

BABCOCK & BROWN
WIND PARTNERS



Babcock & Brown Wind Partners Limited · ABN 39 105 051 616
Babcock & Brown Wind Partners Trust · ARSN 116 244 118
Babcock & Brown Wind Partners (Bermuda) Limited · ARBN 116 360 715
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APPENDIX 4D AND CONSOLIDATED HALF YEAR FINANCIAL REPORTS

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

- Appendix 4D for the Half Year to 31 December 2008
- BBW Consolidated Half Year Financial Results to 31 December 2008
- BBWPT Consolidated Half Year Financial Results to 31 December 2008

ENDS

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About Babcock & Brown Wind Partners

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

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

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

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

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

BABCOCK & BROWN WIND PARTNERS GROUP

APPENDIX 4D

Half Year Report

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

ABN: **As Above**

1. Details of the reporting period

Current Period: 1 July 2008 - 31 December 2008

Previous Corresponding Period: 1 July 2007 - 31 December 2007

2. Results for announcement to the market

	Movement %	2008 A\$'000	2007 A\$'000
2.1 Revenues from ordinary activities	249%	150,970	43,286
2.2 Profit / (Loss) from ordinary activities after tax attributable to members	1,912%	(88,402)	(4,394)
2.3 Profit / (Loss) for the period attributable to members	1,912%	(88,402)	(4,394)
2.4 Distributions	Amount per security	Franked amount per security	
Interim distribution (FY 2009) – per fully paid stapled security	4.5 cents	-	
Final distribution (FY 2008) – per fully paid stapled security	7.25 cents	-	
2.5 Record date for determining entitlement to the Interim Distribution	31 December 2008		
2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to section 10			

Babcock & Brown Wind Partners Group

Appendix 4D – Half Year Report

3. Details of distributions

	Record Date	Payment Date
2008 Final Distribution	30 June 2008	18 September 2008
2009 Interim Distribution	31 December 2008	18 March 2009

BBW anticipates that it will pay an interim distribution of 4.5 cents per stapled security on 18 March 2009. In September 2008, BBW paid a final distribution of 7.25 cents per stapled security. The distribution that was paid on 18 September 2008 was fully tax deferred, and the distribution that will be paid on 18 March 2009 is expected to be fully tax deferred.

4. Details of distribution reinvestment plan

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

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

5. Net tangible asset backing per security

	Current Period	Previous Period
Net tangible assets backing per stapled security (\$)	0.05	Nil

6. Control gained or lost over entities during the period

6.1 Name of entity (or group of entities) over which control was gained	Seehausen GmbH
6.2 Date control was gained	18 September 2008
6.3 Consolidated profit after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired	(\$95,000)
6.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

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7. Details of associates and joint venture entities

7.1 Name of entity (or group of entities) over which significant influence was gained	Not applicable
7.2 Date significant influence was gained	
7.3 Percentage holding in the associate	
7.4 Consolidated profit after tax from ordinary activities and extraordinary items after tax of the associate (or group of entities) since the date in the current period.	
7.5 Profit (loss) from ordinary activities and extraordinary items after tax of the associate (or group of entities) for the whole of the previous corresponding period	

Details of Disposals

On 17 November 2008, BBW sold its 50% interest in the Enersis portfolio of wind farms in Portugal (“Enersis Portfolio”) to a consortium of investors for total sale proceeds of \$998 million. The sale represented an Enterprise Value attributable to the operating wind farms of \$3.6 million per megawatt. The sale was unconditional and was signed and settled simultaneously.

BBW’s 50% interest in the Enersis Portfolio comprised 257MW of operational wind farms and 78MW of wind farms under construction. The sale resulted in a loss after taxes, costs and foreign exchange gains of \$8.2 million. Following the sale, BBW reduced its debt by approximately \$718 million being the 50% interest in the Enersis Portfolio debt facilities. BBW received net cash proceeds of approximately \$274 million.

8. Other significant information

Not applicable.

9. Accounting standards used by foreign entities

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

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Appendix 4D – Half Year Report

10. Commentary on results

Distribution

The Board confirmed that a distribution of 4.5 cents per security for the half-year ended 31 December 2008 is expected to be paid on 18 March 2009. The directors of BBW today also confirmed their expectations that BBW would pay a full year distribution of at least 9 cents per stapled security for the year ended 30 June 2009. This assumes P50 production.

Revenue

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

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

Earnings before interest, tax, depreciation and amortisation (“EBITDA”) were \$90.4 million, up approximately 116% compared to the previous corresponding period. Net loss was \$88.4 million during the current half year compared to a net loss of \$4.4 million in the half year ended 31 December 2007.

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

Net finance costs were \$65.6 million for H1'09, compared to \$30.0 million in H1'08. The tax benefit during the six months ended 31 December 2008 was \$18.4 million compared with \$7.7 million in the prior corresponding period.

Net Operating Cash Flow

Net operating cash flow (“NOCF”) was \$79.7 million in H1'09 compared with \$29.7 million in H1'08.

Outlook

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

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

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

This report is based on accounts which are in the process of being reviewed.

12. Qualification of review

Not applicable

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Appendix 4D – Half Year Report

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**Consolidated income statements
for the half year ended 31 December 2008**

	Note	Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000 (Restated)
Revenue	2	150,970	43,286
Net gain on revaluation of financial assets		-	24,246
Other income	3	49,582	18,884
Operating expenses	4	(51,898)	(15,842)
Management charges	4	(10,390)	(14,219)
Depreciation and amortisation expense	4	(73,746)	(18,313)
Finance costs	4	(119,152)	(47,229)
Termination of management agreements	4	(44,549)	-
Net loss before income tax expense		(99,183)	(9,187)
Income tax benefit / (expense)		18,394	7,665
Profit / (loss) from continuing operations		(80,789)	(1,522)
Loss from discontinued operations		(7,613)	(2,872)
Net profit / (loss) for the year		(88,402)	(4,394)
Attributable to stapled security holders as:			
Equity holders of the parent		(93,251)	(9,423)
Equity holders of the other stapled entities (minority interests)		968	4,015
		(92,283)	(5,408)
Other minority interests		3,881	1,014
		(88,402)	(4,394)
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:			
Basic (cents per security)	6	(10.8)	(1.2)
Diluted (cents per security)	6	(10.8)	(1.2)

The above income statements should be read in conjunction with the accompanying notes on pages 10 to 20.

**Consolidated balance sheets
as at 31 December 2008**

	Note	As at 31 Dec 2008 \$'000	As at 30 Jun 2008 \$'000 (Restated)
Current assets			
Cash and cash equivalents	9	368,259	208,505
Trade and other receivables		71,336	194,213
Prepayments		23,196	29,792
Other current assets		3,369	927
Derivative financial instruments		40	33,372
		466,200	466,809
Assets of disposal group classified as held for sale		1,304,344	-
Total current assets		1,770,544	466,809
Non-current assets			
Receivables		108,904	38,651
Prepayments		7,782	15,158
Investment in associates		-	271
Derivative financial instruments		-	92,068
Property, plant and equipment		3,653,417	4,887,995
Deferred tax assets		78,143	72,272
Goodwill		24,860	48,291
Intangible assets		447,529	964,777
Total non-current assets		4,320,635	6,119,483
Total assets		6,091,179	6,586,292
Current liabilities			
Trade and other payables		154,073	296,392
Borrowings		141,205	177,921
Derivative financial instruments		61,595	9,074
Current tax payables		298	6,346
		357,171	489,733
Liabilities directly associated with the assets classified as held for sale		1,297,298	-
Total current liabilities		1,654,469	489,733
Non-current liabilities			
Payables		1	17,196
Borrowings		1,760,137	3,342,304
Derivative financial instruments		258,220	15,293
Provisions		4,387	-
Deferred tax liabilities		47,311	289,022
Total non-current liabilities		2,070,056	3,663,815
Institutional equity partnerships classified as liabilities		1,846,367	1,306,319
Total liabilities		5,570,892	5,459,867
Net assets		520,287	1,126,425
Equity holders of the parent			
Contributed equity	8	4,500	4,501
Reserves		(323,814)	(42,287)
Retained earnings		(94,317)	(1,066)
		(413,631)	(38,852)
Equity holders of the other stapled entities (minority interests)			
Contributed equity	8	935,540	1,009,909
Reserves		(21,635)	(21,635)
Retained earnings		11,628	10,660
		925,533	998,934
Other minority interests		8,385	166,343
Total equity		520,287	1,126,425

The above balance sheets should be read in conjunction with the accompanying notes on pages 10 to 20.

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

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

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 10 to 20.

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

	Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000 (Restated)
Cash flows from operating activities		
Profit/ (loss) for the period	(88,402)	(4,394)
Adjustments for:		
Distributions paid to minority interests	(7,924)	-
Interests in institutional equity partnerships	8,051	(1,626)
(Gain)/loss on revaluation for fair value through profit or loss financial assets – financial instruments	13,605	7,262
Gain on revaluation for fair value through profit or loss financial assets – financial asset investments	-	(24,246)
Distributions received from financial asset investments	-	17,705
Loss on sale of investment	21,220	-
Depreciation and amortisation of non-current assets	107,781	35,839
Foreign exchange (gain)/loss	293	-
Amortisation of borrowing costs capitalised	3,470	2,373
Increase/(decrease) in current tax liability	9,337	(1,006)
(Increase)/decrease in deferred tax balances	(13,129)	1,540
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
(Increase)/decrease in assets:		
Current receivables and other current assets	(5,941)	(13,824)
Increase/(decrease) in liabilities:		
Current payables	31,313	10,120
Net cash from operating activities	79,674	29,743
Cash flows from investing activities		
Proceeds on sale of subsidiary, net of cash disposed of	264,368	-
Payments in relation to asset held for sale	(29,947)	-
Payment for property, plant and equipment and intangible assets	(309,335)	(117,819)
Payment for investments in controlled and jointly controlled entities	(21,067)	(317,567)
Payment for investments in associates	-	(184)
Payment for investments in financial assets	-	(540,881)
Loans advanced	(54,379)	(12,681)
Loans to related parties	-	(776,000)
Repayment of loans by related parties	-	776,000
Refund of investment prepayment	2,684	-
Net cash used in investing activities	(147,676)	(989,132)
Cash flows from financing activities		
Proceeds from issues of equity securities, net of costs	-	254,059
Payment for security buy back	(21,142)	-
Proceeds from borrowings	408,195	834,888
Repayment of borrowings	(152,859)	(358,795)
Loans from related parties	13,440	-
Repayment of borrowings to related parties	-	(57,138)
Distributions paid to security holders	(53,229)	(31,943)
Net cash provided by financing activities	194,405	641,071
Net increase in cash and cash equivalents	126,403	(318,318)
Cash and cash equivalents at the beginning of the half year	208,505	442,969
Effects of exchange rate on the balance of cash held in foreign currencies	53,118	1,024
Cash and cash equivalents at the end of the half year	388,026	125,675

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The above cash flow statements should be read in conjunction with the accompanying notes on pages 10 to 20.

Notes to the Consolidated Financial statements

1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

Correction of accounting treatment in relation to jointly controlled assets

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

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

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

1. Summary of accounting policies (cont'd)

The following adjustments were made as at 31 December 2007:

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

1. Summary of accounting policies (cont'd)

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

2. Revenue

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

Discontinued operations include the following:

Sale of Spanish Portfolio

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

Sale of Portuguese Portfolio

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

3. Other income

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

4. Expenses

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

Termination of Management Agreements

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

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

5. Distributions paid and proposed

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

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

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

6. Earnings per security/ share

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

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

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

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

7. Contingent liabilities and contingent assets

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

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

Framework agreements

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

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

8. Issuances, repurchases and repayments of securities

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

Attributable to:

Equity holders of the parent	4,500
Equity holders of the other stapled securities (minority interests)	935,540
	<u>940,040</u>

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

Attributable to:

Equity holders of the parent	4,498
Equity holders of the other stapled securities (minority interests)	1,040,904
	<u>1,045,402</u>

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

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

(i) Distribution reinvestment plan

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

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

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

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

(ii) On market security buy-back

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

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

(iii) Alinta scheme of arrangement

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

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

On 4 September 2007 a further 1,392,852 stapled securities were issued at a price of \$1.65 per security to fund BBW's share of payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet resulting in a total of \$211m gross proceeds from both stapled security issuances during the year.

(iv) Security purchase plan

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

(v) Institutional placement

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

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

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

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

(vi) Capital wind farm acquisition

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

9. Notes to the cash flow statement

(a) Reconciliation of cash and cash equivalents

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

Cash and cash equivalents

Cash and cash equivalents attributable to discontinued operations

	Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000 (Restated)
	368,259	125,675
	19,767	-
	388,026	125,675

(b) Businesses acquired

During the financial year, 1 business (2007: 6) was acquired, Details of the acquisition is as follows:

Consideration

Cash and cash equivalents paid

Consideration settled through the issue of stapled securities

Cash and cash equivalents deferred until a future period

	970	346,415
	-	24,480
	-	87,798
	970	458,693
Fair value of net assets acquired		
Cash	-	40,552
Receivables and other current assets	516	90,160
Property, plant and equipment	17,123	1,736,531
Other assets	-	62,827
Payables	(120)	(124,689)
Interest bearing liabilities	(17,919)	(1,582,766)
Other liabilities	-	(186,309)
Net assets/ (liabilities)	(400)	36,306
Minority interest	-	(111,333)
Net assets/ (liabilities) acquired	(400)	(75,027)
Goodwill	1,370	533,720

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

	Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000 (Restated)
Net cash outflow on acquisition		
Total consideration	970	458,692
Less: cash and cash equivalent balances acquired	-	(40,552)
Less: consideration still to be paid	-	(87,797)
Less: consideration settled through issue of stapled securities	-	(24,480)
Add: prior year and future acquisition costs paid	28,977	11,704
Cash paid for investments in controlled entities	<u>29,947</u>	<u>317,567</u>
(c) Non-cash financing and investing activities		
Distribution reinvestment plan	9,745	10,124
Acquisition of Capital Wind Farm	-	24,480
	<u>9,745</u>	<u>34,604</u>

(d) Restricted cash balances

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

10. Subsequent events

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

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

BABCOCK & BROWN WIND PARTNERS TRUST

ARSN 116 244 118

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

Babcock & Brown Wind Partners Trust

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

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This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the financial report for the year ended 30 June 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

**Consolidated income statements
 for the half year ended 31 December 2008**

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

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

The above income statements should be read in conjunction with the accompanying notes on pages 6 to 9.

**Consolidated balance sheets
 as at 31 December 2008**

	Note	As at 31 Dec 2008 \$'000	As at 30 June 2008 \$'000
Current assets			
Cash and cash equivalents		688	337
Trade and other receivables		3,920	5,039
Total current assets		4,608	5,376
Non-current assets			
Receivables		915,368	784,337
Investment in associates		54,541	54,109
Total non-current assets		969,909	838,446
Total assets		974,517	843,822
Current liabilities			
Trade and other payables		655	1,020
Total current liabilities		655	1,020
Non-current liabilities			
Payables		494	494
Share of net assets attributable to minority interests		29,856	29,718
Total non-current liabilities		30,350	30,212
Total liabilities		31,005	31,232
Net assets		943,512	812,590
Equity			
Contributed equity	7	929,149	800,325
Retained earnings		14,363	12,265
Total equity and net assets attributable to the unit holders		943,512	812,590

The above balance sheets should be read in conjunction with the accompanying notes on pages 6 to 9.

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

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

The above statements of changes in equity should be read in conjunction with the accompanying notes on pages 6 to 9.

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

Note	Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000
Cash flows from operating activities		
(Loss)/profit for the period	(1,901)	5,608
Adjustments for:		
Share of associates' loss (less dividends)	(151)	(828)
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:		
Decrease/(increase) in assets:		
Current receivables and other current assets	585	(813)
(Decrease)/increase in liabilities:		
Current payables	(228)	165
Net cash (used in)/provided by operating activities	(1,695)	4,132
Cash flows from financing activities		
Proceeds from issues of equity securities, net of costs	9,745	253,297
Loans advanced to related parties	(21,079)	(271,921)
Repayment of borrowings from related parties	76,030	46,622
Distributions paid to security holders	(62,974)	(31,943)
Net cash provided by financing activities	1,722	(3,945)
Net increase in cash and cash equivalents	27	187
Cash and cash equivalents at the beginning of the half year	661	337
Cash and cash equivalents at the end of the half year	688	524

The above cash flow statements should be read in conjunction with the accompanying notes on pages 6 to 9.

Notes to the Consolidated Financial statements

1. Summary of accounting policies

This general purpose financial report for the interim half year reporting period ended 31 December 2008 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2008 and any public announcements made by BBW during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

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

2. Distributions paid and proposed

Final distribution in respect of 2008 year of 7.25 cents per stapled security (2007: 6.25 cents) paid in September 2008 (2007: September 2007), 100% tax deferred (2007: 100% tax deferred)¹

Total distributions paid

Distributions not recognised at the end of the half-year

In addition to the above distributions, since the end of the half year the directors have recommended the payment of an interim distribution of 4.5 cents per stapled security (2008: 7.25 cents). The aggregate amount of the proposed distribution expected to be settled in cash on 18 March 2009 from the Trust's contributed equity, but not recognised as a liability at the end of the half-year, is:

Half year ended 31 Dec 2008 \$'000	Half year ended 31 Dec 2007 \$'000 (Restated)
62,974	42,067
62,974	42,067
38,170	61,485

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

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

3. Segment information

The principal activities of the consolidated entity during the period were to lend and manage funds to entities carrying on wind farm businesses. During the year ended 30 June 2006, the Trust also acquired a non-controlling interest in entities that carry on wind farm businesses. These activities were based in Australia.

4. Businesses combinations

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

5. Earnings per unit

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

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

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

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

6. Contingent liabilities and capital commitments

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

7. Issuances, repurchases and repayments of securities

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

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

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

(i) Distribution reinvestment plan

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

On 18 September 2008 (2007: 14 September 2007), BBW issued 8,938,012 stapled securities (2007: 6,267,665) at a price of \$1.16 per security (2007: \$1.62 per security) in relation to the payment of the final distribution for the year ended 30 June 2008 (2007: 30 June 2007).

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

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

(ii) On-market security buy-back

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

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

(iii) Alinta scheme of arrangement

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

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

On 4 September 2007 a further 1,392,852 stapled securities were issued at a price of \$1.65 per security to fund BBW's share of payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet resulting in a total of \$211m gross proceeds from both stapled security issuances during the year.

(iv) Security purchase plan

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

(v) Institutional placement

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

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

(vi) Capital wind farm acquisition

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

8. Subsequent events

There were no material events after balance sheet date.