Infigen Energy Limited · ABN 39 105 051 616
Infigen Energy Trust · ARSN 116 244 118
Infigen Energy (Bermuda) Limited · ARBN 116 360 715
Infigen Energy · Level 22 · 56 Pitt Street · Sydney NSW 2000 · Australia
T +61 2 8031 9900 · F +61 2 9247 6086 · www.infigenenergy.com

ASX Release

29 September 2009

INFIGEN ENERGY TRUST – FY09 ANNUAL FINANCIAL REPORT

Infigen Energy (ASX: IFN) advises that the attached Annual Financial Report for the Infigen Energy Trust for the year ending 30 June 2009 is being despatched to securityholders today. The report is also available on Infigen's website: www.infigenenergy.com

The full Annual Report for Infigen Energy Limited which covers the operations of the whole group for the year ending 30 June 2009 will be despatched to securityholders with the AGM Notice of Meeting in late-October 2009.

For Further Information:

Rosalie Duff
Head of Investor Relations & Media
Phone: +61 2 8031 9901

About Infigen Energy:

Infigen Energy is a pure renewable energy business which owns and operates wind farms in Australia, the Unites States, Germany and France. Infigen listed on the Australian Securities Exchange on 28 October 2005 and has a market capitalisation of approximately A$1.1 billion.

Infigen'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.

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

Infigen Energy Limited ABN 39 105 051 616
Infigen Energy (Bermuda) Limited ARBN 116 360 715
Infigen Energy Trust ARSN 116 244 118, with
Infigen Energy RE Limited ABN 61 113 813 997
AFSL 290 710 as Responsible Entity

Level 22, 56 Pitt Street, Sydney NSW 2000 Australia
T + 61 2 8031 9900 F +61 2 9247 6086 www.infigenenergy.com

29 September 2009

Address Line 1
Address Line 2
Address Line 3
Address Line 4
Address Line 5
LOCALITY STATE POSTCODE

Dear Securityholder

In accordance with regulatory requirements, the Infigen Energy Group prepares two annual financial reports each year – one report covering the operations of the whole group (issued by Infigen Energy Limited) and another smaller report relating to the Infigen Energy Trust.

Infigen Energy has a triple staple structure, meaning that each IFN stapled security which is traded on the ASX comprises one share in each of Infigen Energy Limited and Infigen Energy (Bermuda) Limited and one unit in Infigen Energy Trust.

Enclosed is the Annual Financial Report for Infigen Energy Trust for the year ending 30 June 2009. Following a successful structural separation and acquisition of the responsible entity from the Babcock & Brown group, the Trust paid fully tax deferred distributions in FY09 totalling 9 cents per stapled security.

The larger Annual Report for Infigen Energy Limited which covers the operations of the whole group for the year ending 30 June 2009 will be mailed to you with the Notice of Annual General Meeting in late October 2009.

Annual General Meeting
The Annual General Meeting for the Infigen Energy Group will be held at 11am on Wednesday, 25 November 2009, in the Marble Room at the Radisson Plaza Hotel at 27 O'Connell Street, Sydney.

We look forward to seeing you there.

Thanks for your ongoing support.

Yours sincerely

David Richardson
Company Secretary
Infigen Energy RE Limited
as responsible entity of the Infigen Energy Trust

Infigen Energy Trust
Annual Financial Report

For the year ended 30 June 2009

Together with the Directors' Report

ARSN 116 244 118

Contents

Corporate Structure

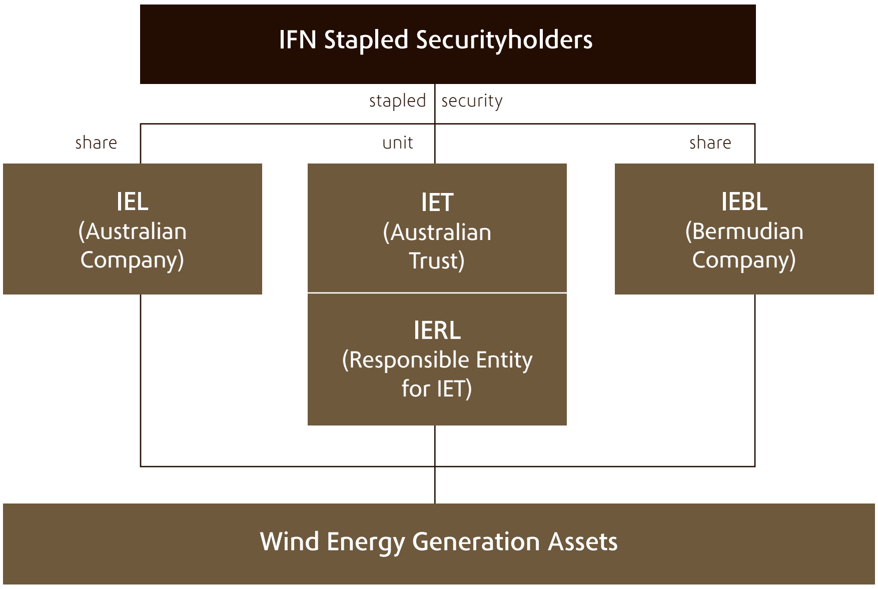
The Infigen Energy group ('**IFN**') consists of the following entities:

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

One share in each of IEL and IEBL and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code.

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

The following diagram provides an overview of Infigen Energy's structure.



On 29 April 2009, IET formally changed its name from Babcock & Brown Wind Partners Trust to Infigen Energy Trust. Similarly, on 29 April 2009, IERL formally changed its name from Babcock & Brown Wind Partners Services Limited to Infigen Energy RE Limited.

Directors' Report

REPORT OF THE DIRECTORS OF THE RESPONSIBLE ENTITY

In respect of the year ended 30 June 2009, the Directors of Infigen Energy RE Limited (**IERL**), the Responsible Entity of the Infigen Energy Trust (**IET** or the **Trust**), submit the following report on the financial results of IET and its controlled entities.

DIRECTORS

The following persons were Directors of Infigen Energy RE Limited during the whole of the financial year and up to the date of this report:

- Anthony Battle
- Douglas Clemson

The following persons were appointed as Directors of IERL during the financial year and continue in office at the date of this report:

- Graham Kelly (appointed 20 October 2008)
- Miles George (appointed 1 January 2009)
- Michael Hutchinson (appointed 18 June 2009)

The following persons were a Director or Alternate Director of IERL from the beginning of the financial year until their resignation:

- Antonino Lo Bianco (resigned as an Alternate Director on 8 December 2008)
- Warren Murphy (resigned as a Director on 29 April 2009)
- Peter Hofbauer (resigned as a Director on 18 June 2009)
- Nils Andersen (resigned as a Director on 18 June 2009)
- Michael Garland (resigned as an Alternate Director on 18 June 2009)

FURTHER INFORMATION ON DIRECTORS

The particulars of the Directors of IERL at or since the end of the financial year are set out below.

Name	Particulars
GRAHAM KELLY **Non-Executive Chairman** Appointed Non-Executive Director on 20 October 2008 Appointed Chairman on 26 November 2008	Graham Kelly is a professional non-executive director with over 30 years experience in academic life, government service, diplomatic service, private legal practice and business management. Graham currently holds several directorships including serving as Non-Executive Chairman of Tishman Speyer Office Fund, Centrebet International Limited and Oasis Fund Management Limited. Graham is also a Governor of the Centenary Institute for Cancer Medicine and was until recently the Inspector of the Independent Commission Against Corruption (NSW). He assisted successive Governments with the development and implementation of a wide range of policy initiatives, including the regulation of offshore petroleum and minerals, the enactment of national environmental legislation and the implementation of urban and regional development policies. Graham served as a Legal Attaché to the Australian Embassy in Washington DC representing Australia on several United Nations and OECD committees, particularly in the area of international trade and investment law and international competition policy. Graham's diplomatic career was followed by 15 years of legal practice at Debevoise & Plimpton and Freehills. Graham served as Managing Partner of the Sydney/Brisbane/Canberra offices of Freehills from 1991-1995, and also as National Chairman of the firm from 1993-1995.

Directors' Report

Name	Particulars
ANTHONY BATTLE **Non-Executive Director** Appointed on 9 September 2005	Anthony (Tony) Battle held executive management and director positions in the banking and finance industry for more than 30 years. Tony was responsible for negotiating, evaluating and closing large and complex transactions. These included asset based, project finance, corporate, merger and acquisition, infrastructure, privatisation and cross-border financings. The transactions were varied and across many business sectors including power generation and transmission, gas pipelines, toll roads, hospitals, property construction and investment, aircraft, shipping, mining, telecommunications and manufacturing. Tony was a member of various strategic planning, credit and management committees which included representatives of major domestic and international banking organisations. For more than a decade prior to the above, Tony led a treasury department of a leading merchant bank. Tony holds a Bachelor of Commerce degree, is a Fellow of the Australian Institute of Company Directors and an Associate of Chartered Secretaries Australia.
DOUGLAS CLEMSON **Non-Executive Director** Appointed on 9 September 2005	Doug Clemson is the former Finance Director and CFO of Asea Brown Boveri (ABB) where he was responsible for the corporate and project finance needs of the ABB group in Australia and New Zealand. He was instrumental in the establishment of the activities of ABB Financial Services and its participation in the co-development, construction and funding of important power generation, transportation and infrastructure projects in this region. Prior to joining ABB, Doug held senior line management and finance executive positions with manufacturing groups, ACI and Smiths Industries. He is the recent chairman of Redbank Power and director of Powerco NZ. His previous directorships include General and Cologne Reinsurance, Electric Power Transmission Group, ABB Australia and New Zealand, and Smiths Industries. Doug is a qualified accountant and a Fellow of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors.
MICHAEL HUTCHINSON **Non-Executive Director** Appointed on 18 June 2009	Mike Hutchinson is a qualified civil engineer, educated at the University of Newcastle upon Tyne, United Kingdom, and Harvard Business School. Mike was formerly an international transport engineering consultant with experience in the United Kingdom, France, Australia, Africa, South East Asia and the Pacific and a senior Australian Government official. From 1980 to 1999 he was a senior official with the Australian Government, mainly working in the transport and communications sectors. Mike worked closely on reform of the Australian Government's state-owned enterprise sector from 1987 to 1996 and was acting Managing Director of the former OTC Ltd in 1989. He led the government's major privatisation program over the period 1996 to 1999, including Telstra, ANL Ltd, Australian National and most of Australia's airports, and he worked closely on the regulation of privatised infrastructure. Since 2000, Mike has practised as a private consultant and company director. He has been a trustee of the Australian Government's superannuation schemes and a consultant to a global investment bank. Previous Directorships include Pacific Hydro Ltd, OTC Ltd, the Australian Postal Corporation and the Australian Graduate School of Management Ltd. He was also Chairman of the HiTech Group Australia Ltd. Mike is currently an independent non-executive director and chair of the audit committee of Hastings Funds Management Ltd, and an independent non-executive director of Westpac Funds Management Ltd, The Australian Infrastructure Fund Ltd and EPIC Energy Holdings Ltd. He is a Member of the Institution of Engineers Australia, Australian Institute of Company Directors, Institution of Civil Engineers and Institution of Highways & Transportation.

Directors' Report

Name	Particulars
MILES GEORGE **Executive Director** Appointed on 1 January 2009	Miles George is the Managing Director of Infigen Energy, having previously been the Chief Executive Officer and then Managing Director of Babcock & Brown Wind Partners (BBW). Miles joined the Infrastructure group of Babcock & Brown in 1997 concentrating on principal investments in the infrastructure and energy sectors, and in particular renewable energy investments. Since 2000 Miles has been involved in the development and financing of wind energy projects in Australia and overseas, including a key role in the development of the Lake Bonney 1 and 2 wind farm projects in South Australia. In 2003 Miles jointly led the team that established Global Wind Partners as a private wind energy investment vehicle – the predecessor to BBW and Infigen Energy. In 2005 Miles jointly led the advisory team which structured and implemented the Initial Public Offer and listing of BBW on the ASX, and following listing he advised BBW on a number of wind farm acquisitions in Australia, Europe and the US. Prior to joining Babcock & Brown in 1997, Miles was a Director of the Project Finance division of AIDC Limited. Miles holds degrees of Bachelor of Engineering and Master of Business Administration (Distinction) from the University of Melbourne.

DIRECTORS' INTERESTS IN IFN STAPLED SECURITIES

One share in each of Infigen Energy Limited (IEL) and Infigen Energy (Bermuda) Limited (IEBL) and one unit in IET have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code (**IFN Stapled Securities**). The table below lists the Directors of IERL during the financial year as well as showing the relevant interests of Directors in IFN stapled securities during the financial year.

		IFN Stapled Securities Held[1]			
Current Directors	Role	Balance 1 July 2008	Acquired during the year	Sold during the year	Balance 30 June 2009
G Kelly[2]	Independent Chairman	n/a	0	0	10,000
A Battle	Independent Non-Executive Director	37,634	5,000	0	42,634
D Clemson	Independent Non-Executive Director	140,000	0	0	140,000
M Hutchinson[3]	Independent Non-Executive Director	n/a	0	0	0
M George[4]	Executive Director	500,000	0	0	500,000
Former Directors	**Role**				
N Andersen[5]	Independent Non-Executive Director	11,694	0	0	n/a
P Hofbauer[6]	Non-Executive Director	3,569,253	0	500,000	n/a
W Murphy[7]	Non-Executive Director	2,406,241	150,351	2,406,241	n/a
M Garland[8]	Alternate Non-Executive Director	2,142,000	0	1,513,475	n/a
A Lo Bianco[9]	Alternate Non-Executive Director	2,142,000	0	0	n/a

1 If the person was not a Director for the whole year, movements in securities held relates to the period whilst the person was a Director.
2 Appointed as a Non-Executive Director of IERL on 20 October 2008 and subsequently elected as Chairman on 26 November 2008.
3 Appointed as a Director of IERL on 18 June 2009.
4 Appointed as a Director of IERL on 1 January 2009.
5 Resigned as a Director of IERL on 18 June 2009.
6 Resigned as a Director of IERL on 18 June 2009.
7 Resigned as a Director of IERL on 29 April 2009.
8 Resigned as an Alternate Director of IERL on 18 June 2009.
9 Resigned as an Alternate Director of IERL on 8 December 2008.

DIRECTORS' MEETINGS

The number of IERL Board meetings and meetings of the Audit, Risk & Compliance Committee established by the IERL Board held during the year ended 30 June 2009, and the number of meetings attended by each Director, are set out below.

	Board Meetings		Audit, Risk & Compliance Committee	
Current Directors	A	B	A	B
G Kelly[1]	12	13	n/a	n/a
A Battle	23	23	8	8
D Clemson	23	23	7	8
M Hutchinson[2]	1	1	n/a	n/a
M George[3]	8	8	n/a	n/a
Former Directors				
W Murphy[4]	19	22	n/a	n/a
N Andersen[5]	19	23	n/a	n/a
P Hofbauer[6]	17	23	7	8

A = Number of meetings attended.
B = Number of meetings held during the time the Director held office or was a member of the committee during the year.

1 Appointed as a Director of IERL on 20 October 2008.
2 Appointed as a Director of IERL on 18 June 2009.
3 Appointed as a Director of IERL on 1 January 2009.
4 Resigned as a Director of IERL on 29 April 2009.
5 Resigned as a Director of IERL on 18 June 2009.
6 Resigned as a Director of IERL and member of the Audit, Risk & Compliance Committee on 18 June 2009.

Additional meetings of committees of Directors were held during the year which are not included in the above table, for example where the Boards delegated authority to a committee of Directors to approve specific matters or documentation on behalf of the Board.

Following the resignation of Mr Hofbauer as a member of the Audit, Risk & Compliance Committee, and subsequent to period end, Mr Hutchinson was appointed by the IERL Board as a member of the Audit, Risk & Compliance Committee.

COMPANY SECRETARIES

The names and particulars of the company secretaries of IERL at or since the end of the financial year are set out below.

Name	Particulars
DAVID RICHARDSON **Company Secretary** Appointed 26 October 2005	David joined Infigen Energy as Company Secretary in 2005 and is now responsible for the company secretarial, risk management, compliance and internal audit functions, as well as corporate governance across the group. Prior to joining Infigen Energy, David was a Company Secretary within the AMP Group including AMP Capital Investors, Financial Services and Insurance divisions. David holds a Diploma of Law, Bachelor of Economics and a Graduate Diploma in Company Secretarial Practice. David is a Member of Chartered Secretaries Australia.
CATHERINE GUNNING **Alternate Company Secretary** Appointed 18 June 2009	Catherine is the General Counsel of Infigen Energy. Prior to joining Infigen in December 2005, Catherine was a Senior Associate in the Corporate & Commercial Department at Allens Arthur Robinson. Catherine also worked in London for leading private equity house NatWest Equity Partners (now Bridgepoint Capital Limited). Catherine has a Bachelor of Economics and a Bachelor of Laws, a Graduate Diploma in Applied Finance and Investment and is admitted as a legal practitioner of the Supreme Court of New South Wales.

Directors' Report

CHANGES IN STATE OF AFFAIRS

In November 2008 and January 2009, the Infigen Energy group (IFN) disposed of its wind farm assets in Portugal and Spain, respectively, achieving a collective net gain on sale of $267.7 million for these assets.

On 31 December 2008, IFN terminated the management agreements with Babcock & Brown for $40 million plus associated costs. In association with the termination of management agreements, IFN also internalised management and acquired the responsible entity of the Infigen Energy Trust from Babcock & Brown.

Since termination of the management agreements, IFN has completed a program to transition to an internally managed operating business, including acquiring a US asset management business and joint venture interests in Australian and New Zealand wind energy development assets. IFN has made significant steps to transform its business from an asset owner to a specialist renewable energy business which is focused on growth opportunities as a renewable energy developer, owner and operator.

Other changes in the state of affairs relating to the Trust are referred to in the Financial Statements and accompanying Notes.

PRINCIPAL ACTIVITIES

The Infigen Energy Trust holds interests in financial investments and non-controlling interests in wind energy generation assets.

DISTRIBUTIONS

In respect of the half year period to 31 December 2008, the Trust paid an FY09 interim distribution of 4.5 cents per stapled security on 18 March 2009.

In respect of the half year period to 30 June 2009, the Trust paid an FY09 final distribution of 4.5 cents per stapled security on 17 September 2009.

The Board of IERL have confirmed that the combined FY09 interim and final distributions of 9 cents per stapled security will be fully tax deferred. Further details regarding the distributions paid by the Trust are set out in Note 12 to the Financial Statements.

REVIEW OF OPERATIONS

The loss attributable to unitholders of the Trust for the year amounted to $1,292,000 compared to a profit of $4,000,000 for the prior year. The change in profit is predominantly due to an increase in management charges and a decrease in interest income. Further specific information relating to the operations of the Trust for the year ended 30 June 2009 is included in the attached Financial Statements and accompanying Notes.

A review of the operations of the Infigen Energy group and the results of those operations for the year ended 30 June 2009 is included in the Infigen Energy group 2009 Annual Report.

UNITS ON ISSUE

As at 30 June 2009, the Trust had 808,176,924 units on issue (30 June 2008: 868,600,694). During the financial year the Trust:

- issued 8,398,012 units (2008: 195,529,812); and
- bought back 68,821,782 units (2008: nil).

Distribution Reinvestment Plan

IFN established a Distribution Reinvestment Plan (DRP) in June 2006 under which eligible stapled securityholders were invited to reinvest part or all of any distribution received in additional stapled securities. On 18 September 2008, IFN issued 8,398,012 stapled securities to securityholders participating in the DRP in relation to the payment of the final distribution for the year ended 30 June 2008. As initially advised at the meeting of unitholders of the Trust held on 26 November 2008, in light of the ongoing on-market security buy-back program (refer below), the DRP was suspended until further notice. Further detail regarding the units issued by the Trust during the financial year are set out in the Financial Statements.

IFN Security Buy-back Program

On 16 September 2008, the IFN Boards agreed to establish an on-market security buy-back program. The Boards believed the IFN security price at the time did not reflect the underlying quality or value of Infigen Energy's global wind energy portfolio. The initial securities were acquired under the buy-back program on 17 November 2008 and a total of 68,821,782 securities were acquired up to 30 June 2009 at an average price of approximately 88.5 cents per security. The continuing operation of the buy-back program is subject to an ongoing analysis of the return achievable at a given security price versus the return achievable from other investment opportunities.

Directors' Report

TRUST ASSETS
As at 30 June 2009, the Trust held assets of $897,905,000 (30 June 2008: $1,050,919,000). Further detail regarding the assets held by the Trust during the financial year are set out in the Balance Sheet and relevant Notes to the Financial Statements, including the basis for valuation of the assets as disclosed in Note 1.

INTERESTS OF THE RESPONSIBLE ENTITY
As at 30 June 2009, the responsible entity of the Trust, Infigen Energy RE Limited, did not hold any units in the Trust.

SUBSEQUENT EVENTS
Purchase of Australian & New Zealand Development Assets and Minority Interest in Caprock
The Infigen Energy group reached financial close on the acquisition of Australian and New Zealand wind energy project development assets in July 2009 and on the purchase of 20% Class B interests in the Caprock wind farm (IFN already held 80% of the Class B interests) in August 2009. The Australian and New Zealand wind energy development assets are primarily 50% interests in development opportunities comprising more than 1000MW in six Australian states and in New Zealand, with a number of the projects located close to IFN's existing Australian wind farms. The development opportunities have the potential to be delivered in the next five years.

Prior to period end, IFN agreed to purchase a group of assets from Babcock & Brown for a total consideration of $23,400,000. The above assets (development assets and Caprock minority interest) form components of these group of assets. Other components of the group of assets acquired from Babcock & Brown include the US asset management business and other wind farm minority interests.

Commencement of Asset Sale Processes
United States
Following a market testing review, IFN initiated a sale process of its US business in August 2009. A potential sale will only take place to the extent that achievable sale prices exceed the benefits of holding the US business.

Europe
IFN has determined that its European assets are 'non-core'. In August 2009, IFN commenced a sales process of its remaining European assets in France and Germany. A potential sale will only take place to the extent that achievable sale prices exceed the benefits of holding these assets.

FUTURE DEVELOPMENTS
Disclosure of information regarding likely developments in the operations of the Trust in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the Trust. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS
To the best of Directors' knowledge, IERL and the Trust have complied with all significant environmental regulations applicable to IFN's operations.

Remuneration Report

REMUNERATION REPORT

On 31 December 2008, Infigen Energy (known as Babcock & Brown Wind Partners (BBW) at the time) terminated the Management Agreements with the Babcock & Brown group (B&B) and internalised management such that the management team became direct employees of the Infigen Energy group (IFN).

In association with the termination of the management agreements with B&B, Infigen Energy also acquired the responsible entity of the Infigen Energy Trust, Infigen Energy RE Limited, from B&B. The basis of fees paid to IERL in its capacity as responsible entity of the Trust is set out in Note 14 to the Financial Statements. Under the Trust's Constitution, IERL is entitled to a management fee of 2% per annum of the value of the gross assets of the Infigen Energy group. IERL has exercised its right under the Constitution to waive the fee referred to above such that it is paid remuneration of $500,000 per annum, increased for movements in the consumer price index. The Trust incurred an amount of $303,000 in the year ended 30 June 2009 (2008: $542,000) as remuneration paid to the responsible entity.

BBW REMUNERATION FRAMEWORK 1 JULY 2008 – 31 DECEMBER 2008

Different remuneration frameworks existed pre and post the internalisation of management on 31 December 2008. Prior to the termination of the BBW Management Agreements on 31 December 2008, B&B managed BBW through a wholly owned subsidiary company (the Manager) in return for a management fee. Under the terms of the BBW Management Agreements, the Manager provided management services and a management team to BBW which comprised B&B employees who were seconded to manage BBW (Management). Those employees were remunerated in accordance with B&B's remuneration policies for the period 1 July 2008 to 31 December 2008.

The B&B Board set the remuneration framework for all B&B employees, including Management of BBW. The B&B Board determined that remuneration would be assessed under a total annual remuneration model consisting of fixed remuneration and incentive remuneration (Short Term Incentives (STI) and Long Term Incentives (LTI)). The amount of incentive remuneration was to be determined after B&B's year-end (December) and was calculated as total annual remuneration approved by the B&B Board less fixed remuneration. Incentive remuneration was then allocated between the STI and LTI components in accordance with relevant criteria.

The general process for determining the total annual remuneration allocation for Management of BBW was as follows:

Step 1: Early in the relevant period, Key Performance Indicators were set to establish criteria for assessing performance of Management in determining their final total annual remuneration amount.

Step 2: Independent Directors who were members of the BBW Nomination & Remuneration Committee provided input to B&B on the performance of Management to assist in determining the preliminary total annual remuneration allocation amount.

Step 3: The B&B Corporate Management Committee established individual allocations from the total incentive remuneration allocation amount and made recommendations to the B&B Remuneration Committee.

Step 4: Independent members of the B&B Remuneration Committee established recommendations to the B&B Board for the total annual remuneration allocation amount and total annual remuneration recommendations for Management.

As agreed with B&B at the time of terminating the BBW Management Agreements, Infigen Energy undertook to assume the existing employee entitlements of Management, including certain amounts relating to previous employment with B&B. These amounts were subsequently paid to the internalised management team of Infigen Energy in March 2009.

INFIGEN ENERGY REMUNERATION FRAMEWORK FROM 1 JANUARY 2009

IFN Remuneration Policy – Objectives

The Infigen Energy group's remuneration policy aims to ensure remuneration is:

- commensurate with an individual's position and responsibilities;
- competitive with market standards;
- linked with IFN's strategic goals and performance; and
- aligned with the interests of securityholders.

Remuneration Report

Role of the IEL Nomination & Remuneration Committee

On behalf of the Infigen Energy group, the Board of Infigen Energy Limited (IEL) established a Nomination & Remuneration Committee to assist the IFN Boards. In addition to nomination and succession matters, the Committee is responsible for reviewing and monitoring the remuneration framework across the group, including specifically the performance and remuneration of Directors and management. Prior to the termination of the BBW Management Agreements, the Nomination & Remuneration Committee also provided input to B&B regarding the performance measures of the Management of BBW and the overall performance of those executives to assist in determining their annual remuneration. As at period end and currently, the members of the Nomination & Remuneration Committee are A Battle (Committee Chairman), G Kelly, D Clemson and M Hutchinson.

A main focus of the Nomination & Remuneration Committee since the internalisation of management has been the development of the following IFN employee remuneration schemes to further align the interest of employees with those of IFN securityholders:

- Employee Deferred Security Plan; and
- Performance Rights & Options Plan.

The Nomination & Remuneration Committee received considerable advice during development of these Plans from independent remuneration consultants, with both Plans being approved at a General Meeting of securityholders held on 29 April 2009. However, proposed changes to employee share schemes first announced by the Federal Government in the May 2009 Federal Budget have created uncertainty in relation to the future operation of the Plans. Revised proposals subsequently announced by the Federal Government provided sufficient certainty for performance rights and options to be issued under the Performance Rights & Options Plan prior to 30 June 2009, however no securities have been awarded under the Employee Deferred Security Plan.

A. REMUNERATION OF NON-EXECUTIVE DIRECTORS OF THE RESPONSIBLE ENTITY

Fees to Non-Executive Directors of IERL reflect the demands which are made on, and the responsibilities of, the Directors. Following receipt of advice from the Nomination & Remuneration Committee, the individual Non-Executive Director fees and committee membership fees are determined by the Board.

Non-Executive Directors receive a cash fee for service which is inclusive of statutory superannuation. Non-Executive Directors do not receive any performance-based remuneration (such as performance rights or options) or any retirement benefits. Non-Executive Director fees are reviewed annually.

Board/Committee Fees

Fees payable to Non-Executive Directors of IERL during the year ended 30 June 2009 are set out below.

Board/Committee	Role	Fee (pa)
Board	Chairman	$85,000
	Non-Executive Director	$54,000
	Lead Independent Director[1]	$3,333
Audit, Risk & Compliance Committee	Chairman	$4,333
	Member	$2,167

1 The appointment of a Director as Lead Independent Director was no longer required following the election of an Independent Chairman on 26 November 2008.

Remuneration Report

Remuneration of Non-Executive Directors for the years ended 30 June 2008 and 2009

Details of the nature and amount of each element of the emoluments of each Non-Executive Director of IERL for the years ended 30 June 2008 and 2009 are set out in the table below.

		Short-term benefits	Post-employment benefits	
Non-Executive Directors	Year	Fees $	Superannuation $	Total $
G Kelly[1]	2009	51,611	4,645	56,256
	2008	–	–	–
A Battle	2009	53,059	4,775	57,834
	2008	50,917	4,583	55,500
D Clemson	2009	53,517	4,816	58,333
	2008	49,847	4,486	54,333
M Hutchinson[2]	2009	1,764	159	1,923
	2008	–	–	–
N Andersen[3]	2009	49,541	4,459	54,000
	2008	105,505	9,495	115,000
P Hofbauer[4]	2009	54,320	–	54,320
	2008	52,167	–	52,167
W Murphy[5]	2009	44,827	–	44,827
	2008	50,000	–	50,000
Total Remuneration	**2009**	**308,639**	**18,854**	**327,493**
	2008	308,436	18,564	327,000

1 Appointed as a Non-Executive Director of Infigen Energy RE Limited on 20 October 2008 and subsequently elected as Chairman of IERL on 26 November 2008.
2 Appointed as a Director of IERL on 18 June 2009.
3 Resigned as a Director of IERL on 18 June 2009.
4 Resigned as a Director of IERL on 18 June 2009. Part of this fee is a notional amount and was not received by Mr Hofbauer because for the period up to 11 November 2008 whilst Mr Hofbauer was an employee of the Babcock & Brown group, he did not directly receive any remuneration from IFN for undertaking the role of Director, however part of the management fee payable by IFN to B&B during that period was designated as consideration for these services.
5 Resigned as a Director of IERL on 29 April 2009. Part of this fee is a notional amount and was not received by Mr Murphy because for the period up to the termination of the Management Agreements with B&B on 31 December 2008, Mr Murphy did not directly receive any remuneration from IFN for undertaking the role of Director, however part of the management fee payable by IFN was designated as consideration for these services.

B. REMUNERATION OF EMPLOYEES OF THE INFIGEN ENERGY GROUP

Following extensive advice from remuneration consultants, the IEL Nomination & Remuneration Committee developed and implemented a remuneration framework for the internalised management team. The remuneration framework consists of:

- a fixed component (base pay and benefits, including superannuation);
- a short-term performance related component or short-term incentive which for the senior executive and management level employees (senior executives) may include the mandatory deferral of a portion of their annual short-term incentive in the form of Restricted Securities under the Employee Deferred Security Plan. For the majority of employees, participation in the short-term incentive will be on the basis of meeting defined Key Performance Indicators (KPIs) which reflect the key financial, strategic and operational targets for each financial year; and
- a long-term incentive by way of participation in the Performance Rights & Options Plan (PR&O Plan) for nominated senior executives. The Board believes that participation in the PR&O Plan is an appropriate 'at risk' equity based incentive given the responsibilities and commitment of the senior executives. In the Board's opinion, participation in the PR&O Plan provides alignment between the potential incentive and reward outcomes for participants, as well as providing an important retention tool and reinforces the goal of creating sustainable value in the interests of securityholders.

Depending on the seniority of the employee, a combination of the above components is used to form an employee's total remuneration. There are no guaranteed base pay increases included in any employment contracts.

Remuneration Report

Employee Deferred Security Plan

The Employee Deferred Security Plan (EDS Plan) is designed to allow employees an opportunity to acquire stapled securities in IFN, and in doing so, further align the interests of employees with those of securityholders by providing a platform for the broader delivery of equity ownership to IFN employees.

The objectives of the EDS Plan are to:

- provide an incentive for the creation of, and focus on, securityholder wealth;
- further align the interests of employees with those of securityholders;
- ensure the remuneration packages of employees are consistent with market practice and provide competitive compensation;
- provide short to medium-term incentives for the retention of employees; and
- support the culture of employee stapled security ownership.

Under the EDS Plan, employees would have the ability to express a preference to receive IFN stapled securities instead of a portion of their potential future short-term incentive remuneration on a pre-tax basis in the form of restricted IFN stapled securities (Restricted Securities). In addition, IFN would be able to make awards of Restricted Securities to employees as a performance incentive or reward for exceptional performance, on terms and conditions as determined by the Board of IEL.

The Board of IEL is responsible for administering the EDS Plan in accordance with the EDS Plan Rules and the terms and conditions of specific grants of Restricted Securities to participants in the EDS Plan. An award of Restricted Securities under the EDS Plan is subject to both the EDS Plan Rules and the terms of the specific award. Restricted Securities allocated under the EDS Plan may be existing securities or newly issued securities. Any IFN stapled securities that are issued or transferred to employees under the EDS Plan will rank equally with those traded on the ASX at the time of issue. A participant is entitled to:

- receive distributions/dividends;
- participate in bonus and rights issues; and
- vote at general meetings of IFN,

in respect of the Restricted Securities that they hold under the EDS Plan (whether or not the Restricted Securities are subject to disposal restrictions or performance conditions).

Under the EDS Plan, the Board has the discretion to determine which employees will be offered the opportunity to participate in the EDS Plan. At the time of the General Meeting of securityholders held on 29 April 2009, the Board indicated an intention to offer voluntary participation in the EDS Plan to a wide range of employees who may express a preference to sacrifice part of their salary or cash based incentives. The Restricted Securities would be purchased on-market or issued and would be held by employees subject to a holding lock for 10 years. However, the Board, in its absolute discretion, may approve the removal of the holding lock, but not before the terms and conditions set out under the relevant award have been satisfied.

Also at the time of the General Meeting of securityholders, the Board indicated an intention that senior executives would receive a mandatory proportion of any annual short-term incentive in the form of Restricted Securities under the EDS Plan. Securities awarded as a mandatory allocation may be purchased on-market or issued and would be held by executives subject to a specified holding lock period. The holding lock would expire on the 10th anniversary from the date of allocation, however the Board, in its absolute discretion, may approve the removal of the holding lock, but not until one year has passed in relation to 50% of the Restricted Securities and two years have passed in relation to the remaining Restricted Securities.

EDS Plan Arrangements for Financial Year 2009

The Board indicated at the General Meeting of securityholders on 29 April 2009 that, given recent market volatility and the significant change associated with the separation from Babcock & Brown and internalisation of Management, the most appropriate form of incentive arrangement for the senior executives in the FY09 period is a long-term incentive arrangement. This was designed to ensure retention of key executives and to align the interests of participating executives with the interests of securityholders. As such, it was envisaged that the senior executives of IFN would not participate in the short-term incentive arrangements or the EDS Plan in FY09 and instead, would participate in a ‘one-off’ long-term incentive award as described further below.

Due to the uncertainty associated with the proposed changes to employee share schemes first announced by the Federal Government in the May 2009 Federal Budget, no Restricted Securities have been awarded to employees of IFN under the EDS Plan at the time of this report.

Performance Rights & Options Plan

The Performance Rights and Options Plan (PR&O Plan) is designed to deliver to executives an appropriate long-term equity participation interest in IFN, and in doing so, align the longer term interests of executives with those of securityholders. Any performance rights and options awarded to executives under the PR&O Plan are 'at risk' and will only vest if the terms and conditions set out under the relevant award are satisfied.

The Board of IEL may in its absolute discretion determine which eligible persons will be offered the opportunity to participate in the PR&O Plan. The PR&O Plan will allow the grant of performance rights and options to participants, with the PR&O Plan Rules setting out the general terms of the PR&O Plan. A grant of performance rights or options under the PR&O Plan is subject to both the PR&O Plan Rules and the terms of the specific grant. Other features of the PR&O Plan are as follows:

- the Board of IEL may impose performance conditions on any grants under the PR&O Plan to reflect IFN's business plans, targets, budgets and its performance objectives. Further information is provided below in relation to performance conditions.
- performance rights and options will not attract dividends, distributions or voting rights until they vest (and in the case of options, are exercised) and stapled securities are allocated (whether or not the stapled securities are subject to non-disposal restrictions).
- upon the performance conditions being satisfied in respect of a performance right and/or option:
  - the performance right automatically vests and IEL must procure the issue or transfer of an IFN stapled security to the participant; and
  - the option vests but the participant must determine whether to 'exercise' the option. Upon the exercise of the option and payment of relevant exercise price by the participant, IEL must procure the issue or transfer of an IFN stapled security to the participant.
- the Board of IEL may, in its discretion, accelerate the vesting of all or part of any unvested performance rights or options, including in circumstances such as death, total and permanent disablement, a change of control, a compromise or arrangement under Part 5.1 of the Corporations Act, winding up or delisting.
- the PR&O Plan provides for the acquisition by issue or transfer of fully paid stapled securities by the plan entity appointed by IEL. Stapled securities may then be transferred from the plan entity to a participant upon the relevant performance conditions being satisfied. Any stapled securities issued under the PR&O Plan will rank equally with those traded on the ASX at the time of issue.
- in the event of any capital reorganisation of IFN (including any bonus issues and rights issues), the participant's options or performance rights will be adjusted, as set out in the PR&O Plan Rules and otherwise in accordance with the Listing Rules. In general, it is intended that the participant will not receive any advantage or disadvantage from such adjustment relative to IFN securityholders.

PR&O Plan Arrangements for Financial Year 2009

The Board determined that the most appropriate form of incentive arrangement for the FY09 period for the senior executives is a long-term incentive arrangement. Following the internalisation of management, the Board determined that on a 'one-off' basis for FY09 senior executives will be eligible to receive a long-term incentive award under the PR&O Plan that encompassed:

- the senior executive's short-term incentive opportunity for FY09;
- the senior executive's long-term incentive award for FY09; and
- the senior executive's long-term incentive award for FY10.

Senior executives participating in this opportunity will not receive any cash payments or short-term incentives which may otherwise have been awarded under the short-term incentive plan at the completion of FY09. Instead, the short-term incentive opportunity was redirected to the FY09 allocation under the PR&O Plan which will be 'at risk' and subject to both defined performance hurdles/conditions and a minimum three year performance period (refer below).

For senior executives participating in the 'one-off' PR&O opportunity, the Board accelerated participation in the PR&O Plan by bringing forward the FY10 PR&O allocation. The 'one-off' opportunity in FY09 enhances the alignment of the potential executive reward outcomes with the interests of securityholders, though for any benefit to vest the performance thresholds as defined below must be met. The FY09 opportunity also enhances the retention capacity of IFN's reward framework.

For senior executives who received an award under the PR&O Plan for FY09, the Board does not intend to make any further awards under the PR&O Plan to those executives in respect of FY10.

Performance Conditions of Awards Granted Under the PR&O Plan in Respect of FY09

1. Participants received 50% of their award in the form of performance rights and 50% in the form of options. Performance rights and options were awarded to participants in two tranches of equal value (**Tranche 1** and **Tranche 2**).
2. The measures used to determine performance and the subsequent vesting of performance rights and options are Total Shareholder Return (TSR) and a financial performance test. The vesting of Tranche 1 of the performance rights and Tranche 1 of the options is subject to the TSR condition, while Tranche 2 of the performance rights and Tranche 2 of the options is subject to an Operational Performance condition. The Operational Performance condition is determined by an earnings before interest, taxes, depreciation and amortisation (EBITDA) test.

	Performance Rights	Options
Tranche 1	TSR condition	TSR condition
Tranche 2	Operational Performance condition	Operational Performance condition

3. The Tranche 1 TSR condition is measured over a 3 year period from 1 January 2009 to 31 December 2011.
4. The Tranche 2 Operational Performance condition is measured over a 3 year period from 1 July 2008 to 30 June 2011.
5. **TSR condition** (applicable to Tranche 1 performance rights and Tranche 1 options): TSR measures the growth in the price of securities plus cash distributions notionally reinvested in securities. In order for the Tranche 1 performance rights and the Tranche 1 options to vest, the TSR of IFN will be compared to companies in the S&P/ASX 200 (excluding financial services and the materials/resources sector). The performance period commences on 1 January 2009 and ends on 31 December 2011. For the purpose of calculating the TSR measurement, the security prices of each company in the S&P/ASX 200 (as modified above) and of IFN will be averaged over the 30 trading days preceding the start and end date of the performance period.

   The percentage of the Tranche 1 performance rights and Tranche 1 options that vest are as follows:

IFN's TSR performance compared to the relevant peer group	Percentage of Tranche 1 performance rights and Tranche 1 options to vest
0 to 49th percentile	Nil
50th to 74th percentile	50% – 98% (ie. for every percentile increase between 50% and 74% an additional 2% of the TSR grant will vest)
75th to 100th percentile	100%

6. **Operational Performance condition** (applicable to Tranche 2 performance rights and Tranche 2 options): the vesting of the Tranche 2 performance rights and Tranche 2 options is subject to an Operational Performance condition. In the context of the market volatility and the changing circumstances of IFN moving to an operational business, this Operational Performance condition is to be established annually by the Board. At the completion of the 3 year performance period, the Operational Performance conditions which have been set will provide a cumulative hurdle which must be achieved in order for the Operational Performance condition to be satisfied.

   The Operational Performance condition will test the multiple of EBITDA to Capital Base, with the annual target being a specified percentage increase in the multiple over the year. The Capital Base will be measured as equity (net assets) plus net debt. Both the EBITDA and Capital Base will be measured on a proportionately consolidated basis to reflect IFN's economic interest in all investments.

   For the initial awards granted under the PR&O Plan, the annual target for FY09 was set to reflect the performance expectations of IFN's business and prevailing market conditions at the time. Going forward, the annual Operational Performance target for each financial year will be established by the Board no later than the time of the release of IFN's annual financial results for the preceding financial year.

   The annual Operational Performance targets are confidential to IFN, however each year's target, and the performance against that target, will be disclosed in IFN's Annual Report for that year.

7. Any performance rights or options that do not vest following the measurement of performance against the TSR and Operational Performance conditions described above will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 TSR performance condition and 30 June 2012 in regards to the Tranche 2 Operational Performance condition). Any performance rights or options that do not vest in year 4 will then lapse.
8. The Board of IEL will accelerate the vesting of any performance rights or options awarded in FY09 in the event of a change in control of IFN.

LINK BETWEEN REMUNERATION POLICY AND THE PERFORMANCE OF INFIGEN ENERGY

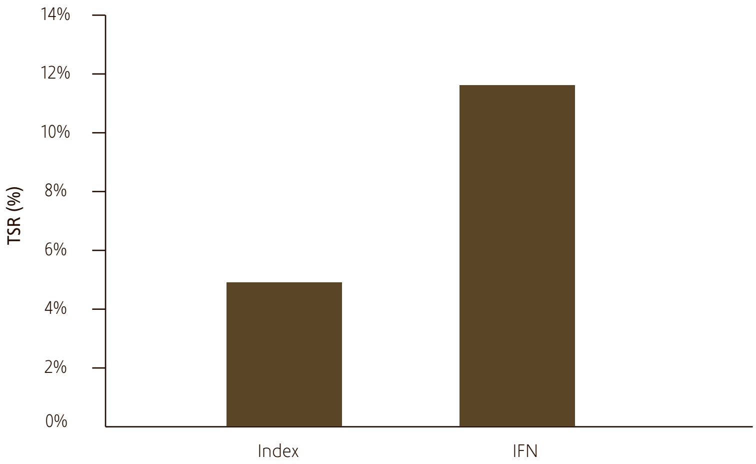
As previously mentioned, the main focus of the Nomination & Remuneration Committee since the internalisation of management has been the development of the Employee Deferred Security Plan and the Performance Rights & Options Plan. These plans are designed to further align the interests of employees with those of IFN securityholders, and in particular further aligning the long-term interests of senior management and securityholders via senior management participation in the Performance Rights & Options Plan.

Since listing on the Australian Securities Exchange in October 2005 (under the group's former name of Babcock & Brown Wind Partners at the time), Infigen Energy has:

- generated total shareholder returns in excess of 11.6%, compared with the S&P/ASX200 Accumulation Index of 4.9% over the same period[1]; and
- declared a total of 46.2 cents per security in distributions.

The graph below displays Infigen Energy's Total Shareholder Return (TSR) performance compared to the S&P/ASX200 Accumulation Index since listing to 30 June 2009.

TSR performance against S&P/ASX200 Accumulation Index[1]



1 Source: Bloomberg & Iress (period 28 October 2005 to 30 June 2009).

Other relevant metrics for the financial year periods since listing are included in the table below.

	30 June 2006	30 June 2007	30 June 2008	30 June 2009
Closing security price	$1.51	$1.95	$1.645	$1.15
Revenue[1] (m)	$85.6	$171.9	$254.3	$315.8
EBITDA from operations[1] (m)	$64.6	$126.5	$193.0	$225.7
Net Operating Cash Flow (m)	$34.2	$87.8	$188.8	$169.5
Distributions (cents per security)	10.2	12.5	14.5	9.0
Net assets per security	$1.16	$1.10	$1.30	$1.14
Total securities on issue	575,301,766	673,070,882	868,600,694	808,176,924[2]

1 Revenue and EBITDA from operations figures exclude the results of discontinued operations for the years ended 30 June 2008 and 30 June 2009. The Portuguese and Spanish asset portfolios were sold by Infigen Energy on 21 November 2008 and 9 January 2009, respectively. These asset sales achieved a collective net gain on sale of $267.7 million and a significant deleveraging of the business.

2 The reduction in securities on issue is a result of the on-market security buy-back program.

INFIGEN ENERGY – EXECUTIVES

The following persons were key management personnel (Executives) of the Infigen Energy group during the financial year:

M George	Chief Executive Officer
G Dutaillis	Chief Operating Officer
G Dover	Chief Financial Officer
D Richardson	Company Secretary

Prior to the termination of the Management Agreements with the Babcock & Brown group and internalisation of management on 31 December 2008, the Executives were employees of Babcock & Brown. From 1 January 2009, the Executives were employees of Infigen Energy.

Options, bonus deferral rights and share awards that were held by the Executives over Babcock & Brown ordinary shares prior to the termination of the Management Agreements were forfeited or expired on 31 December 2008. In some instances, this has resulted in a net negative value for share based payments presented in Table 1 below due to the expense that was previously recognised in relation to these options, bonus deferral rights and share awards being reversed in FY09. No additional options, bonus deferral rights and share awards were granted to Executives over Babcock & Brown ordinary shares during FY09.

The remuneration information stated in the remainder of this report relates to the total remuneration received by the Executives for their respective roles in managing the Infigen Energy group. A component of the Executives day-to-day activities relates to management of the responsible entity and the Trust, however this component is not able to be separately quantified from the total remuneration received by the Executives.

Remuneration Report

TABLE 1: REMUNERATION OF IFN EXECUTIVES FOR THE YEARS ENDED 30 JUNE 2008 AND 2009

Details of the nature and amount of each element of the emoluments of each IFN Executive for the years ended 30 June 2008 and 2009 are set out in the table below.

		Short-term employee benefits				Post-employment benefits	Other long-term employee benefits	Share-based payments[1, 2]		
Executive	Year	Salary $	STI relating to current period[3] $	Non-monetary benefits $	Total of short-term employee benefits $	Super-annuation $	Long Service Leave $	Equity settled $	Cash settled $	Total[4] $
M George	2009	662,499	512,077	–	1,174,576	13,744	10,432	(158,755)	(42,576)	997,421
	2008	316,250	446,600	–	762,850	13,129	5,271	1,010,026	28,470	1,819,746
G Dutaillis	2009	407,500	270,096	–	677,596	13,744	6,591	(19,471)	(8,777)	669,683
	2008	311,000	350,000	–	661,000	13,129	5,183	245,755	5,869	930,936
G Dover	2009	407,500	270,096	–	677,596	13,744	6,591	107,176	(8,777)	796,330
	2008	311,000	350,000	–	661,000	13,129	5,183	174,839	5,869	860,020
D Richardson	2009	228,000	131,000	–	359,000	13,744	3,832	21,730	–	398,306
	2008	170,600	157,800	–	328,400	13,129	2,843	15,529	–	359,901
Total Remuneration	**2009**	**1,705,499**	**1,183,269**	**–**	**2,888,768**	**54,976**	**27,446**	**(49,320)**	**(60,130)**	**2,861,740**
	2008	1,108,850	1,304,400	–	2,413,250	52,516	18,480	1,446,149	40,208	3,970,603

1 For the period up to 31 December 2008, Equity settled share-based payments includes LTI Plan options, B&B Bonus Deferral Rights and Share Awards relating to Babcock & Brown ordinary shares. Cash settled share-based payments over this period refers to the Fund Bonus Deferral Rights which have been cash-settled. For the period 1 January 2009 to 30 June 2009, share-based payments includes Performance Rights and Options relating to IFN stapled securities.
2 Options, bonus deferral rights and share awards that were held by the Executives relating to Babcock & Brown ordinary shares prior to the termination of the Management Agreements were forfeited or expired on 31 December 2008. In some instances, this has resulted in a net negative value for share based payments presented in the table due to the expense that was previously recognised in relation to these options, bonus deferral rights and share awards being reversed in FY09.
3 Short Term Incentives refers to the STI paid in relation to employment with the Babcock & Brown group.
4 Remuneration relates to the total remuneration received by the Executives for their respective roles in managing the Infigen Energy group – not remuneration solely relating to managing the responsible entity or Trust.

TABLE 2: REMUNERATION COMPONENTS AS A PROPORTION OF TOTAL REMUNERATION

The relative proportion of fixed remuneration to performance-based remuneration for FY09 is set out below.

		Performance-based remuneration		
Executive	Fixed remuneration[1] (%)	Cash STI[2] (%)	Share-based payments[3] (%)	Total (%)
M George	45.2	33.7	21.1	100
G Dutaillis	49.5	31.2	19.3	100
G Dover	49.5	31.2	19.3	100
D Richardson	58.4	31.2	10.4	100

1 Fixed Remuneration consists of salary, non-monetary benefits, superannuation and long service leave.
2 Cash STI relates to employment with Babcock & Brown.
3 Share-based payments refers to the value of performance rights and options relating to IFN securities.

Infigen Energy's current remuneration strategy is to provide a balanced compensation mix by rewarding superior performance in achieving financial performance objectives as well as providing ongoing incentives to continue to achieve strong security price performance.

IFN Performance Rights and Options

No performance rights or options were granted in relation to IFN stapled securities to Executives prior to the internalisation of management on 31 December 2008. Subsequent to the internalisation of management, performance rights and options over IFN stapled securities were granted to Executives in FY09 under the Performance Rights & Options Plan.

No performance rights or options in relation to IFN securities vested or became exercisable in FY09. No IFN securities were acquired by Executives upon the exercise of options during FY09.

TABLE 3: VALUE OF REMUNERATION THAT VESTS IN FUTURE YEARS

Remuneration amounts disclosed in Table 3 below refer to the maximum value of performance rights and options relating to IFN securities. These amounts have been determined at grant date by using an appropriate pricing model and amortised in accordance with AASB 2 'Share Based Payment'. The minimum value of remuneration that may vest is nil.

	Maximum value of remuneration which is subject to vesting		
Executive	FY10 ($)	FY11 ($)	FY12 ($)
M George	647,215	647,215	138,797
G Dutaillis	336,552	336,552	72,174
G Dover	336,552	336,552	72,174
D Richardson	88,539	88,539	18,987

Outstanding Performance Rights

Performance rights relating to IFN securities have been granted in two tranches to participants in the Performance Rights & Options Plan and have a 3 year performance measurement period. Vesting of Tranche 1 is subject to a Total Shareholder Return (TSR) condition and Tranche 2 is subject to an Operating Performance condition. Upon relevant performance conditions being met, the performance rights granted automatically vest and the holder will receive one fully paid ordinary IFN stapled security per performance right vested. The performance rights do not attract dividends, distributions or voting rights until they vest and stapled securities are allocated. No exercise price is payable in relation to the performance rights and no amounts have been paid or are payable by the recipient for the granting of these performance rights.
No performance rights vested, were exercised or lapsed during the year and all performance rights held as at 30 June 2009 are unvested and unexercisable.

Any performance rights which do not vest following the measurement of performance against the relevant conditions will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 and 30 June 2012 in regards to the Tranche 2). Any performance rights which do not vest after each single retest period will then lapse.

TABLE 4: TERMS AND CONDITIONS OF OUTSTANDING PERFORMANCE RIGHTS

The table below provides the terms and conditions of outstanding performance rights relating to IFN securities which have been granted to the Executives. The performance rights are valued as at the deemed grant date.

					Estimated vesting date[1]	
Executive	Granted number	Grant date	Value per performance right ($)	Total value of performance rights granted ($)	Tranche 1	Tranche 2
M George	1,112,925	27/3/09	0.626	696,844	31/12/11	30/6/11
G Dutaillis	578,721	27/3/09	0.626	362,359	31/12/11	30/6/11
G Dover	578,721	27/3/09	0.626	362,359	31/12/11	30/6/11
D Richardson	152,248	27/3/09	0.626	95,328	31/12/11	30/6/11

1 Any performance rights which do not vest after the 3 year performance measurement period are subject to a single retest period for a further year respectively.

Outstanding Options

Options relating to IFN securities have been granted in two tranches to participants in the Performance Rights & Options Plan and have a 3 year performance measurement period. Vesting of Tranche 1 is subject to a TSR condition and Tranche 2 is subject to an Operating Performance condition. Upon vesting, each option entitles the holder to subscribe for one fully paid ordinary IFN stapled security upon payment of the relevant exercise price per security. The options do not attract dividends, distributions or voting rights until they vest and stapled securities are allocated. These Options were issued at no cost and no amounts have been paid, or are payable, by the recipient for the granting of these options. No options relating to IFN securities vested, were exercised or lapsed during the year and all options held at 30 June 2009 are unvested and unexercisable.

Any options which do not vest following the measurement of performance against the relevant conditions will be subject to a single retest 4 years after the commencement of the relevant performance period (ie. 31 December 2012 in regards to the Tranche 1 and 30 June 2012 in regards to the Tranche 2). Any options which do not vest after that single retest period will then lapse.

TABLE 5: TERMS AND CONDITIONS OF OUTSTANDING OPTIONS

The table below provides the terms and conditions of outstanding performance rights relating to IFN securities which have been granted to the Executives. The options are valued as at the deemed grant date.

						Estimated vesting date[1]		
Executive	Granted number	Grant date	Value per option ($)	Total value of options granted ($)	Exercise price per option ($)	Tranche 1	Tranche 2	Expiry date of vested options
M George	5,053,908	27/3/09	0.209	1,057,331	0.897	31/12/11	30/6/11	31/12/13
G Dutaillis	2,628,032	27/3/09	0.209	549,812	0.897	31/12/11	30/6/11	31/12/13
G Dover	2,628,032	27/3/09	0.209	549,812	0.897	31/12/11	30/6/11	31/12/13
D Richardson	691,375	27/3/09	0.209	144,643	0.897	31/12/11	30/6/11	31/12/13

1 Any options which do not vest after the 3 year performance measurement period are subject to a single retest period for a further year respectively.

Executive Employment Contracts

The base salaries for Executives as at 30 June 2009, in accordance with their employment contract, are set out below. These employment contracts and base salaries relate to each Executive's respective responsibility in managing the Infigen Energy group, not for solely managing the responsible entity or the Trust.

Executive	Base remuneration per employment contract ($)
M George	550,000
G Dutaillis	370,000
G Dover	370,000
D Richardson	228,000

Employment contracts relating to the Executives contain the following conditions:

Duration of contract	Open-ended.
Notice period to terminate the contract	For M George, G Dutaillis and G Dover their employment is able to be terminated by either party on 6 months' written notice. For D Richardson, his employment is able to be terminated by either party on 3 months' written notice. IFN may elect to pay an amount in lieu of completing the notice period, calculated on the base salary as at the termination date.
Termination payments provided under the contract	Upon termination, any accrued but untaken leave entitlements, in accordance with applicable legislation, are payable. If made redundant, a severance payment equivalent to 4 weeks base salary for each year of service (or part thereof), up to a maximum of 36 weeks.

Directors’ Report

INDEMNIFICATION AND INSURANCE OF OFFICERS

IFN has agreed to indemnify all Directors and Officers against losses incurred in their role as Director, Alternate Director, Secretary, Executive or other employee of IFN or its subsidiaries, subject to certain exclusions, including to the extent that such indemnity is prohibited by the *Corporations Act 2001* or any other applicable law. The agreement stipulates that IFN will meet the full amount of any such liabilities costs and expenses (including legal fees). IFN has not been advised of any claims under any of the above indemnities.

During the financial year IFN paid insurance premiums for a Directors’ and Officers’ liability insurance contract, that provides cover for the current and former Directors, Alternate Directors, Secretaries and Executive Officers of IFN and its subsidiaries. The Directors have not included details of the nature of the liabilities covered in this contract or the amount of the premium paid, as disclosure is prohibited under the terms of the contract.

PROCEEDINGS ON BEHALF OF THE TRUST

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

FORMER PARTNERS OF THE AUDIT FIRM

No current Directors or Officers of IERL have been Partners of PricewaterhouseCoopers at a time when that firm has been the auditor of the Infigen Energy group.

AUDITOR’S INDEPENDENCE DECLARATION

The Trust’s auditor has provided a written declaration under section 307C of the *Corporations Act 2001* that to the best of its knowledge and belief, there have been no contraventions of:

- the auditor independence requirements of the *Corporations Act 2001* in relation to the audit; and
- the applicable Australian code of professional conduct in relation to the audit.

The auditor’s independence declaration is attached to this Directors’ Report.

ROUNDING

Pursuant to ASIC Class Order 98/0100, dated 10 July 1998, amounts in the Directors’ Report and the Financial Report are rounded off to the nearest thousand dollars, unless otherwise indicated.

This report is made in accordance with a resolution of the Directors pursuant to section 298(2) of the *Corporations Act 2001*.

On behalf of the Directors of Infigen Energy RE Limited, the responsible entity of the Infigen Energy Trust:

Douglas Clemson	**Miles George**
Director	Director

Sydney, 17 September 2009

PricewaterhouseCoopers

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Trust for the year ended 30 June 2009, 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 audit; and
b) no contraventions of any applicable code of professional conduct in relation to the audit.

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

A J Wilson
Partner

Sydney
17 September 2009

PRICEWATERHOUSECOOPERS

PricewaterhouseCoopers
ABN 52 780 433 757

Darling Park Tower 2
201 Sussex Street
GPO BOX 2650
SYDNEY NSW 1171
DX 77 Sydney
Australia
Telephone +61 2 8266 0000
Facsimile +61 2 8266 9999

Independent auditor's report to the unitholders of Infigen Energy Trust

Report on the financial report

We have audited the accompanying financial report of Infigen Energy Trust (the trust), which comprises the balance sheet as at 30 June 2009, and the income statement, statement of changes in equity and cash flow statement for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration for both Infigen Energy Trust and the Infigen Energy Trust Group (the consolidated entity). The consolidated entity comprises the trust and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the trust are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

Our procedures include reading the other information in the Annual Report to determine whether it contains any material inconsistencies with the financial report.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

PRICEWATERHOUSECOOPERS

Independent auditor's report to the unitholders of Infigen Energy Trust (continued)

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Infigen Energy Trust is in accordance with the *Corporations Act 2001*, including:

    (i) giving a true and fair view of the trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001;* and

(b) the consolidated financial statements and notes also comply with International Financial Reporting Standards as disclosed in Note 1.

Report on the Remuneration Report

We have audited the Remuneration Report included in pages 8 to 19 of the directors' report for the year ended 30 June 2009. The directors of the trust are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the Remuneration Report of Infigen Energy Trust for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

PricewaterhouseCoopers

A J Wilson
Partner

Sydney
17 September 2009

Income Statement
for the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Interest income		2,716	7,248	2,716	7,248
Share of net profit of associates	7	2,312	211	–	–
Operating expenses	2	(671)	(924)	(671)	(924)
Management charges	2	(4,909)	(2,468)	(4,909)	(2,468)
Profit from operating activities		**(552)**	**4,067**	**(2,864)**	**3,856**
Finance costs – net profit attributable to the minority interest	7	(740)	(67)	–	–
Net profit attributable to the unit holders		**(1,292)**	**4,000**	**(2,864)**	**3,856**
Basic and diluted earnings per unit (cents)	11	(0.2)	0.5	(0.3)	0.5

The above income statement should be read in conjunction with the accompanying Notes to the financial statements.

Balance sheet
as at 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current assets					
Cash and cash equivalents	16	757	661	757	661
Trade and other receivables	5	3,543	805	3,543	805
Total current assets		4,300	1,466	4,300	1,466
Non-current assets					
Receivables	5	836,973	995,133	835,757	993,917
Investment in associate	7	56,632	54,320	–	–
Interests in controlled entities	6	–	–	21,639	21,639
Total non-current assets		893,605	1,049,453	857,396	1,015,556
Total assets		897,905	1,050,919	861,696	1,017,022
Current liabilities					
Trade and other payables	8	561	888	556	883
Total current liabilities		561	888	556	883
Non-current liabilities					
Payables	8	494	494	–	–
Share of net assets attributable to minority interests	7	30,525	29,785	–	–
Total non-current liabilities		31,019	30,279	–	–
Total liabilities		31,580	31,167	556	883
Net assets		866,325	1,019,752	861,140	1,016,139
Equity					
Contributed equity	9	851,352	1,003,487	851,352	1,003,487
Retained profits	10	14,973	16,265	9,788	12,652
Total equity and net assets attributable to the unit holders		866,325	1,019,752	861,140	1,016,139

The above balance sheet should be read in conjunction with the accompanying Notes to the financial statements.

Statement of changes in equity
for the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Total equity at the beginning of the year		1,019,752	812,590	1,016,139	809,121
Net profit for the year		(1,292)	4,000	(2,864)	3,856
Total recognised income and expense		(1,292)	4,000	(2,864)	3,856
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of costs	9	9,717	306,714	9,717	306,714
Purchase of securities – on market buy-back	9	(60,708)	–	(60,708)	–
Distributions paid	9	(101,144)	(103,552)	(101,144)	(103,552)
Total equity at the end of the year		866,325	1,019,752	861,140	1,016,139

The above statement of changes in equity should be read in conjunction with the accompanying Notes to the financial statements.

Cash flow statement
for the year ended 30 June 2009

		Consolidated		Parent	
	Note	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Cash flows from operating activities					
Profit/(loss) for the year		(1,292)	4,000	(2,864)	3,856
Share of associates' profit (less dividends)		(1,572)	(144)	–	–
Changes in net assets and liabilities, net of effects from acquisition and disposal of businesses:					
(Increase)/decrease in assets:					
Current receivables		(2,738)	4,233	(2,738)	4,233
Increase/(decrease) in liabilities:					
Current payables		(327)	(4)	(327)	(4)
Net cash provided by/(used in) operating activities		(5,929)	8,085	(5,929)	8,085
Cash flows from financing activities					
Proceeds from issues of units, net of costs		–	277,613	–	277,613
Repayment of borrowings		158,132	636,170	158,132	636,170
Payment for units buy-back	9	(60,708)	–	(60,708)	–
Distributions paid to security holders	12	(91,399)	(74,490)	(91,399)	(74,490)
Loans advanced to related parties		–	(847,054)	–	(847,054)
Net cash provided by/(used in) financing activities		6,025	(7,761)	6,025	(7,761)
Net increase in cash and cash equivalents		96	324	96	324
Cash and cash equivalents at the beginning of the financial year		661	337	661	337
Cash and cash equivalents at the end of the financial year	16	757	661	757	661

The above cash flow statement should be read in conjunction with the accompanying Notes to the financial statements.

Notes to the Financial Statements
for the year ended 30 June 2009

Notes to the Financial Statements
for the year ended 30 June 2009

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted inthe preparation of the financial report are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. The financial report includes separate financial statements for the Infigen Energy Trust as an individual entity and the consolidated entity consisting of the Infigen Energy Trust and its subsidiaries.

Change of Name

At the extraordinary general meeting held on 29 April 2009, security holders approved a change to the name of the group from Babcock & Brown Wind Partners to Infigen Energy. The name of each of the stapled entities were changed as follows:

- Babcock & Brown Wind Partners Limited became Infigen Energy Limited ('IEL' or the 'Company');
- Babcock & Brown Wind Partners Trust became Infigen Energy Trust ('IET' or the 'Trust'); and
- Babcock & Brown Wind Partners (Bermuda) Limited became Infigen Energy (Bermuda) Limited ('IEBL').

Stapled security

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

This financial report consists of separate financial statements for IET as an individual entity and the consolidated financial statements of IET, which comprises IET and its subsidiaries.

(a) Basis of preparation

The general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncementsof the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of IET comply with International Financial Reporting Standards ('IFRS').

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through the income statement.

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of IET as at 30 June 2009 and the results of all subsidiaries for the year then ended. IET and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Subsidiaries are all those entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one-half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group.

The Group applies a policy of treating transactions with minority interests as transactions with parties external to the Group. Disposals to minority interests results in gains and losses for the Group that are recorded in the income statement. Purchases from minority investments result in goodwill, being the difference between any consideration paid and the relevant share acquired of the carrying value of identifiable net assets of the subsidiary.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Minority interests in the financial results and equity of subsidiaries are shown separately in the consolidated income statement and balance sheets respectively.

Investments in subsidiaries are accounted for at cost in the individual financial statements of IET.

(ii) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for in the parent entity financial statements using the cost method and in the consolidated financial statements using the equity method of accounting, after initially being recognised at cost.

Refer to Note 7 for a further explanation of equity accounting of associates.

(c) Trust Formation

IET was established in Australia on 16 June 2003. On 26 September 2005, the Trust became a registered scheme. On 26 September 2005 Infigen Energy RE Limited became the responsible entity of the Trust.

(d) Trade and other payables

Trade payables and other accounts payable are recognised when the consolidated group becomes obliged to make future payments resulting from the purchase of goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

(e) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST component of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(f) Segment reporting

A geographical segment is engaged in providing products or services within a particular economic environment and is subject to risks and returns that are different from those of segments operating in other economic environments.

(g) Income tax

Under current legislation, IET is not subject to income tax as unit holders are presently entitled to the income of the Trust.

(h) Revenue recognition

The Group recognised revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Group's activities as described below.

The amount of revenue is not considered to be reliably measurable until all contingencies relating to the sale have been resolved. The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Revenue is recognised for the major business activities as follows:

- Interest income is recognised using the effective interest method.
- Dividend income is recognised when the right to receive payment is established.

(i) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents comprise cash on hand and in banks, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Notes to the Financial Statements
for the year ended 30 June 2009

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(j) Loans and receivables

Trade receivables, loans and other receivables are recorded at amortised cost less impairment. Trade receivables are generally due for settlement within 30 days.

(k) Contributed equity

Units are classified as equity. Incremental costs directly attributable to the issue of new units or options are shown in equity as a deduction, net of tax, from the proceeds.

If the entity reacquires its own equity instruments, for example, as the result of a buy-back, those instruments are deducted from equity and the associated units are cancelled. No gain or loss is recognised in the profit or loss and the consideration paid including any directly attributable incremental costs (net of income taxes) is recognised directly in equity.

(l) Earnings per unit

Basic earnings per unit is calculated by dividing the profit attributable to unit holders, excluding any costs of servicing equity other than the units, by the weighted average number of units outstanding during the financial year, adjusted for bonus elements in units issued during the year.

Diluted earnings per unit adjusts the figures used in the determination of basic earnings per unit to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary units and the weighted average number of units assumed to have been issued for no consideration in relation to dilutive potential ordinary units.

(m) Fair value estimation

The fair value of the financial assets and financial liabilities must be estimated for recognition and measurement or for disclosure purpose.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. The quoted market price used for financial assets held by the Trust is the current bid price; the appropriate quoted market prices for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Trust uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows.

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Trust for similar financial instruments.

(n) Rounding of amounts

The consolidated entity is of a kind referred to in Class order 98/0100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the financial report. Amounts in the financial report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(o) New accounting standards and UIG interpretations

Certain new accounting standards and UIG interpretations have been published that are not mandatory for 30 June 2009 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(i) AASB 8 *Operating Segments* and AASB 2007-3 *Amendments to Australian Accounting Standards* arising from AASB 8

AASB 8 and AASB 2007-3 are effective for annual reporting periods commencing on or after 1 January 2009. AASB 8 will result in a significant change in the approach to segment reporting, as it requires adoption of a 'management approach' to reporting on financial performance. The information being reported will be based on what the key decision makers use internally for evaluating segment performance and deciding how to allocate resources to operating segments. The Group will apply the revised standard from 1 July 2009. Application of AASB 8 may result in different segments, segment results and different types of information being reported in the segment note of the financial report. However, at this stage, it is not expected to affect any of the amounts recognised in the financial statements.

(ii) Revised AASB 123 *Borrowing Costs* and AASB 2007-6 *Amendments to Australian Accounting Standards arising from AASB 123* [AASB 1, AASB 101, AASB 107, AASB 111, AASB 116 & AASB 138 and Interpretations 1 & 12]

The revised AASB 123 is applicable to annual reporting periods commencing on or after 1 January 2009. It has removed the option to expense all borrowing costs and – when adopted – will require the capitalisation of all borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset. There will be no impact on the financial report of the Group, as the Group already capitalises borrowing costs relating to assets under construction.

(iii) Revised AASB 101 *Presentation of Financial Statements* and AASB 2007-8 *Amendments to Australian Accounting Standards arising from AASB 101*

A revised AASB 101 was issued in September 2007 and is applicable for annual reporting periods beginning on or after 1 January 2009. It requires the presentation of a statement of comprehensive income and makes changes to the statement of changes in equity, but will not affect any of the amounts recognised in the financial statements. If an entity has made a prior period adjustment or has reclassified items in the financial statements, it will need to disclose a third balance sheet (statement of financial position), this one being as at the beginning of the comparative period. The Group intends to apply the revised standard from 1 July 2009.

(p) Critical accounting estimates and judgements

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The Trust makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are:

Estimated useful economic life of property, plant and equipment

The Trust's associate depreciates property, plant and equipment over 25 years. This period of depreciation is utilised for assets that have useful economic lives in excess of 25 years as the life of the project is 25 years and no determination to extend the life of the project has been made at this stage.

Notes to the Financial Statements
for the year ended 30 June 2009

2. PROFIT FROM OPERATIONS

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit before income tax has been arrived at after charging the following expenses:				
Operating expenses:				
Administration, consulting and legal fees	671	924	671	924
	671	**924**	**671**	**924**
Management charges:				
Management agreement termination fee[1]	4,850	–	4,850	–
Base fees[2]	59	2,468	59	2,468
	4,909	**2,468**	**4,909**	**2,468**

1 Termination of Management Agreements
The Group had previously entered into management agreements and an exclusive financial advisory agreement with Babcock & Brown. During the year ended 30 June 2009, the Group terminated these agreements for $40,000,000 before associated costs. Of the $40,000,000, a settlement of $4,180,000 before associated costs was made by IET.
2 Refer to Note 14 for further details.

3. REMUNERATION OF AUDITORS

	Consolidated		Parent	
	2009 $	2008 $	2009 $	2008 $
Assurance services				
PricewaterhouseCoopers: Audit services				
Audit and review of the financial report	**41,126**	**40,152**	**30,282**	**29,400**

4. KEY MANAGEMENT PERSONNEL REMUNERATION

The responsible entity of Infigen Energy Trust is Infigen Energy RE Limited (IERL).

Details of key management personnel

The following were Directors and Alternate Directors of IERL during the whole of the financial year:

- Anthony Battle
- Douglas Clemson

The following persons were appointed as Directors of IERL during the financial year:

- Graham Kelly (appointed 20 October 2008)
- Miles George (appointed 1 January 2009)
- Michael Hutchinson (appointed 18 June 2009)

The following persons were a Director or Alternate Director of IERL from the beginning of the financial year until their resignation:

- Antonino Lo Bianco (resigned as an Alternate Director on 8 December 2008)
- Warren Murphy (resigned as a Director on 29 April 2009)
- Peter Hofbauer (resigned as a Director on 18 June 2009)
- Nils Andersen (resigned as a Director on 18 June 2009)
- Michael Garland (resigned as an Alternate Director on 18 June 2009)

Other KMPs of Infigen during the year were:

Name	Role
M George	Chief Executive Officer
G Dutaillis	Chief Operating Officer
G Dover	Chief Financial Officer
D Richardson	Company Secretary

4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Key management personnel remuneration

KMPs are not remunerated by the Trust. Payments made by the Trust to the responsible entity do not include any amounts attributable to the remuneration of KMPs.

Non-Executive Directors of IERL, the responsible entity of IET, are remunerated by IERL. Other KMPs of Infigen are remunerated by the Infigen Energy Group.

The aggregate remuneration of Non-Executive Directors of IERL and other KMPs of Infigen that are paid by the Infigen Energy Group during FY08 and FY09 is set out below:

	2009 $	2008 $
Short-term employee benefits	3,197,407	2,721,686
Post-employment benefits (superannuation)	73,830	71,080
Other Long-term benefits/Share based payments	(82,006)	1,504,837
Total	**3,189,231**	**4,297,603**

Rights, options and awards held over Infigen securities

Consistent with the termination of management agreements that were in place between Infigen and Babcock & Brown, KMPs that had been previously employed by Babcock & Brown became employees of Infigen on 1 January 2009.

Options, fund bonus deferral rights, and share awards that were held by KMPs over Babcock & Brown securities prior to the termination of management agreements were forfeited or expired on 31 December 2009. This has resulted in the negative value for share based payments presented above as the expense that was previously recognised in relation to these options, fund bonus deferral rights and share awards was reversed in the current period. No additional options, bonus deferral rights and share awards were granted over Babcock & Brown securities to KMPs during FY08 and FY09.

No options were granted over Infigen securities to KMPs in FY08 or prior to the internalisation of management in FY09. Subsequent to the termination of management agreements that were in place between Infigen and Babcock & Brown, performance rights and options over Infigen securities were granted to KMPs in FY09 under the Performance Rights & Options (PR&O) Plan.

No performance rights or options over Infigen securities vested or became exercisable in FY09. No Infigen securities were acquired by KMPs upon the exercise of options during FY08 and FY09.

Performance rights and options held by KMPs over Infigen securities over the period 1 July 2008 to 30 June 2009 are set out below. The expense recognised in relation to the performance rights and options under the PR&O Plan is recorded within administration, consulting and legal fees by the Group. No amounts were recorded by the Trust in relation to the performance rights and options.

Set out below are summaries of **performance rights** granted:

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
M George	27 Mar 2009	–	N/A	–	1,112,925	1,112,925	–
G Dutaillis	27 Mar 2009	–	N/A	–	578,721	578,721	–
G Dover	27 Mar 2009	–	N/A	–	578,721	578,721	–
D Richardson	27 Mar 2009	–	N/A	–	152,248	152,248	–

Set out below are summaries of **options** granted:

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
M George	27 Mar 2009	31 Dec 2013	$0.897	–	5,053,908	5,053,908	–
G Dutaillis	27 Mar 2009	31 Dec 2013	$0.897	–	2,628,032	2,628,032	–
G Dover	27 Mar 2009	31 Dec 2013	$0.897	–	2,628,032	2,628,032	–
D Richardson	27 Mar 2009	31 Dec 2013	$0.897	–	691,375	691,375	–

No performance rights or options were exercised or forfeited during the year ended 30 June 2009.

Notes to the Financial Statements
for the year ended 30 June 2009

4. KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

Security holdings in Infigen

No Infigen securities were granted as remuneration to KMPs during FY08 and FY09. Security holdings of KMPs, including their personally related parties, in Infigen securities over the period 1 July 2008 to 30 June 2009 are set out below.

	Balance 1 July 2008	Acquired during the year	Sold during the year	Balance 30 June 2009
G Kelly[1]	N/A	N/A	N/A	10,000
A Battle	37,634	5,000	–	42,634
D Clemson	140,000	–	–	140,000
M Hutchinson[1]	N/A	N/A	N/A	–
N Andersen[2]	11,694	–	–	N/A
P Hofbauer[2]	3,569,253	–	500,000	N/A
W Murphy[2]	2,406,241	150,351	2,406,241	N/A
M Garland[2]	2,142,000	–	1,513,475	N/A
A Lo Bianco[2]	2,142,000	–	–	N/A
M George	500,000	–	–	500,000
G Dutaillis	607,820	34,000	–	641,820
G Dover	10,000	–	–	10,000
D Richardson	8,530	534	–	9,064

1 Appointed as a Director during the period.
2 Resigned as Directors or Alternate Directors during the period.

Security holdings of KMPs, including their personally related parties, in Infigen securities over the period 1 July 2007 to 30 June 2008 are set out below.

	Balance 1 July 2007	Acquired during the year	Sold during the year	Balance 30 June 2008
A Battle	32,316	5,318	–	37,634
D Clemson	140,000	–	–	140,000
N Andersen	11,109	585	–	11,694
P Hofbauer	3,421,874	147,379	–	3,569,253
W Murphy	2,033,708	372,533	–	2,406,241
M Garland	2,142,000	–	–	2,142,000
A Lo Bianco	2,142,000	–	–	2,142,000
M George	500,000	–	–	500,000
G Dutaillis	565,000	42,820	–	607,820
G Dover	10,000	–	–	10,000
D Richardson	5,000	3,530	–	8,530

Loans to key personnel and their personally related entities from Infigen

No loans have been made by Infigen to KMPs or their personally related parties during FY08 and FY09.

There are no other transactions with KMPs.

5. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Interest receivable	3,386	749	3,386	749
GST and other tax receivables	23	56	23	56
Other	134	–	134	–
	3,543	**805**	**3,543**	**805**
Non-current				
Loans to related parties	835,757	993,917	835,757	993,917
Loans to associates	1,216	1,216	–	–
	836,973	**995,133**	**835,757**	**993,917**

6. CHANGES IN THE COMPOSITION OF THE CONSOLIDATED ENTITY

There were no changes in the composition of the consolidated entity during the year ended 30 June 2009 and the year ended 30 June 2008.

7. INVESTMENT IN ASSOCIATE

	2009 $'000	2008 $'000
Investment in associate		
Balance at beginning of financial year	54,320	54,109
Share of associate's profit/(loss)	2,312	211
Balance at end of financial year	**56,632**	**54,320**

	2009 $'000	2008 $'000
Share of net assets attributable to minority interests		
Balance at beginning of financial year	29,785	29,718
Minority interest	740	67
Balance at end of financial year	**30,525**	**29,785**

Name of entity	Principal activity	Country of incorporation	Ownership interest	
Walkaway Wind Power Pty Limited	Wind farm	Australia	17%*	17%*

7. INVESTMENT IN ASSOCIATE (CONTINUED)

	2009 $'000	2008 $'000
Summarised financial information of associate*		
Current assets	12,836	5,788
Non-current assets	52,715	68,548
	65,551	**74,336**
Current liabilities	1,370	3,905
Non-current liabilities	48,022	55,844
	49,392	**59,749**
Net assets	**16,159**	**14,587**
Revenue	**9,680**	**9,702**
Net profit	**1,572**	**144**
Share of associate's profit*:		
Share of profit/(loss) before income tax	3,637	573
Income tax expense	(1,325)	(362)
Share of associate's profit/(loss)	**2,312**	**211**
Less: minority interest	(740)	(67)
	1,572	**144**

* The ownership interest of 17% is based on voting rights. The voting rights are not consistent with the economic returns which vary over the life of the investment. As at the balance sheet date, IET's share of the economic returns from Walkaway Wind Power Pty Limited was estimated at 32%.

Dividends received from associates

During the year, the Trust received no dividends (2008: nil) from its associate.

Contingent liabilities and capital commitments

The Trust's share of the contingent liabilities of the associate was $nil (2008: $2,584,000). In FY 2008, this represented a letter of credit. There were no capital commitments or other expenditure commitments of associates.

8. TRADE AND OTHER PAYABLES

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Amounts due to related parties	561	888	556	883
	561	888	556	883
Non-current				
Loans from related parties	494	494	–	–
	494	494	–	–

9. CONTRIBUTED EQUITY

	2009		2008	
	No. '000	$'000	No. '000	$'000
Fully paid units				
Balance at beginning of financial year	868,601	1,003,487	673,071	800,325
Capital distributions	–	(101,144)	–	(103,552)
Distribution reinvestment plan (i)	8,398	9,717	20,042	28,974
Institutional placement (ii)	–	–	4,350	7,807
Alinta scheme of arrangement (iii)	–	–	130,148	210,424
Security purchase plan (iv)	–	–	26,935	46,142
Capital Wind Farm acquisition (v)	–	–	14,055	24,407
Transaction costs arising on security issue	–	–	–	(11,040)
Units bought back on market and cancelled (vi)	(68,822)	(60,708)	–	–
Balance at end of financial year	**808,177**	**851,352**	**868,601**	**1,003,487**

Units entitle the holder to participate in distributions from IET. The holder is entitled to participate in the proceeds on winding up of the Trust in proportion to the number of and amounts paid on the units held.

(i) Distribution reinvestment plan
Infigen operates a distribution reinvestment plan (DRP) 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 averageprice of Infigen Energy 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 17 December 2008, Infigen confirmed that the DRP had been suspended until further notice.

On 18 September 2008, IET issued 8,398,000 units as part of the combined stapled security issuance of 8,398,000 at a price of $1.16 per security in relation to the payment of the final distribution for the year ended 30 June 2008.

9. CONTRIBUTED EQUITY (CONTINUED)

(ii) Institutional placement

On 4 May 2007, IET issued 87,100,000 units as part of a combined issuance of 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. The proceeds for IET arising from the issue were $155,212,000.

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 Infigen securityholders at the Annual General Meeting held on 9 November 2007.

Securityholders approved the issue and on 14 November 2007 Infigen issued 4,350,000 stapled securities to B&B at a price of $1.80 per stapled security. As part of this issue IET issued 4,350,000 units for consideration of $7,807,000.

(iii) Alinta scheme of arrangement

On 30 March 2007, Infigen 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, IET issued 128,755,000 units as part of a combined stapled security issuance of 128,755,000 at a price of $1.62 net of transaction costs of $9,500,000.

On 4 September 2007, IET issued a further 1,393,000 units as part of a final stapled security issuance of 1,393,000 at a price of $1.65 per security to option holders in Alinta Limited as foreshadowed in the Scheme Booklet, resulting in a total of $210,424,000 gross proceeds from both issuances during the year.

(iv) Security purchase plan

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

(v) Capital wind farm

On 20 December 2007, IET issued 7,295,000 units as part of a combined issuance of 7,295,000 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 6,760,000 stapled securities (6,760,000 units) were issued on 3 January 2008 at a price of $1.70 per security.

(vi) On market security buy-back

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

As at 30 June 2009, Infigen had purchased and cancelled 68,822,000 stapled securities at an average price of $0.88 per security.

10. RETAINED EARNINGS

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at beginning of financial year	16,265	12,265	12,652	8,796
Net profit/(loss) attributable to unit holders	(1,292)	4,000	(2,864)	3,856
Balance at end of financial year	**14,973**	**16,265**	**9,788**	**12,652**

11. EARNINGS PER UNIT

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Basic and diluted earnings per unit (cents)	(0.2)	0.5	(0.3)	0.5
Earnings used in calculation of basic and diluted earnings per unit to unit holders ($'000)	(1,292)	4,000	(2,864)	3,856
Weighted average number of units on issue used in calculation of earnings per unit ('000)	**849,877**	**818,301**	**849,877**	**818,301**

12. DISTRIBUTIONS PAID

	2009		2008	
	Cents per security	Total $'000	Cents per security	Total $'000
Ordinary securities				
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)	7.25	62,974	6.25	42,067
Interim distribution in respect of 2009 year of 4.50 cents (2008: 7.25 cents) per stapled security paid in March 2009 (2008: March 2008), 100% tax deferred (2008: 100% tax deferred)	4.50	38,170	7.25	61,485
		101,144		**103,552**
Distributions paid in cash or satisfied by the issue of new stapled securities under the Distribution Reinvestment Plan during the year ended 30 June 2009 and the year ended 30 June 2009 were as follows:				
Paid in cash		91,399		74,490
Satisfied by the issue of stapled securities		9,745		29,062
		101,144		**103,552**

On 27 August 2009, the Directors of Infigen declared a final distribution in respect of the year ended 30 June 2009 of 4.50 cents per stapled security (2008: 7.25 cents), 100% tax deferred. The amount that will be paid in September 2009 (2008: September 2008) will be $36,368,000 (2008: $62,974,000). As the distribution was declared subsequent to 30 June 2009 no provision has been included as at 30 June 2009.

13. 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.

14. RELATED PARTY DISCLOSURES

(a) Equity interests in related parties

Equity interests in subsidiaries

Details of the percentage ownership held in subsidiaries are disclosed in Note 15 to the financial statements.

Equity interests in associate

Details of interest in associate are disclosed in Note 7 to the financial statements.

(b) Key management personnel disclosures

Details of key management personnel remuneration are disclosed in Note 4 to the financial statements.

(c) Other related party transactions

Termination of Management Agreements

The Group had previously entered into management agreements and an exclusive financial advisory agreement with subsidiaries of Babcock & Brown.

On 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 settlement of $4,180,000 before associated costs was made by IET.

As this event occurred part way through the financial year, Babcock & Brown has been treated as a related party for whole of the year ended 30 June 2009 for the purposes of this Note.

Transactions involving other related parties

Receivables from related parties are disclosed in Note 5. Payables to related parties are disclosed in Note 8. Transactions were made on normal commercial terms and conditions and under normal market rates.

Custodian, Responsible Entity and Manager fees and costs

During the year ended 30 June 2009, the Group terminated the Custodian Agreement that had previously been in place with Babcock & Brown Asset Holdings Pty Limited ('BBAH'), which is a subsidiary of Babcock & Brown Limited.

Under the terms of the Custodian Agreement, 0.0125% of the gross asset value of IET was payable. During the year ended 30 June 2009, fees paid to BBAH by the Group were $119,000 (2008: $132,000).

During the year ended 30 June 2009, the Group acquired the Responsible Entity from the Babcock & Brown group.

Under IET's constitution, the Responsible Entity ('RE') is entitled to a management fee of 2% per annum of the value of the gross assets of the Group. The RE had previously exercised its right under the constitution to waive the fee referred to above such that it is paid remuneration of $500,000 per annum, increased by CPI annually. During the year ended 30 June 2009, IET incurred Responsible Entity fees of $303,000 (2008: $542,000).

As noted earlier, the Group has terminated the management agreement that it had previously entered into with Babcock & Brown Wind Partners Management Pty Limited ('BBWPM'), which is a subsidiary of the Babcock & Brown group.

Under these management agreements, a base fee of 1.4% per annum of the net investment value ('NIV') of the Group had been payable at the end of each quarter. During the year ended 30 June 2009, prior to the termination of management agreements, base management fees of $4,820,000 (2008: $20,487,000) were paid. Of this amount, IET incurred $59,000 (2008: $2,468,000).

Transactions with associate

Ownership interests in, and distributions received from, associate are set out in Note 7.

Other related party transactions

During the year, the Babcock & Brown Group disposed of its holdings of the Infigen Group's stapled securities. The Infigen Group paid distributions of $11,365,000 (2008: $11,862,000) to the Babcock & Brown Group.

During the year ended 30 June 2009, IET charged interest of $2,637,000 (2008: $6,563,000) on certain loans receivable from IEL. The interest rate was 4.25% (2008: 6.25%).

14. RELATED PARTY DISCLOSURES (CONTINUED)

Related party balances

At the year end IET owed the following amounts to various subsidiaries of Infigen and Infigen Energy Limited:

Infigen Energy RE Limited	$303,000
Infigen Energy Services	$153,000
CS Walkaway Pty Limited	$178,000
NPP Projects V LLC	$158,000
Walkaway (BB) Pty Limited	$158,000
Renewable Power Ventures Investment Trust	$6,000

Additionally, $99,000 of directors' fees were payable by IET at 30 June 2009.

At the year end IET was owed the following amounts by Infigen Energy Limited and its various subsidiaries:

Infigen Energy Limited	$792,101,000
Infigen Energy (Bermuda) Limited	$687,000
BBWP (US) 2 Pty Limited	$30,009,000
BBWP CWF Pty Limited	$12,960,000
Walkaway Wind Power Pty Limited	$1,216,000

(d) Parent entities

The parent entity in the consolidated entity is IET.

The ultimate Australian parent entity is IET.

The ultimate parent entity is IET.

15. SUBSIDIARY ENTITIES

		Ownership interest	
Name of entity	Country of incorporation	2009 %	2008 %
Parent entity			
Infigen Energy Trust	Australia		
Subsidiaries of IET			
Walkaway (BB) Trust	Australia	100%	100%
CS Walkaway Trust	Australia	100%	100%
Renewable Power Ventures Investment Trust	Australia	68%	68%

16. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Parent	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
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 and investments in money market instruments, 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	757	661	757	661
	757	661	757	661

17. FINANCIAL RISK MANAGEMENT

The Group is exposed to a variety of financial risks: market risk (including currency risk, interest rate risk and electricity price risk), credit risk and liquidity risk.

The principal financial instruments that give rise to this risk comprise cash, receivables, interest bearing debt.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Board of Directors. Group Treasury identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units. The Board provides written principles for overall risk management, as well as policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

The Group's treasury policy provides a framework for managing the financial risks of the Group. The key philosophy of the Group Treasury policy is risk mitigation. The Group Treasury policy specifically does not authorise any form of speculation.

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Group. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. In line with the Group Treasury policy derivatives are exclusively used for hedging purposes, not as trading or other speculative instruments. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange and other price risks, and aging analysis for credit risk.

There have been no changes to the type or class of financial risks the Group is exposed to since the prior year.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)
(a) Market risks
Interest rate risks
IET receives interest on certain loans made to IEL. It is exposed to interest rate changes on the interest it receives from these loans. IET also has a small amount of cash balances. Interest earnings on these cash balances are affected when interest rates move.

Sensitivity
The sensitivity to interest rate movement of net profit before tax and equity have been determined based on the exposure to interest rates at the reporting date. A sensitivity of 100 basis points has been selected. The 100 basis points sensitivity is deemed to be flat across the yield curve and is a reasonable estimate of movement based on current long term and short term interest rates.

Consolidated & Parent Entity

2009 AUD $'000			AUD +100 bps	AUD +100 bps
Impact on income statement				
Cash	AUD	757	8	(8)
Interest bearing loans	AUD	35,842	358	(358)

2008 AUD $'000			AUD +100 bps	AUD +100 bps
Impact on income statement				
Cash	AUD	661	7	(7)
Interest bearing loans	AUD	54,755	548	(548)

(b) Credit risk
Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Trust.

IET does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents IET's maximum exposure to credit risk.

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated Entity

	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2009				
Bank deposits	757	–	–	Minimum credit rating – 'A' grade (S&P)
GST receivable	23	–	–	Due from the Australian Government
Interest receivable related parties	3,386	–	–	Due from members of the consolidated Group
Other current receivable	134	–	–	Due from members of the consolidated Group
Loans to related parties	835,757	–	–	Due from members of the consolidated Group
Loans to associates	1,216	–	–	Due from Walkaway Wind Power Pty Ltd
	841,273			
2008				
Bank deposits	661	–	–	Minimum credit rating – 'A' grade (S&P)
GST receivable	56	–	–	Due from the Australian Government
Interest Receivable related parties	749	–	–	Due from members of the consolidated Group
Loans to related parties	993,917	–	–	Due from members of the consolidated Group
Loans to associates	1,216	–	–	Due from Walkaway Wind Power Pty Ltd
	996,599		–	

17. FINANCIAL RISK MANAGEMENT (CONTINUED)
Parent Entity

	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2009				
Bank deposits	757	–	–	Minimum credit rating – 'A' grade (S&P)
GST receivable	23	–	–	Due from the Australian Government
Interest receivable related parties	3,386	–	–	Due from members of the consolidated Group
Other current receivable	134	–	–	Due from members of the consolidated Group
Loans to related parties	835,757	–	–	Due from members of the consolidated Group
	840,057			
2008				
Bank deposits	661	–	–	Minimum credit rating – 'A' grade (S&P)
GST receivable	56	–	–	Due from the Australian Government
Interest Receivable related parties	749	–	–	Due from members of the consolidated Group
Loans to related parties	993,917	–	–	Due from members of the consolidated Group
	995,383	–	–	

17. FINANCIAL RISK MANAGEMENT (CONTINUED)

(c) Liquidity risks

The Group manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The tables below sets out the Group's financial liabilities at balance date and places them into relevant maturity groupings based on the remaining period at balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flow.

Consolidated Entity

2009	Up to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Amounts due to related parties	561	494	–	1,055

2008	Up to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Amounts due to related parties	888	494	–	1,382

Parent Entity

2009	Up to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Amounts due to related parties	556	–	–	556

2008	Up to 12 months $'000	1 to 5 years $'000	Over 5 years $'000	Total contractual cash flows $'000
Amounts due to related parties	883	–	–	883

Capital Risk Management

The Group and the parent entity's objectives when managing capital are to safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to securityholders, return capital to securityholders, issue new securities or sell assets to reduce debt.

The Board of Directors review the capital structure, and as part of this review, consider the cost of capital and the risks and rewards associated with each class of capital.

18. SUBSEQUENT EVENTS

Purchase of Australian & New Zealand Development Assets and Minority Interest in Caprock

Infigen reached financial close on the acquisition of Australian and New Zealand wind energy project development assets in July 2009 and on the purchase of 20% Class B interests in the Caprock wind farm (Infigen already held 80% of the Class B interests) in August 2009.

The Australian and New Zealand wind energy development assets are primarily 50% interests in development opportunities comprising more than 1000MW in six Australian states and in New Zealand, with a number of the projects located close to Infigen's existing Australian wind farms. The development opportunities have the potential to be delivered in the next five years.

Prior to period end, IFN agreed to purchase a group of assets from Babcock & Brown for a total consideration of $23,400,000. The above assets (development assets and Caprock minority interest) form components of this group of assets. Other components of the group of assets acquired from Babcock & Brown include the US asset management business and other wind farm minority interests.

Commencement of Sale Processes

United States

Following a market testing review, Infigen initiated a sale process of its US business in August 2009. A potential sale will only take place to the extent that achievable sale prices exceed the benefits of holding the US business.

Europe

Infigen has determined that its European portfolio of assets are 'non-core'. In August 2009, the Group commenced a sales process of its remaining European assets in France and Germany. A potential sale will only take place to the extent that achievable sale prices exceed the benefits of holding these assets.

Directors' Declaration

In the opinion of the directors of Infigen Energy RE Limited:

(a) the financial statements and notes set out on pages 23 to 47 are in accordance with the *Corporations Act 2001*, including:

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

(ii) giving a true and fair view of the Trust's and consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

(b) there are reasonable grounds to believe that the Trust will be able to pay its debts as and when they become due and payable.

The directors have been provided with the declarations by 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 of Infigen Energy RE Limited pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors:

Douglas Clemson	**Miles George**
Director	Director

Sydney, 17 September 2009

Corporate Information

REGISTERED OFFICE OF THE RESPONSIBLE ENTITY
Level 22
56 Pitt Street
Sydney NSW 2000

SECURITY REGISTER
Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Infigen Energy stapled securities are listed on the Australian Securities Exchange and trade under the code 'IFN'.

SOLICITOR
Mallesons Stephen Jaques
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

AUDITOR
PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

www.infigenenergy.com