



INFIGEN ENERGY INTERIM FINANCIAL REPORT

for the half-year ended 31 December 2019

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Infigen Energy Limited
ACN 105 051 616

Infigen Energy Trust
ARSN 116 244 118

Registered office
Level 17, 56 Pitt Street
Sydney NSW 2000
Australia

+61 2 8031 9900
www.infigenenergy.com

ABOUT INFIGEN ENERGY (INFIGEN)

Infigen is leading Australia's transition to a clean energy future. Infigen generates and sources renewable energy, increases the value of intermittent renewables by firming, and provides customers with clean, reliable and competitively priced energy solutions.

Infigen generates renewable energy from its owned wind farms in New South Wales (NSW), South Australia (SA) and Western Australia (WA). Infigen also sources renewable energy from third party renewable projects under its 'Capital Lite' strategy. Infigen strategy is to increase the value of intermittent renewables by firming them from its Smithfield OCGT Facility in Western Sydney, NSW, its 25 MW/52 MWh Battery at Lake Bonney, SA, and the South Australia Gas Turbines where the lease is expected to commence in May 2020.

Infigen's energy retailing licences are held in the National Electricity Market (NEM) regions of Queensland, New South Wales (including the Australian Capital Territory), Victoria and South Australia.

Infigen is a proud and active supporter of the communities in which it operates.

For further information, please visit: www.infigenenergy.com

Assets	Nameplate capacity (MW)	State	Commercial Operation Date
Owned Renewable Energy Assets			
Alinta Wind Farm	89.1	WA	Jul 2006
Lake Bonney 1 Wind Farm	80.5	SA	Mar 2005
Lake Bonney 2 Wind Farm	159.0	SA	Sep 2008
Lake Bonney 3 Wind Farm	39.0	SA	Jul 2010
Capital Wind Farm	140.7	NSW	Jan 2010
Capital East Solar Farm	0.1	NSW	Sep 2013
Woodlawn Wind Farm	48.3	NSW	Oct 2011
Bodangora Wind Farm	113.2	NSW	Feb 2019
	669.9		
Contracted Renewable Energy Assets			
Kiata Wind Farm	31.1	VIC	Sept 2018
Cherry Tree Wind Farm	57.6	VIC	Expected H1FY21
Toora Wind Farm	21.0	VIC	Jan 2020
	109.7		
	779.6		
Firming Assets			
Smithfield OCGT	123.0	NSW	May 2019
SA Battery	25MW/52MWh	SA	Dec 2019
SAGTs	120.0	SA	Expected H2FY20

SAFETY

Infigen's first priority is the safety of the people and communities in which it operates. Infigen is committed to achieving its goal of zero harm.

Infigen adopts a combination of engineering solutions, as well as human practices and behaviours, to reduce or eliminate safety risks from its operating assets. Individual responsibility, for oneself and one's colleagues, is at the core of our organisational values and drives our efforts to continuously improve our safety performance.

Safety performance

Twelve-months ended	31 Dec 2019	30 June 2019	Change
Lost Time Injury (LTI)	1	-	1
Lost Time Injury Frequency Rate (LTIFR)	2.5	-	2.5
Total Recordable Injury Frequency Rate (TRIFR)	14.4	8.7	5.7

There was one recorded lost time injury at one of Infigen's sites for the twelve-months ended 31 December 2019.

The Lake Bonney 1 and Alinta Wind Farms continue as +10-years LTI free.

Infigen continues to actively engage in the management of contractor safety, using methods including workshops, regular meetings, and audits.

DIRECTORS' REPORT

Operating and Financial Review

This Operating and Financial Review (OFR) forms part of the Directors' Report. The OFR contains forward looking statements, including statements of current intention, statements of opinion and predictions as to possible future events and future financial prospects. Such statements are not statements of fact, and there can be no certainty of their outcome.

1. Strategy and Growth

Infigen is leading Australia's transition to a clean energy future. Infigen generates and sources renewable energy, adds value to renewables through firming, and, in so doing, provides customers with reliable and competitively priced clean energy.

This strategy is enabled by Infigen's investments in physical firming capacity, namely the Smithfield OCGT located in Western Sydney, the SA Battery, located near Millicent, South Australia (SA) and the SA Gas Turbines (SAGTs) in South Australia where the 25 year lease is expected to commence in May 2020. These flexible, fast-start assets allow Infigen to manage the risks associated with the delivery of fixed volumes and prices from intermittent renewable energy sources.

This strategy also enables Infigen to grow nameplate renewable energy capacity by 600-700 MW, with 70-80% of this expanded generation able to be sold under medium to long term contracts. This increases the reliability of revenues and improves quality of earnings. Infigen is currently 81% contracted for its expected Renewable Energy Generation in FY20.

Infigen's strategic priority is the delivery of this additional renewable energy capacity. Infigen expects the majority of this new supply will be sourced under long term PPAs (the "Capital Lite" model); however, it will evaluate each supply decision on its own merits, focusing on the long-term risk adjusted returns of each alternative.

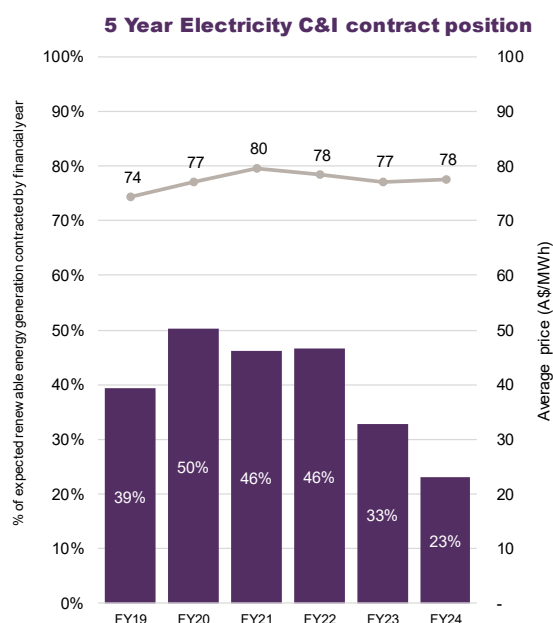
Increasing Contracting to Improve Quality of Earnings

Infigen sells electricity through three channels to market:

- (1) C&I Customers, where Infigen sells renewable energy in firm volumes at a fixed price to customers contracting for reliable clean energy;
- (2) PPAs, where Infigen sells renewable energy on a run of plant basis at a fixed price; and
- (3) Merchant markets, where Infigen sells the energy into spot electricity markets. This energy can be produced from Infigen's renewable energy assets or its physical firming assets. This channel includes ancillary revenues, costs related to energy market

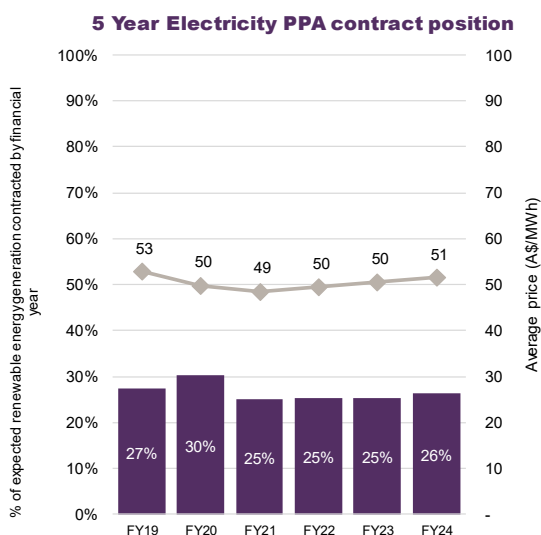
participation and is presented net of merchant electricity purchases.

C&I sales are medium to long term tenor contracts where specific customers contract their electricity load with Infigen at the agreed contract price. Infigen's sales through this channel therefore have limited price and volume risk. However, Infigen must manage the cost of firming, a factor reflected in Infigen's Merchant channel. C&I contracts may have inflation (CPI) escalators.



Note: Realised C&I prices and percentage of volume will vary based on several factors including peak vs off peak usage, wind conditions, demand response and new C&I customer contracting. C&I contracts may have inflation linked pricing where Infigen assumes 2% inflation per annum. Data as at 28 January 2020.

PPA sales occur under agreements where Infigen receives a fixed price for intermittent renewable energy production. Infigen's sales through this channel therefore have production risk (depending on wind conditions) but not price and generally no delivery risk. PPA sales contracts generally have CPI escalators.



Note: Realised PPA prices and percentage of volume will vary based on generation mix due to wind conditions. PPAs generally have inflation linked pricing where Infigen assumes 2% inflation per annum. Data as at 28 January 2020.

Merchant revenue includes spot electricity sales and purchases, purchases of third-party renewable volumes via our Capital Lite projects, hedge costs and benefits, and net revenues relating to Infigen’s firming assets, the SA Battery, Smithfield OCGT and will include the SAGTs. These diversified sources of revenue enable Infigen to sell intermittent renewable energy to C&I Customers contracting for firm load. In FY20, Infigen’s Merchant revenue has been and will continue to be influenced by the inclusion of Smithfield OCGT and the SA Battery partly offset by higher firming costs due to increased C&I contracting. Given Infigen does not take possession of the SAGTs until May 2020 these assets are not expected to have a material impact on financial performance in FY20.

As outlined, Infigen is seeking to increase its renewable energy capacity for sale by 600 MW-700 MW across NSW and SA. To this end, Infigen is actively engaged with a number of developers to enter into PPAs to supply additional energy to Infigen. The time of delivery of such electricity will be dependent upon entry into the PPAs and the timeline for development and construction of any associated greenfields renewable project. The ongoing intervention in the market and discussions about grid stability and reliability as well as the energy and climate policy debate has resulted in caution from developers and Infigen in committing to new projects. Accordingly, while the growth in renewable energy capacity is a priority it will be approached with appropriate caution.

The price at which Infigen can contract new C&I Customers will be dependent upon a number of factors including the wholesale market price at the time of the new contract, contract tenor, contract load and shape, the region in which the customer

operates and other bespoke contract terms which affect risk and therefore price.

In December 2019 Infigen entered into a PPA in respect of the Toora Wind Farm (21 MW) in Victoria. When combined with the Kiata Wind Farm (31 MW) and the Cherry Tree Wind Farm (57 MW), where commissioning is expected in CY20, it brings Infigen’s total contracted renewable energy capacity in Victoria to 110 MW.

In addition to its electricity sales, Infigen generates revenue from the sale of LGCs. LGCs originated with Australia’s Renewable Energy Target (“RET”) established in 2003. The value of LGCs is determined by market-based trading, which takes into account their supply, demand and a legislated surrender obligation each calendar year to 2030. As more utility scale renewable generation enters the market, supply of LGCs increase, and LGC prices are likely to decline accordingly. CY19 was a period of substantial volatility in LGC prices in part because the timing of additional LGC supply from new renewable energy projects entering the market was unclear. The impact of declining LGC prices on Infigen’s future revenue is moderated by the contracted position over the short to medium term. In the longer run, Infigen’s growth strategy is designed to offset declining LGC revenues by increased sales of firm, higher value, energy to its growing customer base.

Infigen’s Strategy is Delivering Financial Results

The success of Infigen’s strategy is evident in the H1FY20 results. Underlying EBITDA was \$98.2 million, an increase of 11% over H1FY19. Of Infigen’s \$134.3 million of Net Revenue, 87% came from contracted revenue sources of sales to C&I Customers, PPAs and LGCs.

Strong cash flow conversion allowed Infigen to continue to deleverage from 3.2x to 2.9x Net Debt/EBITDA, while the 1 cent per security half-year distribution was declared in respect of the period ending 31 December 2019 and is expected to be sustainable throughout the cycle.

Development

Infigen’s development pipeline consists of several high-quality projects with opportunities to create security holder value. These projects include:

- (1) Flyers Creek Wind Farm: a c140 MW project located 20km south of Orange, NSW, with the potential to generate approximately 450 GWh per year.
- (2) Woakwine Wind Farm: a c300 MW project located near Lake Bonney, SA, with the potential to connect into the Victorian grid.
- (3) Capital 2 Wind Farm: a c100 MW expansion adjacent to the Capital Wind Farm at Lake George, NSW.

Of these projects, Flyers Creek Wind Farm is the highest near-term priority.

Subject to confirming the feasibility of these projects, Infigen will evaluate whether it is best to proceed on an owned or Capital Lite basis. The Capital Lite approach allows Infigen to crystallise the value of its development pipeline, ensure access to renewable energy at market competitive rates, preserve its own capital, and partner with renewable energy and infrastructure investors seeking an experienced project developer and energy market participant.

Infigen believes the future of the NEM is low cost renewable energy, supported by physical firming assets such as batteries, gas peakers and hydroelectric facilities. As the NEM evolves, Infigen expects the value of its development pipeline to be realised. The pace of this development and the sequencing of particular projects will depend upon the relative merits of each project in terms of the competitiveness of its price and ability to provide the greatest contribution to business value.

Operational Highlights

Infigen's fleet of owned operating wind farm assets continued its strong performance with the overall fleet performance exceeding budgeted availability and production targets. Total turbine availability was 96.6%.

The long-term service and maintenance contracts in respect of all wind farms provided high availability and continued to demonstrate the value of the contracting structure with our service providers who are our long-term partners in respect of the operations and performance of the wind farms.

H1FY20 was the first half-year period with a full contribution from Smithfield OCGT. The asset generated 15 GWh, reflecting a 3% capacity utilisation factor for the period. Output from Smithfield OCGT is highly variable, with annual capacity utilisation expected to be in the range of 2-8%. Smithfield OCGT complements Infigen's renewable energy portfolio and customer contracting strategy. Its economic contribution to Infigen is not necessarily related to generation.

In H1FY20, Infigen's 25 MW/52 MWh battery in South Australia commenced operating at full capacity and made its first revenue contribution. The asset is participating in all energy and FCAS markets and performing in line with expectations.

Infigen expects its lease of the SAGTs to commence in May 2020. The four units, totalling 120 MW, will operate at their existing site, Lonsdale, SA, until they are relocated to Bolivar, SA.. The relocation timetable and budget are unchanged from Infigen's transaction announcement in August 2019.

National Energy Policy and Energy Market Rules

Infigen continues to engage with the Federal and State Governments and relevant regulators that influence the operation of the markets in which Infigen actively participates. We remain committed to working constructively with all stakeholders to deliver an efficient transition to a future energy market that offers affordable, reliable, clean supplies of energy to Australian consumers. Central to the ability of the energy market to achieve this transition at the lowest cost to the consumer is the emergence of a coherent and consistent national energy policy that is informed by economics and engineering.

It is important to note that a viable, long term national policy needs to contemplate the system as a whole. Generation, transmission and distribution networks and retail function as an ecosystem. Hence it is important that the market can make commercial assessments of the most viable long-term investment response to market opportunities - without fear that the economics of projects will be undermined by new policy initiatives of government that defy the gravity of market principles. Uniform, nationally consistent policy that is designed to enable a healthy market-based response to customer needs will ensure long term competitiveness of the supply of energy - given the quality and abundance of our resources.

Policy discontinuity continues to pose challenges for participants in the Australian electricity market. While Infigen welcomes reforms that improve market design and customer outcomes, ongoing policy change provides an uncertain environment for the deployment of growth capital into new generation. Of particular concern to private sector investors is governments' preparedness to disregard 'competitive neutrality' to fund or underwrite various projects without regard to the impact of such interventions on the dynamics of our competitive market or the Australian taxpayer's economic interest.

Further, initiatives such as the federal government's Underwriting New Generation Investment plan (UNGI), the Coordination of Generation and Transmission Investment (COGATI) reform, and the ongoing Energy Security Board post 2025 market design consultation, create material uncertainties for new entrants. In Infigen's negotiations to contract offtake under long-term renewable PPAs, achieving agreement between the parties requires the agreed allocation of unknown risks, a factor that ultimately results in the delay of new renewable projects entering the market.

Infigen will continue to work with government policy makers, industry participants and regulators to deliver a stable, market based, policy environment which is underpinned by transparent rules. If this can be achieved Australia is well

placed to deliver a world class energy industry that realises the potential value of its abundant and infinite supply of renewable energy to support a globally competitive domestic economy.

Outlook

For the remainder of FY20, Infigen will continue to deliver its business strategy and, in particular, will be focused on:

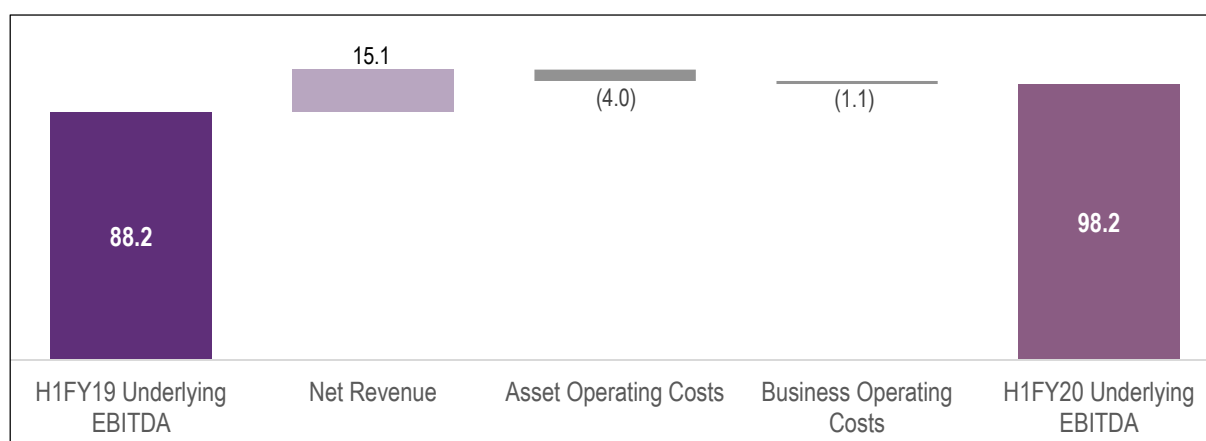
- (1) Taking possession of the SAGTs and undertaking the preparatory work necessary to move them to a gas enabled site at Bolivar in SA.
- (2) Increasing the volumes of renewable energy capacity available for sale towards its target of between 600 MW - 700 MW.
- (3) Maintaining the current contract levels of C&I Customers in future years by providing our existing and new C&I Customers reliable and competitively priced clean energy through a high quality customer focussed business model. Infigen's strategy will allow approximately 70-80% of Infigen's expanding renewable energy production to be sold under firm contracts.
- (4) Managing completion of the construction of the Cherry Tree Wind Farm where practical completion is anticipated in calendar year 2020, which will deliver new renewable energy for sale to our customers.
- (5) Progressing Flyers Creek Wind Farm, NSW, towards final investment decision.

2. Financial Overview

Summary of Financial Performance¹

Half-year ended (\$ million)	INFIGEN			
	31 Dec 2019	31 Dec 2018	Change	Change %
Net revenue	134.3	119.2	15.1	13
Asset operating costs	(24.1)	(20.2)	(4.0)	(20)
Business operating costs	(12.0)	(10.9)	(1.1)	(10)
Underlying EBITDA	98.2	88.2	10.0	11
Other income	1.2	-	1.2	-
Depreciation and amortisation expense	(33.4)	(25.6)	(7.7)	(30)
Impairment of development assets	-	(9.8)	9.8	100
Net loss on changes in fair value of financial instruments	(1.9)	-	(1.9)	-
EBIT	64.1	52.8	11.3	21
Net finance costs	(25.4)	(20.8)	(4.6)	(22)
Profit before tax	38.7	32.0	6.7	21
Income tax expense	(12.5)	(10.9)	(1.6)	(15)
Net profit after tax	26.2	21.1	5.1	24

Underlying EBITDA



¹ Individual items and totals reconcile with the Consolidated Interim Financial Statements, however, may not add due to rounding of individual components.

Financial Performance Commentary

Increase in Underlying EBITDA (+\$10.0 million)

Primarily attributable to:	Partially reduced by:
<p>Higher Net Revenue (+\$15.1 million), primarily due to:</p> <ul style="list-style-type: none"> 17% higher Renewable Energy Generation sold, including full contribution from Bodangora Wind Farm and Kiata Wind Farm (+159 GWh) First contributions from firming assets - Smithfield OCGT and SA Battery <p>Partially offset by:</p> <ul style="list-style-type: none"> 12% lower average Infigen LGC price compared to prior period 	<p>Higher Asset Operating Costs (+\$4.0 million), primarily due to:</p> <ul style="list-style-type: none"> Bodangora Wind Farm in operation for the full period (+\$2.3 million) Higher Frequency Control Ancillary Services expense (+\$1.4 million) Commencement of operations of SA Battery, and the acquisition of Smithfield OCGT (+\$1.3 million) <p>Partially offset by:</p> <ul style="list-style-type: none"> Adoption of AASB 16¹ (-\$1.6 million) <p>Higher Business Operating Costs (+\$1.1 million):</p> <ul style="list-style-type: none"> Higher Corporate Costs as a result of the expansion of internal capacity and capability enabling growth (+\$2.2 million) <p>Partially offset by:</p> <ul style="list-style-type: none"> Lower Development Costs compared to the prior period (-\$0.6 million) Adoption of AASB 16¹ (-\$0.5 million)

Non-underlying EBITDA items (-\$4.9 million)

Primarily attributable to:	Partially offset by:
<p>Higher Depreciation and amortisation expense (+\$7.7 million), primarily due to:</p> <ul style="list-style-type: none"> Commencement of operations at Bodangora Wind Farm and SA Battery, and the acquisition of Smithfield OCGT (+\$6.3 million) Adoption of AASB 16¹ (+\$1.4 million) <p>Higher Net Finance Costs (+\$4.6 million), primarily due to:</p> <ul style="list-style-type: none"> Higher interest expense attributable to the interest ceasing to be capitalised upon commencement of Bodangora Wind Farm operations (+\$1.4 million) Interest charge in relation to the adoption of AASB 16¹ (+\$1.5 million) 	<p>No impairment of development assets in the current period compared to prior period (+\$9.8 million)</p>

¹ Lease payments (which were previously included in both Asset Operating Costs and Business Operating Costs) have been replaced by depreciation and interest expense on the newly recognised right-of-use assets and lease liabilities as a consequence of the mandatory adoption of AASB 16 Leases on 1 July 2019. Refer to Note A2 of the Consolidated Interim Financial Statements for details of the transition to AASB 16.

Net Revenue

Infigen presents net revenue on a contracted and uncontracted basis. Contracted revenue includes electricity revenue via PPAs, electricity revenue from C&I Customers, and contracted LGC revenue. Uncontracted revenue includes remaining electricity sales (sold via the merchant channel) and remaining LGC revenue. Uncontracted revenue is subject to price risk.

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Contracted revenue	116.3	94.6	21.7	23
Uncontracted revenue	18.0	24.6	(6.6)	(27)
Net Revenue	134.3	119.2	15.1	13

Electricity Revenue

The table below outlines the components of Infigen's electricity revenue sales channels.

Sales channel	Description	Revenue contribution (%)	
		31 Dec 2019	31 Dec 2018
PPAs	Contracted revenue from Owned Renewable Energy Assets where Infigen sells at a fixed price based on run-of-plant production	23	20
C&I Customers	Contracted revenue under medium to long-term C&I contracts and short to medium-term wholesale contracts, where Infigen sells at a fixed price and a firm volume	53	49
Merchant	Uncontracted revenue to spot electricity markets. This occurs when Infigen's electricity generation is greater than C&I Customer and PPA contract requirements Electricity purchases from spot electricity markets. This occurs when Infigen's electricity generation is lower than C&I Customer contract requirements Net settlement of buy-side hedges and net results of electricity product sales	24	31
		100	100

PPAs

The increase in electricity sold under PPAs is primarily attributable to full commercial operations at the Bodangora Wind Farm during the half-year, of which 60% of production is sold under PPA until 31 December 2030.

Half-year ended	Electricity Sold (GWh)				PPA Electricity Price (\$/MWh)			
	31 Dec 2019	31 Dec 2018	Change	Change %	31 Dec 2019	31 Dec 2018	Change	Change %
PPAs	325	217	108	50	51.1	55.1	(4.0)	(7)

C&I Customers

The increase in electricity sold to C&I Customers, enabled by Infigen's firming assets, reflects Infigen's continuing strategy to improve the quality and quantity of revenue received under C&I Customer contracts.

Half-year ended	Electricity Sold (GWh)				C&I Customers Electricity Price (\$/MWh)			
	31 Dec 2019	31 Dec 2018	Change	Change %	31 Dec 2019	31 Dec 2018	Change	Change %
C&I Customers	489	383	106	28	78.3	76.5	1.8	2%

Merchant

The change in Infigen’s overall merchant revenue was affected by:

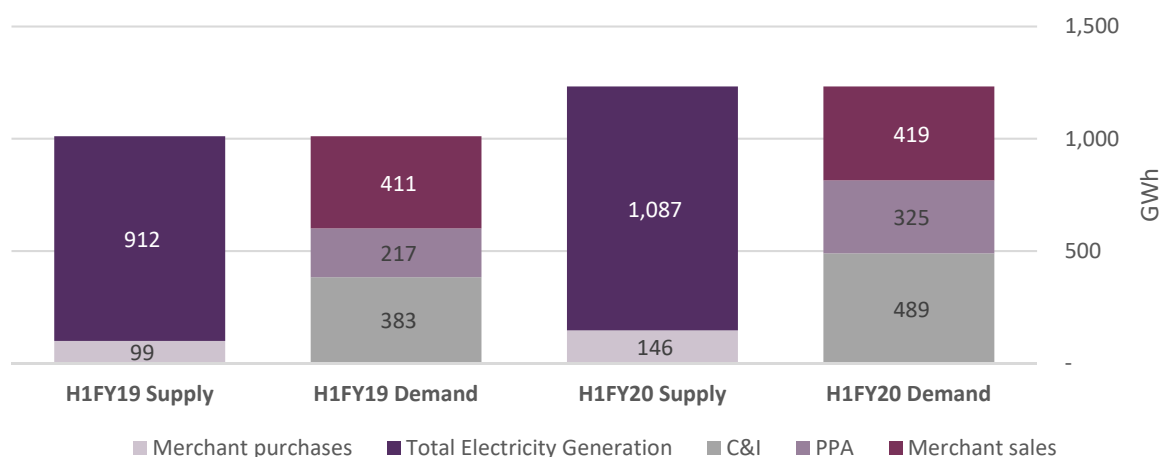
- higher electricity purchases from spot electricity markets (when Infigen’s electricity generation is lower than C&I Customer contract requirements); and
- the contribution of firming assets – Smithfield OCGT and SA Battery (commenced 29 November 2019).

Half-year ended (\$ million)	Net Revenue contribution			
	31 Dec 2019	31 Dec 2018	Change	Change %
Merchant	18.0	19.1	(1.1)	(6)

Infigen’s Electricity Supply and Demand profile

The graphic below displays the sources of supply and demand for Infigen’s electricity generation for the period ended 31 December 2019.

Electricity Supply and Demand
H1FY19 vs H1FY20



LGC Revenue and Price

The average Infigen LGC price decreased by 12% from the prior period compared to the market decrease of 34%. Infigen was substantially protected from the market decline by its contracted LGC position. Infigen’s contracted LGC position will continue as an important (partial) mitigant against potential over-supply and/or declining prices.

Contracted LGC revenue for the half-year ended 31 December 2019 was 100%.

The spot value of an LGC as at 31 December 2019 was \$34.0 (30 June 2019: \$41.6).

Half-year ended	31 Dec 2019	31 Dec 2018	Change	Change %
LGC average price (\$)	59.4	67.5	(8.0)	(12)

The contracted percentage of expected LGCs created and sold (and their weighted average price) for future periods is: 100% and \$54 (FY20); 79% and \$41 (FY21); 67% and \$26 (FY22); 33% and \$35 (FY23) and 21% and \$50 (FY24) respectively. This is based on existing contracted positions, historical wind farm production, and LGCs purchased by Infigen from its Contracted Renewable Energy Assets. These numbers assume that LGCs are sold to Sydney Desalination Plant (an existing C&I Customer) at the rate of one renewable energy certificate for each MWh used to operate the facility in FY20 (including both LGCs and other environmental certificates). No assumptions are made in relation to the operation of the Sydney Desalination Plant (and accordingly LGC sales to it in respect of its operations beyond the minimum LGC sales) in following financial years.

Asset Operating Costs

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Turbine O&M	12.6	11.0	1.6	14
Asset management	4.0	3.6	0.4	12
Other direct expenses	3.0	3.7	(0.8)	(21)
Balance of plant	0.6	0.6	-	-
Owned Renewable Energy Assets	20.1	18.8	1.3	7
Firming assets	1.3	-	1.3	-
FCAS expense	2.8	1.3	1.4	107
Total	24.1	20.2	4.0	20

The Australian Electricity Market Operator charges Infigen for FCAS services (performed by market participants) to maintain key technical characteristics of the power system.

Business Operating Costs

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Corporate costs	10.8	9.1	1.7	19
Development costs	1.1	1.8	(0.6)	(34)
Total	12.0	10.9	1.1	10

Business operating costs includes Energy Markets costs of \$2.5 million (31 December 2018: \$1.7 million).

Net Finance Costs

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Interest expense – external borrowings & swaps	20.3	18.9	1.4	7
Interest expense – lease liabilities	1.5	-	1.5	-
Bank and amortisation of capitalised commitment fees	4.0	3.4	0.6	19
Unwind of discount on decommissioning provisions	0.1	0.1	-	-
Total borrowing costs	25.9	22.4	3.6	16
Interest income	(0.5)	(1.0)	0.5	48
Net borrowing costs	25.4	21.3	4.1	19
Net foreign exchange gain	-	(0.5)	0.5	100
Net finance costs	25.4	20.8	4.6	22

Interest incurred on the Bodangora Facility in the prior period was capitalised to property, plant and equipment to the extent it related to the construction of the Bodangora Wind Farm. Interest incurred subsequent to the completion of the Bodangora Wind Farm is included in interest expense.

Interest incurred from the recognition of lease liabilities on the balance sheet following the mandatory application of AASB 16 *Leases* on 1 July 2019 is included in Net Finance Costs. Refer to Note A2 of the Consolidated Interim Financial Statements for details of the transition to AASB 16.

Net Operating Cash Flow

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Underlying EBITDA	98.2	88.2	10.0	11
Movement in LGC inventory	(32.1)	(34.2)	2.1	6
Movement in other working capital	(9.6)	(8.6)	(1.0)	(12)
Non-cash items	(0.7)	0.6	(1.3)	(220)
Net finance costs paid	(21.4)	(18.8)	(2.6)	(14)
Net operating cash flow	34.4	27.2	7.2	27

The increase in net operating cash flow is attributable to the higher Underlying EBITDA primarily driven by higher Renewable Energy Generation sold for the half-year ended 31 December 2019.

3. Review of Operations

Energy Generation Sold

Half-year ended	Unit	31 Dec 2019	31 Dec 2018	Change	Change %
Renewable Energy Generation sold ¹	GWh	1,071	912	159	17
Smithfield OCGT	GWh	15	-	15	-
		1,087	912	175	19

Summary of Operational Performance of Owned Renewable Energy Assets

Half-year ended	Unit	31 Dec 2019	31 Dec 2018	Change	Change %
Production generated	GWh	1,042	903	139	15
Production sold	GWh	1,015	872	143	16
Capacity factor ²	%	35.2	34.4	0.8	2
Turbine availability ³	%	96.6	97.4	(0.8)	(1)
Site availability ⁴	%	96.2	97.2	(1)	(1)
Generation expenses ⁵	\$/MWh	20.6	22.3	(1.7)	(8)

Half-year ended	Generated			Marginal loss factors			Sold		
	31 Dec 2019 (GWh)	31 Dec 2018 (GWh)	Change %	31 Dec 2019	31 Dec 2018	Change %	31 Dec 2019 (GWh)	31 Dec 2018 (GWh)	Change %
Alinta ⁶	167	166	1	0.9447	0.9475	n.m.	167	166	1
Bodangora	174	59	195	0.9495	0.9819	(3)	165	58	184
Capital	232	213	9	0.9701	1.0100	(4)	225	215	5
Lake Bonney 1	105	112	(6)	0.9777	0.9144	7	102	103	(1)
Lake Bonney 2	211	213	(1)	0.9777	0.9144	7	206	195	6
Lake Bonney 3	60	55	9	0.9777	0.9144	7	58	50	16
Woodlawn	94	85	11	0.9701	1.0100	(4)	91	86	6
Total	1,042	903	15	0.9747	0.9564	2	1,015	872	16

Production generated from Owned Renewable Energy Assets increased primarily due to full period contribution of production at Bodangora Wind Farm (+115 GWh).

¹ Electricity generation from Owned and Contracted Renewable Energy Assets after the applicable marginal loss factors.

² Calculated by dividing production generated from Owned Renewable Energy Assets during the period by the amount of electricity that would have been produced if the generation assets had been running at full capacity during the period.

³ Indicates the percentage of time wind turbines have been available to generate electricity from Owned Renewable Energy Assets.

⁴ Indicates the percentage of time wind turbines and balance of plant have been available to generate electricity from Owned Renewable Energy Assets.

⁵ Calculated by dividing generation expenses with production generated from Owned Renewable Energy Assets. Excludes Bodangora Wind Farm whilst it was still under construction and the effects of AASB 16.

⁶ Marginal loss factor is not relevant to electricity sold at Alinta Wind Farm.

Firming Assets

Smithfield OCGT is a fast-start gas fired electricity generation facility acquired in late May 2019. Capacity utilisation is expected to be in the range of 2-8% per annum, with significant variations in output from month-to-month and year-to-year. Production sold from the Smithfield OCGT was 15 GWh and the capacity utilisation was 3% during the period.

On 29 November 2019, the 25 MW/52 MWh Battery at Lake Bonney, SA, commenced operating at full capacity.

Infigen's firming assets complement its renewable energy assets, and their economic contribution to Infigen is not directly related to production. Infigen's firming assets enable Infigen to increase the volume of renewable energy it supplies to its C&I Customers.

4. Balance Sheet

As at		31 Dec 2019	30 Jun 2019	Change	Change %
Cash	\$ million	101.9	103.7	(1.8)	(2)
Debt (drawn)	\$ million	612.0	639.1	(27.0)	(4)
Net debt	\$ million	510.1	535.4	(25.2)	(5)
Net assets per security	\$	0.62	0.61	0.01	2
Book gearing ¹	%	45.1	46.9	(1.8)	(4)
Net debt / LTM underlying EBITDA	ratio	2.9	3.2	(0.3)	(10)

Cash consists of:

- Unrestricted cash - \$95.3 million (30 June 2019: \$95.6 million), including cash on hand and term deposits held at call
- Restricted cash - \$6.6 million (30 June 2019: \$8.0 million), which is held in accordance with the minimum cash requirements for Infigen Energy RE Limited's Australian Financial Services Licence (AFSL) compliance, and the requirements of the Bodangora Facility

Debt (drawn) consists of:

- The Corporate Facility - \$461.3 million (30 June 2019: \$483.8 million). During the period, principal repayments of \$22.5 million were made on the amortising component in accordance with the facility terms
- The Bodangora Facility - \$150.8 million (30 June 2019: \$155.3 million). During the period, fixed semi-annual principal repayments of \$4.5 million were made in accordance with the facility terms

Debt (drawn) excludes capitalised commitment fees of \$16.5 million (30 June 2019: \$19.6 million) as shown in the Consolidated Interim Financial Statements.

¹ Calculated as Net Debt (accounting for capitalised commitment fees) divided by the sum of Net Debt (accounting for capitalised commitment fees) and Net Assets.

5. Capital Expenditure

Half-year ended (\$ million)	31 Dec 2019	31 Dec 2018	Change	Change %
Development projects (capitalised)	2.6	3.8	(1.2)	(33)
Property, plant and equipment and IT equipment	1.8	0.5	1.3	237
Assets under construction	1.1	47.0	(45.9)	(98)
Total capital expenditure	5.5	51.3	(45.8)	(89)

Development projects create the opportunity to increase Infigen's Renewable Energy Generation for sale - volume growth enables contracted revenue growth. A realised development project creates value for security holders, releasing value on balance sheet.

Assets under construction expenditure primarily consists of spend for the SA Gas Turbines. SA Battery net spend was insignificant after the receipt of government grants during the period, and refunds received in relation to capital expenditure from the prior period.

Expenditure on property, plant and equipment primarily reflects Infigen's spend on generation assets.

6. Business Risks and Mitigants

The Boards are responsible for establishing and overseeing Infigen's risk management framework. The Boards have delegated oversight of the risk management framework to the Audit, Risk and Compliance Committee (ARCC).

Our Enterprise Risk Management (ERM) framework governs the identification, management and escalation of responses to risks to ensure that those with the potential to have a material effect on the business are eliminated or mitigated. Key pillars of the ERM framework include:

- Infigen's Risk Appetite Statement, which establishes the level of risk that the business will accept, tolerate or avoid in pursuit of its business strategy.
- Regular reporting to the ARCC which outlines the nature of the risk, the risk owner and the current internal controls that control or mitigate these material risks.

To implement the ERM, Infigen operates a Three Lines-of-Defence Model. The first line of defence is the Executive Leadership Team who are responsible for each of their business functions. The second line of defence is separate and independent oversight, for example facilitated by the Energy Risk Management Committee, Health and Safety Committee and Treasury Risk Management Committee. The third line of defence is internal and external audit, reporting directly to the Board and the ARCC.

The key risks to Infigen achieving its financial, operational and strategic objectives are outlined below. Failure to manage or control these risks may result in adverse reputational, financial or operational impacts to Infigen.

RISK AND DESCRIPTION	OUR APPROACH
<p>Safety and wellbeing</p> <p>Work related injury, harm, illness or loss of life among our people.</p>	<ul style="list-style-type: none"> - Hierarchy of controls to reduce or eliminate risk: engineering, protective equipment and behavioural protocols. - Regular review of safety by the Board, the ARCC, and the Health and Safety Committee. - Safety is a gateway factor considered by the Board in the award of any incentive payments. - Safety training that is fit for purpose is provided to all our employees.
<p>Employee engagement and retention</p> <p>Continued creation of security holder value requires high levels of engagement from our people and retention of high performing staff.</p>	<ul style="list-style-type: none"> - Personalised training and development plans for all employees. - Half yearly employee engagement survey with outcomes informing future programmes. - Regular employee briefings, information sharing and education sessions.
<p>Community support</p> <p>We require strong relationships with the communities in which we operate.</p>	<ul style="list-style-type: none"> - Extensive consultation with local communities, following Clean Energy Council's Community Engagement Guidelines. - Structured landholder engagement practices throughout the asset's life cycle. - Regular financial contributions to our communities. - Complaints hotline allowing issues to be raised and addressed. - Local employment promoted at our sites.
<p>Policy change</p> <p>Our business may be affected by the policy positions taken by Government and Regulators, including their preparedness to disregard 'competitive neutrality' as a fundamental operating principle underpinning the energy markets.</p>	<ul style="list-style-type: none"> - Proactive articulation of the important role that clean energy will play in Australia's future. - Regular evaluation of the effect of potential changes to energy policy on Infigen's operations, finances and strategy.
<p>Dependency on critical suppliers</p> <p>Our business relies upon a compliant and ethical supply chain to operate sustainably.</p>	<ul style="list-style-type: none"> - Mapping of major suppliers by financial expenditure. - Use of multinational original equipment suppliers for the largest supplies - which have robust and verifiable supply chain management processes. - Ongoing monitoring of human rights, modern slavery, compliance with sanctions, and compliance with anti-money laundering, corruption and bribery standards.

RISK AND DESCRIPTION	OUR APPROACH
<p>Customer satisfaction</p> <p>Customer satisfaction, retention and growth are critical to our business success.</p>	<ul style="list-style-type: none"> - Substantial investment in people and systems with the intention of exceeding customer expectations. - Personal relationship managers providing bespoke energy solutions. - Continued product development that responds to and drives changing customer demands for energy.
<p>Operational performance</p> <p>Our operating assets may fail to perform as expected. Our development projects may experience cost overruns or delays. Our development pipeline may not generate the returns we anticipate.</p>	<ul style="list-style-type: none"> - Long term Operations and Maintenance agreements exist for all our wind farm assets with international OEMs providing availability and performance guarantees and financial incentives for surpassing performance targets. - Competent group of site managers to oversee operational performance. - Our development portfolio is tested at least annually for impairment.
<p>Competition from new technology</p> <p>Potential for new technologies to disrupt market and impact economics of incumbent generators.</p>	<ul style="list-style-type: none"> - Emerging technologies are monitored and expert advice sought as appropriate. - Investment in new technologies, such as the SA Battery, progressed where appropriate.
<p>Energy market risk</p> <p>Production outcomes and our contracting strategies affect overall business outcomes.</p>	<ul style="list-style-type: none"> - Energy market activities are governed by the Board approved Energy Portfolio Risk Policy and Treasury Policy which seek to balance risk and security holder value. - New customer contracts are analysed extensively prior to execution to understand portfolio implications. - Daily monitoring of positions occurs to ensure compliance with policies and defined risk parameters.
<p>Cyber security</p> <p>Breach may result in data theft, financial loss, or damage to our equipment.</p>	<ul style="list-style-type: none"> - Programme aligned to Australian Energy Sector Cyber Security Framework (AESCSF). - Regular reviews of dynamic threat environment. - Employee training. - Business Continuity Plan and Disaster Recovery Plan.
<p>Capital management</p> <p>Capital is essential to support growth of our business.</p> <p>Liquidity is essential to support our energy markets activities.</p>	<ul style="list-style-type: none"> - Board approved Capital Management Strategy balances returns to security holders, continued deleveraging and accretive growth. - Capital allocation is driven by the objective of creating security holder value over the short, medium and long term. - Regular market engagement ensures currency of information and relationships to support the business. - Liquidity is regularly reviewed and governed by the Board approved Treasury Policy.
<p>Compliance</p> <p>We are subject to a broad range of legal, regulatory and contractual obligations.</p>	<ul style="list-style-type: none"> - Board approved Compliance Policy creates a framework to assure compliance. This is supported by the Code of Conduct and staff training. - Externally monitored "whistle-blower" policy and hotline.
<p>Acute and chronic environmental risks</p> <p>Changing climate and weather patterns may affect our operating assets and business performance.</p>	<ul style="list-style-type: none"> - Board approved Enterprise Risk Management framework seeks to identify and manage risk. - Climate related risks are considered in annual budget and in major capital allocation decisions. - Implementation of The Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD), including scenario and sensitivity analysis.
<p>Environmental conservation and biodiversity</p> <p>Our assets are predominantly in rural and regional Australia. The development and operation of our assets may adversely affect the environment.</p>	<ul style="list-style-type: none"> - Regularly monitor the effect of existing assets and evolve responses to emergent risks. - Seek to develop assets in areas where minimal disruption is expected to occur. - Ensure developments have robust and enforced environmental management plans. - Targeting carbon neutrality for the entire business by FY25.

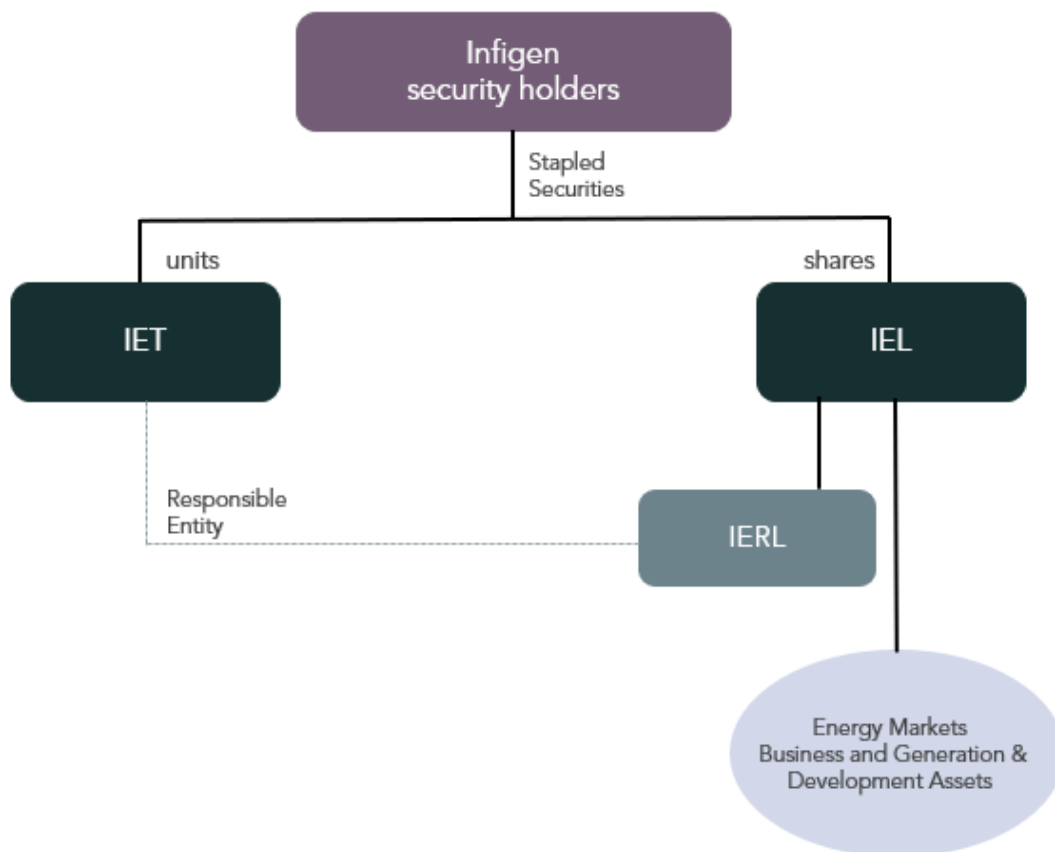
CORPORATE STRUCTURE

Infigen comprises Infigen Energy Limited (IEL), Infigen Energy Trust (IET) and the controlled entities of IEL and IET.

On a standalone basis, the Trust comprises IET and its controlled entities.

IET is a Registered Scheme (the Scheme) and Infigen Energy RE Limited (IERL) is the Responsible Entity of IET. The relationship of the Responsible Entity and the Scheme is governed by the Constitution of IET. IET has raised the majority of the contributed equity for Infigen. IET has also been the stapled entity through which distributions have historically and currently been paid to security holders. During the year, IET held interests in financial investments.

The following diagram represents the structure of Infigen.



DIRECTORS

The following people were Directors of IEL and IERL during the half-year ended 31 December 2019 and up to the date of this report (unless otherwise indicated):

Non-Executive Directors

- Len Gill
- Philip Green
- Emma Stein
- Mark Chellew
- Karen Smith-Pomeroy

Executive Directors

- Ross Rolfe AO
- Sylvia Wiggins

OTHER DISCLOSURES

Distributions

Infigen declared a distribution of one cent per security in relation to the six-months ended 31 December 2019 (six-months ended 30 June 2019: one cent per security). A Distribution Reinvestment Plan (DRP) was also made available to security holders, with the last date for DRP elections being 2 January 2020.

Further details regarding distributions are set out in Note B6 and D1 of the Consolidated Interim Financial Statements.

Subsequent Events

There were no transactions or events of a material or unusual nature, not otherwise dealt with in this Directors' Report, likely to affect significantly the operations or affairs of Infigen or the Trust in future financial periods.

Environmental Regulations

To the best of the Directors' knowledge, Infigen has complied with all significant environmental regulations applicable to its operations.

Proceedings on Behalf of Infigen

No person has applied for leave of the Court to bring proceedings on behalf of Infigen, or to intervene in any proceedings to which Infigen is a party, for the purpose of taking responsibility on behalf of Infigen for all or part of those proceedings. Infigen was not a party to any such proceedings during the reporting period.

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 22.

Rounding

All figures are presented in Australian Dollars with all values rounded 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*.

Approval of Directors' Report

Pursuant to section 298(2) of the *Corporations Act 2001*, this report is made in accordance with resolutions of the Directors of IEL and the Directors of IERL, the responsible entity of IET.

On behalf of the Directors of IEL and IERL:



Len Gill

Chairman



Ross Rolfe AO

Chief Executive Officer / Managing Director



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 2019, 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 Infigen Energy Trust Group and the entities they controlled during the period.

A handwritten signature in black ink, appearing to read 'Craig Thomason', followed by a long horizontal line extending to the right.

Craig Thomason
Partner
PricewaterhouseCoopers

Sydney
21 February 2020

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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INTERIM FINANCIAL STATEMENTS

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Consolidated Statements of Comprehensive Income

for the half-year ended

(\$'000)	Note	INFIGEN		TRUST	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Revenue and other income					
Revenue	B2	159,196	129,115	-	-
Other income	B3	2,766	1,560	24,515	19,961
Total revenue and other income		161,962	130,675	24,515	19,961
Expenses					
Depreciation and amortisation expense		(33,365)	(25,633)	-	-
Cost of sales		(24,924)	(9,913)	-	-
Asset operating costs		(24,142)	(20,152)	-	-
Interest expense		(21,816)	(18,909)	-	-
Corporate costs		(11,720)	(9,067)	-	-
Impairment of intangible development assets	B1	-	(8,947)	-	-
Other finance costs	B4	(4,571)	(3,457)	-	-
Net loss on change of fair value of energy financial instruments		(1,580)	-	-	-
Development costs		(1,169)	(1,783)	-	-
Share of net profit / (loss) of equity accounted investments		22	(841)	-	-
Impairment of financial assets		-	-	-	(1,680)
Responsible entity expenses		-	-	(362)	(356)
Profit before income tax		38,697	31,973	24,153	17,925
Income tax expense		(12,542)	(10,919)	-	-
Net profit for the half-year		26,155	21,054	24,153	17,925
Other comprehensive income that may be reclassified to profit or loss:					
- Changes in the fair value of cash flow hedges, net of tax		2,750	(26,651)	-	-
Total comprehensive income / (loss)		28,905	(5,597)	24,153	17,925
Net profit attributable to:					
- Equity holders of the parent		26,516	19,963	-	-
- Equity holders of the other stapled entity		(361)	1,091	24,153	17,925
		26,155	21,054	24,153	17,925
Total comprehensive income / (loss) attributable to:					
- Equity holders of the parent		29,266	(6,688)	-	-
- Equity holders of the other stapled entity		(361)	1,091	24,153	17,925
		28,905	(5,597)	24,153	17,925
Basic and diluted earnings per security from net profit attributable to:					
		cents	cents	cents	cents
- Equity holders of the parent	B5	2.8	2.1	2.5	1.9
- Stapled security holders of Infigen	B5	2.7	2.2	-	-

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

Consolidated Statements of Financial Position

as at

(\$'000)	Note	INFIGEN		TRUST	
		31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
Current assets					
Cash and cash equivalents	D2	101,875	103,681	654	442
Receivables		31,595	20,317	9,621	10,000
Inventories	E1	59,286	27,157	-	-
Derivative financial instruments	D5	2,809	3,502	-	-
		195,565	154,657	10,275	10,442
Non-current assets					
Property, plant and equipment	C1	962,990	991,815	-	-
Right-of-use assets		43,073	-	-	-
Intangible assets	C2	101,072	101,321	-	-
Deferred tax assets		3,525	14,400	-	-
Receivables		2,818	2,828	567,210	548,517
Investments accounted for using the equity method		572	500	-	-
Derivative financial instruments	D5	8,973	11,738	-	-
		1,123,023	1,122,602	567,210	548,517
Total assets		1,318,588	1,277,259	577,485	558,959
Current liabilities					
Payables		22,104	18,689	1,774	1,411
Distribution payable	B6	9,621	9,566	9,621	9,566
Borrowings	D3	52,809	53,513	-	-
Lease liabilities		1,720	-	-	-
Derivative financial instruments	D5	9,132	12,115	-	-
Provisions		1,902	3,903	-	-
		97,288	97,786	11,395	10,977
Non-current liabilities					
Borrowings	D3	542,755	565,902	-	-
Lease liabilities		49,994	-	-	-
Derivative financial instruments	D5	16,841	19,090	-	-
Provisions		11,384	11,179	-	-
		620,974	596,171	-	-
Total liabilities		718,262	693,957	11,395	10,977
Net assets		600,326	583,302	566,090	547,982
Equity					
Contributed equity	D4	917,799	914,223	915,494	911,918
Reserves		(66,233)	(69,146)	-	-
Retained losses		(251,240)	(261,775)	(349,404)	(363,936)
Total equity		600,326	583,302	566,090	547,982
Attributable to:					
Equity holders of the parent					
Contributed equity		2,305	2,305	915,494	911,918
Reserves		(66,233)	(69,146)	-	-
Retained losses		(213,509)	(234,026)	(349,404)	(363,936)
		(277,437)	(300,867)	566,090	547,982
Equity holders of the other stapled entity					
Contributed equity		915,494	911,918	-	-
Retained losses		(37,731)	(27,749)	-	-
		877,763	884,169	-	-
Total equity		600,326	583,302	566,090	547,982

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

INFIGEN						
Attributable to:	Equity holders of the parent				Equity holders of the other stapled entity	Total equity
	Contributed equity	Reserves	Retained losses	Total		
(\$'000)						
Opening balance – 1 July 2018	2,305	(47,816)	(274,821)	(320,332)	892,025	571,693
Net profit for the half-year	-	-	19,963	19,963	1,091	21,054
Changes in the fair value of cash flow hedges, net of tax	-	(26,651)	-	(26,651)	-	(26,651)
Total comprehensive income / (loss) for the half-year	-	(26,651)	19,963	(6,688)	1,091	(5,597)
Transactions with equity holders						
Securities issued – Infigen Energy Equity Plan	-	-	-	-	1,614	1,614
Recognition of share-based payments	-	(1,272)	-	(1,272)	-	(1,272)
De-stapling of IEBL securities	-	-	-	-	(6,261)	(6,261)
IEBL de-stapling transfer of retained losses	-	-	-	-	6,261	6,261
Closing balance – 31 December 2018	2,305	(75,739)	(254,858)	(328,292)	894,730	566,438
Opening balance – 1 July 2019	2,305	(69,146)	(234,026)	(300,867)	884,169	583,302
Adjustment on initial application of AASB 16 (net of tax)	-	-	(5,999)	(5,999)	-	(5,999)
Adjusted opening balance – 1 July 2019	2,305	(69,146)	(240,025)	(306,866)	884,169	577,303
Net profit for the half-year	-	-	26,516	26,516	(361)	26,155
Changes in the fair value of cash flow hedges, net of tax	-	2,750	-	2,750	-	2,750
Total comprehensive income / (loss) for the half-year	-	(2,750)	26,516	29,266	(361)	28,905
Transactions with equity holders						
Distributions paid or provided for	-	-	-	-	(9,621)	(9,621)
Securities issued – Distribution Reinvestment Plan	-	-	-	-	3,576	3,576
Recognition & transfer of share-based payments	-	163	-	163	-	163
Closing balance – 31 December 2019	2,305	(66,233)	(213,509)	(277,437)	877,763	600,326
TRUST						
Attributable to:	Equity holders of the parent				Equity holders of the other stapled entity	Total equity
	Contributed equity	Reserves	Retained losses	Total		
(\$'000)						
Opening balance – 1 July 2018	910,304	-	(264,773)	645,531		
Net profit for the half-year	-	-	17,925	17,925		
Total comprehensive income for the half-year	-	-	17,925	17,925		
Transactions with equity holders						
Securities issued – Infigen Energy Equity Plan	1,614	-	-	1,614		
Closing balance – 31 December 2018	911,918	-	(246,848)	665,070		
Opening balance – 1 July 2019	911,918	-	(363,936)	547,982		
Net profit for the half-year	-	-	24,153	24,153		
Total comprehensive income for the half-year	-	-	24,153	24,153		
Transactions with equity holders						
Distributions paid or provided for	-	-	(9,621)	(9,621)		
Securities issued – Distribution Reinvestment Plan	3,576	-	-	3,576		
Closing balance – 31 December 2019	915,494	-	(349,404)	566,090		

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

Consolidated Statements of Cash Flows

for the half-year ended

(\$'000)	Note	INFIGEN		TRUST	
		31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Cash flows from operating activities					
Receipts from customers		117,397	93,517	-	-
Payments to suppliers and employees		(61,636)	(47,596)	-	-
Interest received		544	1,042	1	1
Interest and other finance costs paid		(21,935)	(19,804)	-	-
Net cash inflow		34,370	27,159	1	1
Cash flows from investing activities					
Payments for property, plant and equipment		(4,386)	(53,925)	-	-
Refunds received for property, plant and equipment		2,009	-	-	-
Payments for intangible assets		(3,803)	(4,725)	-	-
Proceeds from sale of development assets (intangibles)		1,100	6,500	-	-
Government grants received	C1	2,600	1,400	-	-
Payments for equity accounted investments		(50)	(64)	-	-
Net cash outflow		(2,530)	(50,814)	-	-
Cash flows from financing activities					
Repayment of borrowings		(27,030)	(17,797)	-	-
Distributions paid		(5,990)	-	(5,990)	-
Payment of lease liabilities		(627)	-	-	-
Repayment of loan by a related party		-	-	6,201	-
Proceeds from borrowings		-	4,148	-	-
Net cash (outflow) / inflow		(33,647)	(13,649)	211	-
Net (decrease) / increase in cash and cash equivalents		(1,806)	(37,304)	212	1
Opening cash and cash equivalents		103,681	144,898	442	439
Effects of exchange rate changes on the balance of cash held in foreign currencies		-	518	-	-
Closing cash and cash equivalents		101,875	108,112	654	440

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

A REPORT OVERVIEW

Infigen comprises Infigen Energy Limited (IEL) and Infigen Energy Trust (IET), and their controlled entities.

The Trust comprises IET and its controlled entities.

IEL is determined to be the parent entity of Infigen.

One share in IEL and one unit in IET have been stapled together to form a single Infigen stapled security listed on the Australian Securities Exchange (ASX) under the code "IFN". They cannot be traded separately and can only be traded as stapled securities.

IEL is incorporated and domiciled in Australia. IET was established in and is domiciled in Australia.

Inter-entity balances and transactions (except unrealised losses that provide evidence that the asset(s) being transferred are impaired) are eliminated.

The acquisition method of accounting is used to account for business combinations by Infigen and the Trust.

Non-controlling interests in the results and equity of controlled entities are shown separately, where applicable, in the Consolidated Interim Financial Statements.

Trust information

IET is a Registered Scheme (the Scheme) and Infigen Energy RE Limited (IERL) is the Responsible Entity of IET. The relationship of the Responsible Entity with the Scheme is governed by the Constitution of IET.

Statement of compliance

This report consists of the Consolidated Interim Financial Statements and accompanying notes of Infigen and the Trust for the half-year ended 31 December 2019 (the reporting period). It 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 financial report for each of Infigen and the Trust for the year ended 30 June 2019 and any public announcements made by Infigen during the reporting period.

As permitted by Australian Securities and Investments Commission (ASIC) *Corporations Instrument 2015/843*, this report consists of the Consolidated Interim Financial Statements and accompanying notes of both Infigen and the Trust for the half-year ended 31 December 2019.

As permitted by ASIC *Class Order 13/1050*, the Consolidated Interim Financial Statements treat IEL as the 'parent' of the stapled entities.

A1 Basis of Preparation

Infigen and the Trust are for-profit entities for the purpose of preparing the Consolidated Interim Financial Statements.

These Consolidated Interim Financial Statements have been prepared in accordance with the *Corporations Act 2001*, Australian Accounting Standards, and International Financial Reporting Standards (IFRS).

These Consolidated Interim Financial Statements have been prepared on the basis of the legislative and regulatory regime that existed as at 31 December 2019 and at the date of this report. Changes to the regulatory regime could affect the carrying values of assets.

These Consolidated Interim Financial Statements have been prepared on the going concern basis using the historical cost conventions modified by the revaluation of financial assets and liabilities (including derivative financial instruments) measured at fair value, where applicable.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts, excluding the effects of AASB 16 *Leases* (refer to Note A2).

All figures are presented in Australian Dollars with all values rounded to the nearest thousand dollars, unless otherwise stated, in accordance with the ASIC *Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191*.

A2 New and Amended Accounting Standards

Except as noted in the table below, new or amended accounting standards for the reporting period did not result in changes to the accounting policies, or retrospective adjustments to the financial results, of Infigen or the Trust.

As at 31 December 2019, no new or amended standards were available for early adoption, but not yet adopted, that are anticipated to have a material effect on the accounting policies or financial results of Infigen or the Trust.

AASB 16 *Leases* replaces AASB 117 *Leases* - effective 1 July 2019

Nature of change and Infigen's leases	Effect on financial statements																		
AASB 16 replaced AASB 117, removing the distinction between a 'finance' and 'operating' lease for a lessee, and requiring all contractual arrangements meeting the recognition criteria to be recorded on balance sheet by a lessee.	Reconciliation of operating lease commitments at 30 June 2019 to lease liability at 1 July 2019:																		
In applying AASB 16, Infigen recognised lease liabilities in relation to certain contractual arrangements previously classified as operating leases (under AASB 117) and corresponding right-of-use (ROU) assets (representing the right to use the underlying leased asset).	<table border="1"> <thead> <tr> <th>(\$'000)</th> <th>INFIGEN</th> </tr> </thead> <tbody> <tr> <td>Operating lease commitments:</td> <td>73,230</td> </tr> <tr> <td>- Extension option assumptions</td> <td>7,613</td> </tr> <tr> <td>- Discount rate assumptions</td> <td>(13,283)</td> </tr> <tr> <td>- Excluded contractual arrangements</td> <td>(5,083)</td> </tr> <tr> <td>- Index/rates - variable payments</td> <td>(10,136)</td> </tr> <tr> <td>Lease liability</td> <td>52,341</td> </tr> </tbody> </table>	(\$'000)	INFIGEN	Operating lease commitments:	73,230	- Extension option assumptions	7,613	- Discount rate assumptions	(13,283)	- Excluded contractual arrangements	(5,083)	- Index/rates - variable payments	(10,136)	Lease liability	52,341				
(\$'000)	INFIGEN																		
Operating lease commitments:	73,230																		
- Extension option assumptions	7,613																		
- Discount rate assumptions	(13,283)																		
- Excluded contractual arrangements	(5,083)																		
- Index/rates - variable payments	(10,136)																		
Lease liability	52,341																		
Infigen used the modified retrospective approach in applying AASB 16, whereby:	Effect on the statement of financial position as at 1 July 2019 - increase/(decrease):																		
<ul style="list-style-type: none"> - comparative information is not restated - lease liabilities are measured by discounting future lease payments at application date, by the incremental borrowing rate at application date (weighted average was 5.8%) - ROU assets are measured as if AASB 16 were applied from the original lease start date - differences between lease liabilities and ROU assets, adjusted for deferred tax, are recognised as an adjustment to opening retained earnings. 	<table border="1"> <thead> <tr> <th>(\$'000)</th> <th>INFIGEN</th> </tr> </thead> <tbody> <tr> <td>ROU assets</td> <td>44,444</td> </tr> <tr> <td>Prepayments and other</td> <td>(673)</td> </tr> <tr> <td>Deferred tax assets</td> <td>2,571</td> </tr> <tr> <td>Total assets</td> <td>46,342</td> </tr> <tr> <td>Lease liabilities</td> <td>52,341</td> </tr> <tr> <td>Total liabilities</td> <td>52,341</td> </tr> <tr> <td>Retained losses</td> <td>(5,999)</td> </tr> <tr> <td>Total equity</td> <td>(5,999)</td> </tr> </tbody> </table>	(\$'000)	INFIGEN	ROU assets	44,444	Prepayments and other	(673)	Deferred tax assets	2,571	Total assets	46,342	Lease liabilities	52,341	Total liabilities	52,341	Retained losses	(5,999)	Total equity	(5,999)
(\$'000)	INFIGEN																		
ROU assets	44,444																		
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Deferred tax assets	2,571																		
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Lease liabilities	52,341																		
Total liabilities	52,341																		
Retained losses	(5,999)																		
Total equity	(5,999)																		
Additionally, Infigen used the following practical expedients to application:	Effect on segment results for the half-year ended 31 December 2019 - benefit / (expense):																		
<ul style="list-style-type: none"> - use of a single discount rate to a portfolio of leases with reasonably similar characteristics - exclusion of initial direct costs from the ROU asset - use of hindsight in determining whether extension options were exercised. 	<table border="1"> <thead> <tr> <th>(\$'000)</th> <th>INFIGEN</th> </tr> </thead> <tbody> <tr> <td>Asset operating costs</td> <td>1,645</td> </tr> <tr> <td>Business operating costs</td> <td>484</td> </tr> <tr> <td>Underlying EBITDA</td> <td>2,129</td> </tr> <tr> <td>Depreciation and amortisation expense</td> <td>(1,371)</td> </tr> <tr> <td>Earnings before interest and tax</td> <td>758</td> </tr> <tr> <td>Net finance costs</td> <td>(1,502)</td> </tr> <tr> <td>Profit before tax</td> <td>(744)</td> </tr> </tbody> </table>	(\$'000)	INFIGEN	Asset operating costs	1,645	Business operating costs	484	Underlying EBITDA	2,129	Depreciation and amortisation expense	(1,371)	Earnings before interest and tax	758	Net finance costs	(1,502)	Profit before tax	(744)		
(\$'000)	INFIGEN																		
Asset operating costs	1,645																		
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Depreciation and amortisation expense	(1,371)																		
Earnings before interest and tax	758																		
Net finance costs	(1,502)																		
Profit before tax	(744)																		
Infigen predominately leases the land on which its owned generation assets are situated. Such leases (including renewal options) span the expected economic life of the generation assets. Such leases constitute the majority of total leases.	Effect on statement of cash flows for the half-year ended 31 December 2019 - benefit / (outflow):																		
Certain leases contain variable payment terms linked to future wind farm revenue and/or CPI increases which are excluded from the initial lease liability. Those related to future wind farm revenue are recognised in profit or loss when payments occur, while those relating to CPI increases cause a reassessment of the lease liability and corresponding ROU asset.	<table border="1"> <thead> <tr> <th>(\$'000)</th> <th>INFIGEN</th> </tr> </thead> <tbody> <tr> <td>Payments to suppliers and employees</td> <td>2,129</td> </tr> <tr> <td>Interest and other finance costs paid</td> <td>(1,502)</td> </tr> <tr> <td>Cash flows from operating activities</td> <td>627</td> </tr> <tr> <td>Payment of lease liabilities</td> <td>(627)</td> </tr> <tr> <td>Cash flows from financing activities</td> <td>(627)</td> </tr> <tr> <td>Net cash movement</td> <td>-</td> </tr> </tbody> </table>	(\$'000)	INFIGEN	Payments to suppliers and employees	2,129	Interest and other finance costs paid	(1,502)	Cash flows from operating activities	627	Payment of lease liabilities	(627)	Cash flows from financing activities	(627)	Net cash movement	-				
(\$'000)	INFIGEN																		
Payments to suppliers and employees	2,129																		
Interest and other finance costs paid	(1,502)																		
Cash flows from operating activities	627																		
Payment of lease liabilities	(627)																		
Cash flows from financing activities	(627)																		
Net cash movement	-																		
ROU assets are depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis and included in depreciation in the Consolidated Statements of Comprehensive Income.	The Trust's financial results are not affected by AASB 16 Leases because it does not hold any leases.																		

B RESULTS

B1 Segment Information

Infigen generates and sources renewable energy, increases the value of intermittent renewables by firming, and provides customers with clean, reliable and competitively priced energy solutions. Revenues are derived from various market channels in Australia. Because of Infigen's performance from a geographic and product perspective, Australia has been identified as Infigen's sole reportable segment.

Only Infigen's (and not the Trust's) segment information is provided to the chief operating decision-makers, who are deemed to be the Board of Directors (Board). Accordingly, only Infigen's segment information has been disclosed in this note.

The Board assesses the performance of the operating segment using statutory earnings before interest, tax, depreciation and amortisation (EBITDA), adjusted to exclude certain significant non-cash and one-off items that are unrelated to the operating performance of Infigen (Underlying EBITDA). Since Infigen operates in a single segment, the assets and liabilities are those disclosed in the consolidated statements of financial position.

The segment information provided to the Board for the operating segment together with a reconciliation of Underlying EBITDA to net profit after tax is disclosed in the following table.

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Net revenue	134,272	119,202
Asset operating costs	(24,142)	(20,152)
Business operating costs	(11,951)	(10,850)
Share of net profit / (loss) of equity accounted investments	22	(8)
Underlying EBITDA	98,201	88,192
Other income	1,155	-
Depreciation and amortisation expense	(33,365)	(25,633)
Impairment of development assets	-	(9,780)
Net loss on change in fair value of financial instruments	(1,904)	-
Earnings before interest and tax	64,087	52,779
Net finance costs	(25,390)	(20,806)
Profit before tax	38,697	31,973
Income tax expense	(12,542)	(10,919)
Net profit after tax	26,155	21,054

Infigen presents net revenue on a contracted and uncontracted basis which is disclosed below. Contracted revenue includes electricity revenue via Power Purchase Agreements (PPAs), electricity revenue from Commercial & Industrial (C&I) Customers, and contracted Large-scale Generation Certificates (LGCs) revenue. Uncontracted revenue includes remaining electricity sales, and remaining LGC revenue. Uncontracted revenue is subject to price risk.

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Contracted revenue	116,283	94,592
Uncontracted revenue	17,989	24,610
	134,272	119,202

The reconciliations of segment information to the statement of comprehensive income are disclosed in the following tables.

Net revenue reconciliation

(\$'000)	Note	INFIGEN	
		31 Dec 2019	31 Dec 2018
Revenue	B2	159,196	129,115
Cost of sales		(24,924)	(9,913)
		134,272	119,202

Business operating costs reconciliation

(\$'000)	Note	INFIGEN	
		31 Dec 2019	31 Dec 2018
Corporate costs		11,720	9,067
Development costs		1,170	1,783
Management fee income	B3	(939)	-
		11,951	10,850

Net finance costs reconciliation

(\$'000)	Note	INFIGEN	
		31 Dec 2019	31 Dec 2018
Interest income	B3	544	1,042
Interest expense – borrowings & swaps		(20,314)	(18,909)
Foreign exchange gain		-	518
Other finance costs		(4,118)	(3,457)
Interest expense – lease liabilities		(1,502)	-
		(25,390)	(20,806)

Depreciation and amortisation reconciliation

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Depreciation expense	29,553	23,211
Amortisation expense	2,441	2,422
Lease depreciation expense	1,371	-
	33,365	25,633

Impairment of development assets reconciliation

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Impairment of development assets (intangibles)	-	(8,947)
Impairment of development assets (equity accounted investments)	-	(833)
	-	(9,780)

B2 Revenue

Revenue is recognised at an amount which reflects the consideration expected to be received when control of a good or service is transferred to the counterparty.

Energy and environmental products:

Electricity

- > Electricity generated from Infigen's own generation assets (after applying marginal loss factors). Infigen is assessed as the principal because it controls the electricity before delivery to the National Electricity Market (NEM). Revenue is recognised at the spot price achieved when the unit of electricity passes to the NEM, which is when the performance obligation is considered to be satisfied
- > Electricity sold to Infigen's C&I Customers under medium to long-term contracts at a fixed price and firm volume. Where the contract is a retail supply agreement:
 - Infigen is assessed as the principal because it controls the electricity before delivery to the customer
 - Revenue is recognised at the contract price once the unit of electricity is delivered to the customer, which is when the performance obligation is considered to be satisfied
 - The electricity supplied to the customer is purchased from the NEM and recorded as a component of cost of sales within the consolidated statements of comprehensive income
- > Net settlement from PPAs, which are accounted for as electricity derivative contracts, and where Infigen is either the generator or the off-taker
- > Net settlement from electricity derivative contracts such as ASX futures and options, and which are short to medium-term in nature

LGCs

- > An LGC represents 1 MWh of generation from renewable energy generators. For generation from Owned Renewable Energy Assets, LGC revenue is recognised at fair value in the same period as costs are incurred. Each LGC is concurrently recognised in inventory until it is sold, at which time, the difference between the sale price and book value is recorded as a component of revenue

Revenue

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Energy and environmental products	159,196	129,115

A disaggregation of revenue has been provided in Note B1.

B3 Other income

(\$'000)	INFIGEN		TRUST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Management fee income	939	-	-	-
Interest income	544	1,042	1	1
Gain on sale of development assets	494	-	-	-
Net gain on change in fair value of financial assets and liabilities	128	-	-	-
Other	661	-	-	-
Foreign exchange gains	-	518	-	-
Unwind of discount on related party loan receivables	-	-	24,514	19,960
	2,766	1,560	24,515	19,961

B4 Other finance costs

(\$'000)	INFIGEN	
	31 Dec 2019	31 Dec 2018
Bank fees and amortisation of capitalised commitment fees	4,035	3,395
Interest rate derivative ineffectiveness	452	-
Unwind of discount on decommissioning provisions	83	62
Foreign exchange losses	1	-
	4,571	3,457

B5 Earnings per security

Basic earnings per security (Basic EPS) is calculated by dividing net profit for the period by the Weighted Average Number of Securities (WANOS) outstanding during the period. Basic EPS is then adjusted to account for the WANOS issued under the Infigen Energy Equity Plan during the year to calculate Diluted EPS.

	INFIGEN		TRUST	
	31 Dec 2019	31 Dec 2018	31 Dec 2019	31 Dec 2018
Net profit attributable to:				
- Parent equity holders (\$'000)	26,516	19,963	24,153	17,925
- Stapled security holders (\$'000)	26,155	21,054	-	-
WANOS:				
- Basic (thousands)	959,493	955,769	959,493	955,769
- Diluted (thousands)	963,972	956,009	963,972	956,009
Parent entity EPS:				
- Basic (cents)	2.8	2.1	2.5	1.9
- Diluted (cents)	2.8	2.1	2.5	1.9
Infigen EPS:				
- Basic (cents)	2.7	2.2	-	-
- Diluted (cents)	2.7	2.2	-	-

B6 Distributions

Security holder distributions which have been declared, and that are yet to be paid on or before the end of the reporting period, are recorded as a payable in the consolidated statements of financial position.

	Total (\$'000)	Paid in cash (\$'000)	Settled in securities (\$'000)	Cents per security	Date paid / payable
Distributions paid or payable by the Trust					
Declared 16 December 2019	9,621	-	-	1.0	27 March 2020
Declared 20 June 2019	9,566	5,990	3,576	1.0	27 September 2019

C OPERATING ASSETS

C1 Property, plant and equipment

This section comprises in-use property, plant and equipment and assets under construction.

In-use property, plant and equipment primarily consists of wind turbines and associated plant from the 670 MW of Owned Renewable Energy Assets across New South Wales, South Australia and Western Australia and 148 MW of firming assets in New South Wales and South Australia.

During the reporting period, the SA Battery was transferred from assets under construction to in-use property, plant, and equipment to coincide with the commencement of it operating at full capacity.

Assets under construction includes capitalised costs associated with the SA Gas Turbines.

Movements in carrying values

(\$'000)	INFIGEN			12 months to 30 Jun 2019
	Six months to 31 Dec 2019		Total	
	In-use property, plant & equipment	Assets under construction		
Opening balance – 1 July	961,300	30,515	991,815	896,431
Additions	1,810	3,717	5,527	148,282
Government grants received	-	(2,600)	(2,600)	(5,900)
Capitalised interest	-	-	-	3,519
Refunds received from prior period additions	(32)	(1,977)	(2,009)	-
Depreciation expense	(29,553)	-	(29,553)	(49,692)
Transfers in / (out)	28,329	(28,329)	-	-
Transfers to intangible assets	(407)	217	(190)	(825)
Closing balance	961,447	1,543	962,990	991,815
Cost	1,509,453	1,543	1,510,996	1,510,268
Accumulated depreciation	(548,006)	-	(548,006)	(518,453)
Net book value	961,447	1,543	962,990	991,815

Key changes during the reporting period

On 28 August 2019, Infigen announced that it had agreed to lease 120 MW of open-cycle gas turbine equipment (the SA Gas Turbines) from the South Australian Government for 25 years, commencing May 2020. The annual lease payments of \$5.02 million, escalating with inflation, will be recognised in accordance with AASB 16 *Leases* (refer to Note A2). The capital expenditure which includes civil works, gas connection, electricity connection, equipment installation and asset relocation is budgeted at \$55.0 million. It is expected that the majority of the expenditure will be recognised as leasehold improvements within Property, Plant & Equipment upon commercial operation.

C2 Intangible assets

Infigen recognises three types of intangible assets: licences and development rights, development assets, and goodwill.

Movements in carrying values

(\$'000)	INFIGEN				12 months to 30 Jun 2019
	Six months to 31 Dec 2019			Total	
	Licences and development rights	Development assets	Goodwill		
Opening balance – 1 July	66,866	19,319	15,136	101,321	115,320
Additions	-	2,572	-	2,572	5,132
Disposals	-	(570)	-	(570)	(6,500)
Transfers (to)/from plant and equipment	407	(217)	-	190	825
Transfers from other assets	-	-	-	-	1,041
Transfers - other	-	-	-	-	(566)
Amortisation expense	(2,441)	-	-	(2,441)	(4,863)
Transfers in / (out)	528	(528)	-	-	-
Impairment expense	-	-	-	-	(9,068)
Closing balance	65,360	20,576	15,136	101,072	101,321
Balance					
Cost	119,507	20,576	15,136	155,219	153,027
Accumulated amortisation and impairment	(54,147)	-	-	(54,147)	(51,706)
Net book value	65,360	20,576	15,136	101,072	101,321

D CAPITAL STRUCTURE

D1 Capital management

Infigen seeks a flexible capital structure that supports the preservation and creation of security holder value in a changing energy market.

To maintain or adjust its capital structure, Infigen may adjust its level of borrowings, issue or buy back securities, and adjust the quantum of security holder distributions.

The ratio of Net Debt to Underlying EBITDA is a measure which assesses Infigen's capital structure, and is monitored on a regular basis. It is calculated as Net Debt (gross debt less cash) divided by Underlying EBITDA (on a 12-month look-back basis). As at 31 December 2019 Net Debt to Underlying EBITDA was 2.9x (30 June 2019: 3.2x).

Distributions are paid to Infigen security holders when determined by the Board having regard to Infigen's capital management policy which seeks to balance returns to security holders, value accretive investments and deleveraging. Infigen declared a distribution of 1 cent per security in relation to the six-months ended 31 December 2019 (six-months ended 30 June 2019: 1 cent per security). A Distribution Reinvestment Plan (DRP) was also made available to security holders, with the last date for DRP elections being 2 January 2020.

As at 31 December 2019, the parent entity (IEL) had franking credits of \$6,228,093 (30 June 2019: \$6,228,093).

D2 Cash and cash equivalents

Unrestricted cash includes cash on hand and term deposits held at call with financial institutions. Restricted cash is held in accordance with the minimum cash requirements for Infigen Energy RE Limited's Australian Financial Services Licence (AFSL) compliance and the requirements of the Bodangora Facility.

(\$'000)	INFIGEN		TRUST	
	31 Dec 2019	30 Jun 2019	31 Dec 2019	30 Jun 2019
Unrestricted cash	95,294	95,648	654	442
Restricted cash	6,581	8,033	-	-
	101,875	103,681	654	442

D3 Borrowings

Infigen has two secured borrowing facilities: the Corporate Facility and the Bodangora Facility.

Carrying values and movements

(\$'000)	INFIGEN	
	31 Dec 2019	30 Jun 2019
Current		
Corporate Facility	45,000	45,000
Bodangora Facility	7,809	8,513
	52,809	53,513
Non-current		
Corporate Facility	416,250	438,750
Bodangora Facility	142,966	146,791
	559,216	585,541
Capitalised commitment fees	(16,461)	(19,639)
	542,755	565,902
Total borrowings	595,564	619,415
	Six months to 31 Dec 2019	12 months to 30 Jun 2019
Movement in borrowings		
Opening balance – 1 July	619,415	650,099
Corporate Facility (repayments)	(22,500)	(33,750)
Bodangora Facility (drawdowns)	-	4,148
Bodangora Facility (repayments)	(4,529)	(7,469)
Expense of capitalised commitment fees	3,178	6,387
Closing balance	595,564	619,415

Specific details of Infigen's borrowing facilities are summarised in the following table.

Facility (\$'000)	Available	Drawn	Maturity	Repayment terms
Corporate Facility	461,250	461,250		
- Facility A	96,250	96,250	Apr 2023	> Amortised over term of facility
- Facility B	365,000	365,000	Apr 2023	> Some repayment may be required but only from operating cash flows after April 2021 if certain leverage levels are not met > Repaid in full at maturity
- Facility C (Working Capital)	20,000	-	Apr 2023	> Repaid in full at maturity
Bodangora Facility	150,755	150,755	Sep 2034	> Term facility > Semi-annual fixed repayments in accordance with the repayment schedule
Total	632,005	612,005		

The Corporate Facility contains an additional \$60,000,000 facility (not included in the above table) available for providing bank guarantees and letters of credit, and/or to fund cash collateral posting requirements of up to \$20,000,000. At the reporting date, \$38,214,000 of bank guarantees and letters of credit had been issued under this facility.

Covenants

The Corporate Facility contains a leverage and a debt service ratio covenant covering Infigen's operating assets (excluding Bodangora Wind Farm, the Smithfield OCGT related entities, and SA Gas Turbines related entities).

The Bodangora Facility contains a debt service ratio covenant.

All financial covenants had been complied with during the half-year ended 31 December 2019.

D4 Contributed equity

An IEL share and an IET unit are stapled together to form a single Infigen stapled security. Infigen's contributed equity consists of such stapled securities issued to security holders. Security holders are entitled to receive declared distributions, vote at security holders' meetings, and receive a proportional share of proceeds in the event of winding up of Infigen.

Key changes during the reporting period

On 26 September 2019, Infigen issued 5,587,431 stapled securities at 64 cents per security to the security holders who participated in the Distribution Reinvestment Plan in relation to the six months ended 30 June 2019.

	INFIGEN		TRUST	
	Six months to 31 Dec 2019	12 months to 30 Jun 2019	Six months to 31 Dec 2019	12 months to 30 Jun 2019
Securities – issued and fully paid				
Carrying amount (\$'000)				
Opening balance – 1 July	914,223	918,870	911,918	910,304
Securities issued – Distribution Reinvestment Plan	3,576	-	3,576	-
Securities issued – Infigen Energy Equity Plan	-	1,614	-	1,614
De-stapling of IEBL securities	-	(6,261)	-	-
Closing balance	917,799	914,223	915,494	911,918
Number (thousands)				
Opening balance – 1 July	956,562	954,060	956,562	954,060
Securities issued – Distribution Reinvestment Plan	5,587	-	5,587	-
Securities issued - Infigen Energy Equity Plan	-	2,502	-	2,502
Closing balance	962,149	956,562	962,149	956,562

D5 Fair Value of Financial Assets and Liabilities

Financial assets and liabilities recognised and measured on a recurring fair value basis are shown in the following table. An explanation of fair value levels is provided in the following commentary.

(\$'000)	Fair value level	INFIGEN	
		31 Dec 2019	30 Jun 2019
Current assets			
Electricity derivative contracts	2	170	-
Electricity derivative contracts	3	2,639	3,502
		2,809	3,502
Non-current assets			
Electricity derivative contracts	2	-	71
Electricity derivative contracts	3	8,973	11,667
		8,973	11,738
Current liabilities			
Electricity derivative contracts	2	-	511
Electricity derivative contracts	3	2,076	4,991
Interest rate derivative contracts	2	7,056	6,613
		9,132	12,115
Non-current liabilities			
Interest rate derivative contracts	2	16,841	19,090
		16,841	19,090

Amounts in the above table have not been offset as no legally enforceable right of set-off presently exists.

Other financial assets and liabilities (including cash, receivables, payables and borrowings) are not measured at fair value, but in accordance with applicable accounting standards and Infigen's accounting policies, Infigen has assessed carrying values approximate their fair values.

Reconciliation of Level 3 financial assets and liabilities

(\$'000)	INFIGEN	
	Six months to 31 Dec 2019	12 months to 30 Jun 2019
Opening balance – 1 July	10,178	10,884
Net movement in fair value of new instruments recognised in other comprehensive income during the period	(642)	(706)
Closing balance	9,536	10,178

There were no transfers between the fair value levels during the period.

Fair value levels

Financial assets and liabilities are classified and grouped into three levels according to the degree of which their calculation inputs are observable. Level 1 is completely observable (requiring no estimate and judgement) and Level 3 is unobservable (requiring significant estimate and judgement). The levels are summarised as follows:

Level 1: measurement is derived from quoted market prices in active markets for identical assets or liabilities;

Level 2: measurement is derived from inputs not traded in active markets, but calculated with significant inputs from observable market data; and

Level 3: measurement is derived from significant inputs based on non-observable market data.

Significant estimate and judgement is required in assessing Level 2 and 3 fair values. The assumptions used in making these significant estimates is often based on long-term future events, and may therefore be subjective.

Changes in the underlying estimates and judgements may cause a variation to the carrying values.

The following table summarises the methods used by Infigen to estimate the fair value of its financial assets and liabilities.

Instrument	Fair value level	Fair value methodology
Electricity derivative contracts	2	Calculates the present value of estimated future cash flows accounting for market forward prices
Interest rate derivative contracts	2	Discounts the present value of the estimated future cash flows using the applicable observable market yield curves having regard to timing of cash flows
Electricity derivative contracts	3	Uses: > A discounted cash flow methodology which reflects differences in contract price and long-term forecast energy pool prices (sourced from independent external price curves) > Estimation of electricity volumes (sourced from independent consultants' assessments of wind resource and availability) > Discount rates ranging from 9% to 12%

E OTHER DISCLOSURES

This section contains additional required information not disclosed in previous sections of the Consolidated Interim Financial Statements.

E1 Inventories

Infigen generates and sources LGCs. One LGC represents 1 MWh of generation from renewable energy generators. Infigen also sources other renewable energy certificates to meet surrender obligations for Infigen's C&I Customers.

Renewable energy certificates	INFIGEN	
	31 Dec 2019	30 Jun 2019
Carrying value (\$'000)		
LGCs	58,400	27,157
Other renewable energy certificates	886	-
	59,286	27,157
Number		
LGCs	1,016,000	513,000
Other renewable energy certificates	31,000	-

E2 Events occurring after the reporting period

There were no transactions or events of a material or unusual nature, not otherwise dealt with in this report, likely to affect significantly the operations or affairs of Infigen or the Trust in future financial periods.

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 Consolidated Interim Financial Statements and accompanying notes of Infigen and the Trust set out on pages 24 to 39 have been prepared 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 Infigen's and the Trust's consolidated financial position as at 31 December 2019 and of their performance for the half-year ended on that date;
- b) there are reasonable grounds to believe that both Infigen and the Trust will be able to pay their debts as and when they become due and payable; and
- c) the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declarations of the Chief Executive Officer and the Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors of IEL and IERL:



Leonard Gill
Chairman



Ross Rolfe AO
Chief Executive Officer / Managing Director



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

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Infigen Energy Group (Infigen) and Infigen Energy Trust Group (Trust), which comprises the consolidated statements of financial position as at 31 December 2019, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, selected other explanatory notes and the directors' declaration for Infigen and Trust. The Infigen Energy Group comprises Infigen Energy Limited, Infigen Energy Trust and the entities they 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 Limited, the responsible entity of 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 gives a true and fair view and 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 Infigen's and Trust's financial position as at 31 December 2019 and their performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Infigen and Trust, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001

T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124

T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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

1. giving a true and fair view of the Infigen's and Trust's financial position as at 31 December 2019 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*.

Matters relating to the electronic presentation of the reviewed half-year financial report

This review report relates to the half-year financial report of Infigen and Trust for the half-year ended 31 December 2019 included on Infigen Energy Limited's web site. The directors are responsible for the integrity of the Infigen Energy Limited web site. We have not been engaged to report on the integrity of this web site. The review report refers only to the statements named above. It does not provide an opinion on any other information which may have been hyperlinked to/from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications they are advised to refer to the hard copy of the reviewed half-year financial report to confirm the information included in the reviewed half-year financial report presented on this web site.

PricewaterhouseCoopers

PricewaterhouseCoopers

A handwritten signature in black ink, appearing to read 'Craig Thomason', with a long horizontal flourish extending to the right.

Craig Thomason
Partner

Sydney
21 February 2020

GLOSSARY

AUSTRALIAN ENERGY MARKET OPERATOR or AEMO	Responsible for operating the NEM and the Wholesale Electricity Market (WA).
AFSL	Australian Financial Services Licence.
ASX	Australian Securities Exchange Limited (ABN 98 008 624 691) or Australian Securities Exchange as the context requires.
BOARD or BOARDS	Unless otherwise stated, the Boards of IEL and IERL.
BODANGORA FACILITY	The Bodangora project finance facility.
CAPACITY	The maximum power that a generation asset is designed to produce.
CAPACITY FACTOR	A measure of the productivity of a generation asset, calculated by the amount of power that a generation asset produces over a set time, divided by the amount of power that would have been produced if the generation asset had been running at full capacity during that same time.
C&I	Commercial & Industrial.
CONTRACTED ASSETS OR CONTRACTED RENEWABLE ENERGY ASSETS	Renewable energy assets not owned by Infigen where Infigen acquires generation under run of plant PPAs as offtaker such as Kiata WF.
EARNINGS AT RISK ANALYSIS	Measuring potential changes in revenue in a given period having regard to relevant factors and varying degrees of confidence.
EBIT	Earnings before interest and tax.
EBITDA	Earnings before interest, tax, depreciation and amortisation.
FIRMING	The acquisition or generation of alternate energy, or dispatch of energy from storage, for when renewable energy generation output is less than required to meet contracted supply requirements.
FIRMING ASSETS	Fast-start generation assets which complement Infigen's intermittent renewable energy assets and where economic contribution is not directly related to generation, such as Smithfield OCGT and SA Battery.
FIRM CONTRACTS	Either Commercial and Industrial customer contracts or Wholesale market contracts with a fixed price for firm delivery of electricity.
FY OR FINANCIAL YEAR	A period of 12 months starting on 1 July and ending on 30 June in the next calendar year.
GW	Gigawatt. One billion watts of electricity.
GWh	Gigawatt hour. One billion-watt hours of electricity.
IEL	Infigen Energy Limited (ABN 39 105 051 616).
IERL	Infigen Energy RE Limited (ACN 113 813 997) (AFSL 290 710), the responsible entity of IET.
IET	Infigen Energy Trust (ARSN 116 244 118).
IFN	The code for the trading of Infigen securities listed on the ASX.
INFIGEN	Infigen Energy, comprising IEL and IET and their respective subsidiary entities from time to time.
INFIGEN SECURITY OR SECURITY	Comprises one share in IEL and one unit in IET, stapled together to form a single stapled security which is listed on the ASX under the code "IFN". IEL shares and IET units cannot be traded individually - they can only be traded as stapled securities.
LGC	Large-scale Generation Certificate. The certificates are created by large-scale renewable energy generators and each certificate represents 1 MWh of generation from renewable resources.
LTM	Last twelve months.
MLF or MARGINAL LOSS FACTOR	As electricity flows through the transmission and distribution networks, energy is lost due to electrical resistance and the heating of conductors. Revenue is subject to marginal loss factors that are fixed annually by AEMO to account for network losses.
MW	Megawatt. One million watts of electricity.
MWh	Megawatt hour. One million-watt hours of electricity.

NEM	National Electricity Market: the interconnected power system of five regional market jurisdictions - Queensland, New South Wales (including the Australian Capital Territory), Victoria, South Australia and Tasmania.
N.M.	Not meaningful.
O&M	Operations and maintenance.
OCC	Operations Control Centre. A centrally located business function within Infigen that monitors and directs the operations of Infigen's generation assets.
OWNED RENEWABLE ENERGY ASSETS	Renewable energy assets owned by Infigen.
PPA	Power purchase agreement.
RENEWABLE ENERGY GENERATION	Electricity generation sold from Total Renewable Energy Assets post MLF.
SA BATTERY	The 25 MW/52 MWh Lake Bonney Battery Energy Storage System.
SA GAS TURBINES or SAGTs	The 120 MW Open Cycle Gas Turbines that Infigen has agreed to lease from May 2020 in South Australia.
SMITHFIELD OCGT	The 123 MW Open Cycle Gas Turbine facility located at Smithfield, NSW, acquired in May 2019.
TASK FORCE ON CLIMATE-RELATED FINANCIAL DISCLOSURES or TCFD	A set of recommendations developed by the The Financial Stability Board for voluntary and consistent climate-related financial risk disclosures.
TOTAL RENEWABLE ENERGY ASSETS	Owned Renewable Energy Assets and Contracted Renewable Energy Assets.
TRUST	Infigen Energy Trust (IET) and its controlled entities.
UNDERLYING EBITDA	EBITDA, excluding other income and any impairment charges.