
Bank fees and loan amortisation costs	1,118	1,169	-	-
Foreign exchange loss	843	4,211	1	2
Recognition and unwinding of discount on decommissioning provisions	60	58	-	-
	2,416	**5,472**	**1**	**2**

5. Investment in associates and joint ventures

	INFIGEN ENERGY GROUP	
	Half-year ended 31 Dec 2016 $'000	Year ended 30 June 2016 $'000
a) Movements in carrying amounts		
Carrying amount at the beginning of the period	1,258	452
Additions	140	781
Share of profits after income tax	25	25
Carrying amount at the end of the period	**1,423**	**1,258**

	Place of business / country of incorporation	Ownership interest[1] % 31 December 2016	30 June 2016	Nature of relationship	Measurement method
31 December 2016					
Australian associate and joint venture entities	Australia	32%-50%	32%-50%	Associates and joint ventures	Equity method

[1] Share capital consists solely of ordinary shares, which are held directly by the Group.

The Australian associate and joint venture entities hold interests in renewable energy developments projects.

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

b) Contingent liabilities in respect of associates and joint ventures

There are no contingent liabilities in respect of associates and joint ventures as at 31 December 2016 (30 June 2016: nil).

Investments in Associates and Joint Ventures (continued)

c) Summarised financial information of associates and joint ventures

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

	Group's share of:		
	Net assets $'000	Revenues $'000	Share of profit $'000
Half-year ended 31 December 2016			
Australian associate and joint venture entities	1,423	-	25
	1,423	**-**	**25**
Year ended 30 June 2016			
Australian associate and joint venture entities	1,258	-	25
	1,258	**-**	**25**

6. Fair value hierarchy

This note provides an update on the judgments and estimates made by the Group in determining fair values of its financial instruments since the last annual report. It does not include all financial risk management information and disclosures required in the annual financial statements. This note should be read in conjunction with the Group's annual financial statements as at 30 June 2016. There have been no significant changes in the Group's risk management policies since 30 June 2016.

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

- Derivative financial instruments

To provide an indication of the reliability of the inputs used in determining fair value, the Group has classified its financial instruments into the following three levels prescribed under the accounting standards:

Level 1: the fair value of financial instruments traded in active markets is based on quoted market prices (unadjusted) at end of the reporting period. The Group does not hold level 1 financial instruments.

Level 2: the fair value of financial instruments that are not traded in active markets is determined using valuation techniques that maximize the use of observable market data and rely as little as possible on entity-specific estimates**.** All significant inputs required to fair value an instrument are observable. This is the case for the Group's derivative financial instruments.

Level 3: one or more of the significant inputs to determine the fair value of financial instruments are not based on observable market data (unobservable inputs).

The following tables present the Group's financial assets and financial liabilities measured and recognised at fair value.

	INFIGEN ENERGY GROUP			
As at 31 December 2016	**Level 1 $'000**	**Level 2 $'000**	**Level 3 $'000**	**Total $'000**
Recurring fair value measurements				
Assets				
Derivative financial instruments				
Interest rate cap – Woodlawn	-	9	-	9
Electricity and LGC options	-	246	612	858
Total assets	**-**	**255**	**612**	**867**
Liabilities				
Derivative financial instruments				
Interest rate swaps – Global Facility	-	75,478	-	75,478
Total liabilities	**-**	**75,478**	**-**	**75,478**

As at 30 June 2016	INFIGEN ENERGY GROUP			
	Level 1 $'000	Level 2 $'000	Level 3 $'000	Total $'000
Recurring fair value measurements				
Assets				
Derivative financial instruments				
Interest rate caps – Woodlawn	-	8	-	8
Electricity and LGC options	-	479	-	479
Total assets	**-**	**487**	**-**	**487**
Liabilities				
Derivative financial instruments				
Interest rate swaps – Global Facility	-	100,800	-	100,800
Total liabilities	**-**	**100,800**	**-**	**100,800**

There were no transfers between levels 1 and 2, and between levels 2 and 3 financial instruments for recurring fair value measurements during the period. The Group did not measure any financial assets or financial liabilities at fair value on a non-recurring basis as at 31 December 2016.

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

a) Valuation techniques used to determine Level 2 fair values

Specific valuation techniques used to value financial instruments include:

- The use of quoted market prices or dealer quotes for similar instruments;
- The fair value of interest rate swaps calculated as the present value of the estimated future cash flows based on observable yield curves; and
- Using Black-Scholes valuation models in conjunction with quoted market prices or dealer quotes for similar instruments.

Where such information is not available, the Group considers information from a variety of sources including:

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

b) Fair value measurements using significant unobservable inputs (Level 3)

The following table presents the changes in Level 3 items. It is not possible to determine the fair value of these financial instruments using quoted prices or observable market data.

Level 3 Financial Instruments	As at 31 Dec 2016 $'000	As at 30 June 2016 $'000
Opening balance at 1 July 2015	-	566
Acquisitions	1,074	-
Amortisation	(462)	(566)
Closing balance	**612**	**-**

7. Borrowings

	INFIGEN ENERGY GROUP	
	Half-year ended 31 Dec 2016 $'000	Year ended 30 June 2016 $'000
Current		
Secured		
Global Facility	91,800	69,506
Project Finance Debt – Woodlawn	4,364	4,095
	96,164	**73,601**
Non-current		
Secured		
Global Facility	585,303	638,148
Project Finance Debt – Woodlawn	32,802	35,803
Capitalised loan costs	(4,368)	(5,062)
	613,737	**668,889**
Total borrowings	**709,901**	**742,490**

8. Distributions

Distributions in respect of the Group and the Trust for the half-year ended 31 December 2016 for were nil (half-year ended 31 December 2015: nil).

9. Earnings per share / unit

	INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
	Half-year ended 31 Dec 2016 cents per security	Half-year ended 31 Dec 2015 cents per security	Half-year ended 31 Dec 2016 cents per security	Half-year ended 31 Dec 2015 cents per security
(a) Basic and diluted earnings per stapled security / parent entity share				
Parent entity share				
From continuing operations	2.8	(0.3)	-	-
From discontinued operations	-	0.1	-	-
Total basic and diluted earnings per share attributable to the parent entity shareholders	**2.8**	**(0.2)**	**-**	**-**
Stapled security				
From continuing operations	2.7	(0.3)	1.7	1.9
From discontinued operations	-	0.1	-	-
Total basic and diluted earnings per security attributable to the stapled securityholders	**2.7**	**(0.2)**	**1.7**	**1.9**

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

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

	INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000	Half-year ended 31 Dec 2016 $'000	Half-year ended 31 Dec 2015 $'000
Earnings attributable to the parent entity shareholders				
From continuing operations	21,797	(2,121)	-	-
From discontinued operations	-	415	-	-
Total earnings attributable to the parent entity shareholders	**21,797**	**(1,706)**	**-**	**-**
Earnings attributable to the stapled securityholders				
From continuing operations	21,366	(2,605)	13,519	14,313
From discontinued operations	-	415	-	-
Total earnings attributable to the stapled securityholders	**21,366**	**(2,190)**	**13,519**	**14,313**

Earnings per share / unit (continued)

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

	INFIGEN ENERGY GROUP		INFIGEN ENERGY TRUST GROUP	
	Half-year ended 31 Dec 2016 No.'000	Half-year ended 31 Dec 2015 No.'000	Half-year ended 31 Dec 2016 No.'000	Half-year ended 31 Dec 2015 No.'000
Weighted average number of shares / units for the purposes of basic and diluted earnings per share / unit	777,845	770,876	777,845	770,876

Calculation of earnings per share

Basic earnings per share / unit is calculated by dividing the profit attributable to equity holders of the Group or the Trust, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares / units outstanding during the period, adjusted for bonus elements in ordinary shares / units issued during the period.

Diluted earnings per share / unit adjusts the figures used in the determination of basic earnings per share / unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares / units and the weighted average number of shares / units that would have been outstanding assuming the conversion of all dilutive potential ordinary shares / units.

10. Contingent liabilities

Infigen Energy Group

	INFIGEN ENERGY GROUP	
	As at 31 Dec 2016 $'000	As at 30 June 2016 $'000
Letters of credit	1,964	1,964

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

Deed of Cross Guarantee

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

Infigen Energy Trust Group

There are no contingent liabilities for the Trust as at 31 December 2016 (30 June 2016: nil).

11. Contributed equity

	INFIGEN ENERGY GROUP Half-year ended 31 Dec 2016 $'000	INFIGEN ENERGY GROUP Half-year ended 31 Dec 2015 $'000	INFIGEN ENERGY TRUST GROUP Half-year ended 31 Dec 2016 $'000	INFIGEN ENERGY TRUST GROUP Half-year ended 31 Dec 2015 $'000
Fully paid stapled securities / units				
Balance as at 1 July	764,314	763,169	755,748	754,603
Issue of securities	7,297[2]	1,145[1]	7,297[2]	1,145[1]
Balance as at 31 December	**771,611**	**764,314**	**763,045**	**755,748**
Attributable to:				
Equity holders of the parent	2,305	2,305		
Equity holders of the other stapled entities (minority interests)	769,306	762,009		
	771,611	**764,314**		

	INFIGEN ENERGY GROUP Half-year ended 31 Dec 2016 No.'000	INFIGEN ENERGY GROUP Half-year ended 31 Dec 2015 No.'000	INFIGEN ENERGY TRUST GROUP Half-year ended 31 Dec 2016 No.'000	INFIGEN ENERGY TRUST GROUP Half-year ended 31 Dec 2015 No.'000
Number of fully paid stapled securities / units				
Balance as at 1 July	772,469	767,888	772,469	767,888
Issue of securities	8,108	4,581	8,108	4,581
Balance as at 31 December	**780,577**	**772,469**	**780,577**	**772,469**

[1] 4,581,565 stapled securities at 25 cents each
[2] 8,108,219 stapled securities at 90 cents each

Stapled securities are classified as equity. Holders of stapled securities are entitled to receive dividends from IEL and IEBL, distributions from IET and are entitled to one vote per stapled security at securityholder meetings. The holder is also entitled to participate in the proceeds on winding up of the stapled entities in proportion to the number of and amounts paid on the securities held.

12. Events occurring after the reporting period

Infigen Energy Group

Since the end of the half-year, in the opinion of the Directors of IEL, there have not been any transactions or events of a material or unusual nature likely to affect significantly the operations or affairs of the Group in future financial periods.

Infigen Energy Trust Group

Subsequent to the interim results balance date of 31 December 2016, a loan made by IET to an Excluded Company has been cancelled and the outstanding balance of $105,789,995.65 refunded to IET. Following that refund, the assets of IET include cash of $105,789,995.65. This has no effect on the consolidated results or financial position of the Group.