Annual Report 2009

Infinite Horizons

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Company Milestones

2003/2004

June 2003
Global Wind Partners established as a single asset private investment vehicle

Commences construction of Lake Bonney stage 1 wind farm (80.5MW) in South Australia

August 2004
Commences construction of the Alinta wind farm (89.1MW) in Western Australia

2005

February
Lake Bonney stage 1 wind farm (80.5MW) in South Australia becomes operational

October
Admitted onto the official list of the Australian Securities Exchange as Babcock & Brown Wind Partners (ASX: BBW)

December
Acquires Class B interests in US 03/04 portfolio (186MW)

2006

June
Commences construction of Lake Bonney stage 2 wind farm (159MW) in South Australia

December
Achieves practical completion for the Alinta wind farm (89.1MW) in Western Australia

2007

February
Securityholders approve the acquisition of Class B interests in the US06 Portfolio (335.2MW)

April
Miles George appointed as permanent CEO

May
Completes €1.03 billion refinancing of global wind farm portfolio

October
Securityholders approve the acquisition of Class B interests in the US07 Portfolio (371MW) and 50% of the Portuguese Enersis Portfolio (257MW)

December
Commences construction of Capital wind farm (141MW) in New South Wales

Infigen has successfully transitioned to be Australia's leading specialist renewable energy business

2008

February
Announces strategic initiative to unlock value of European wind energy portfolio

July
Enters into renewable energy supply agreement for Sydney Water Desalination Plant

August
Sale of Spanish portfolio (420.7MW) agreed

September
Lake Bonney stage 2 wind farm (159MW) in South Australia becomes operational

November
Sale of 50% interest in Enersis portfolio realises total proceeds of $998 million

Graham Kelly appointed as Independent Chairman

December
Management agreements and exclusive financial advisory agreement with B&B terminated

2009

January
Miles George appointed Managing Director; management function internalised

Financial close of Spanish portfolio sale realises total proceeds of $1.42 billion

Commences 39MW extension to Lake Bonney wind farm (stage 3)

April
Securityholders approve name change to Infigen Energy and Employee Equity Incentive schemes

Board changes announced

Commences US market testing process

June
Full physical separation from B&B complete with relocation of Infigen head office

Board changes complete

June–July
Acquisition of Australian and NZ wind energy project development assets, US wind asset management business and minority interests

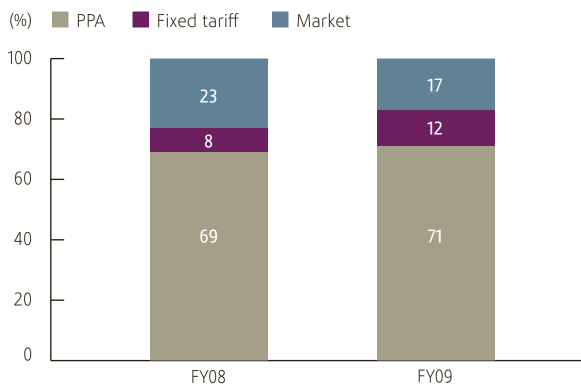
August
Commences sales process for the US business

Provides detail of Australian development pipeline

Reports an FY09 statutory net profit of $192.9 million

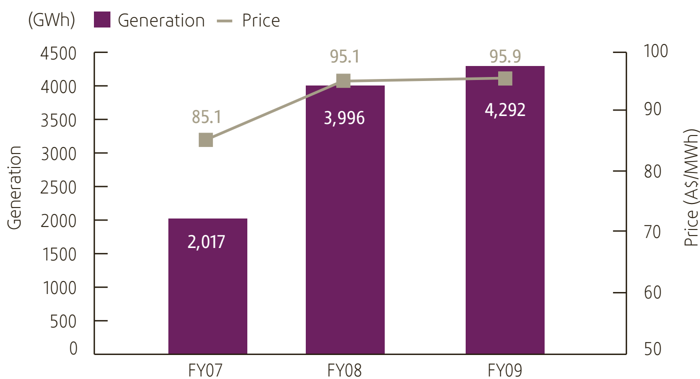
Financial and Operational Highlights

Revenue Type[1, 2]



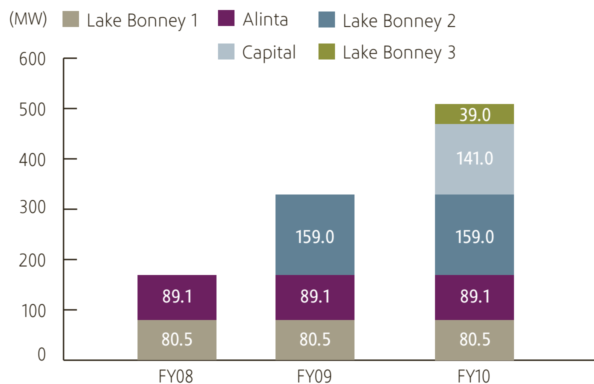
Actively managing contracted/market profile has provided Infigen with secure cash flows and greater revenue certainty in a volatile environment

Operational Performance[2,3]



Infigen maintained a high average price across the business, whilst also increasing generation from continuing operations by 7.4% in FY09

Australian Installed Capacity[4]

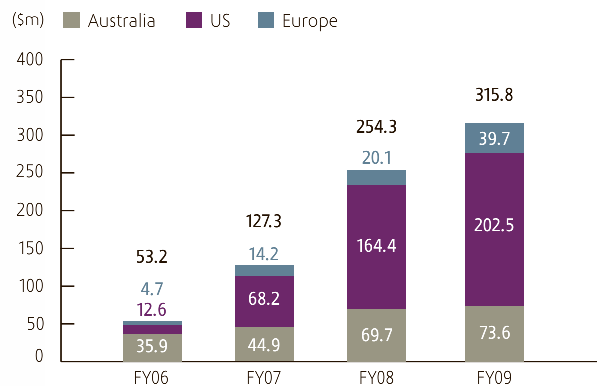


Infigen has a proven track record in the delivery of its Australian projects. A further 180MW of operational capacity will come on line in FY10 with the completion of Capital and Lake Bonney stage 3

1 Calculated on a GWh basis.
2 Includes Australia, US, Germany and France; excludes Spain and Portugal.
3 Average prices restated at FY09 FX rates. Includes PTCs and RECs.
4 Lake Bonney stage 1 operational since FY05 and Alinta operational since FY06.

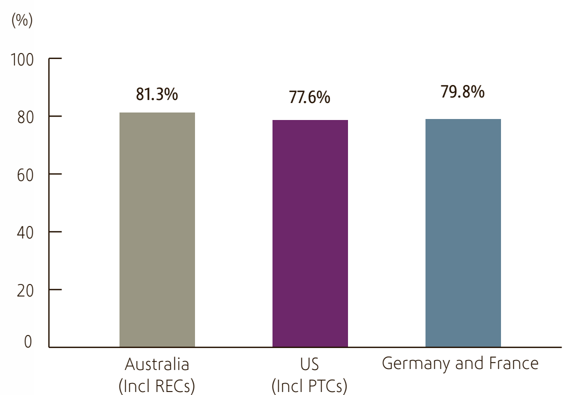
Revenue[5]

Revenues have risen rapidly over the last four years and reflect the substantial growth experienced across the business



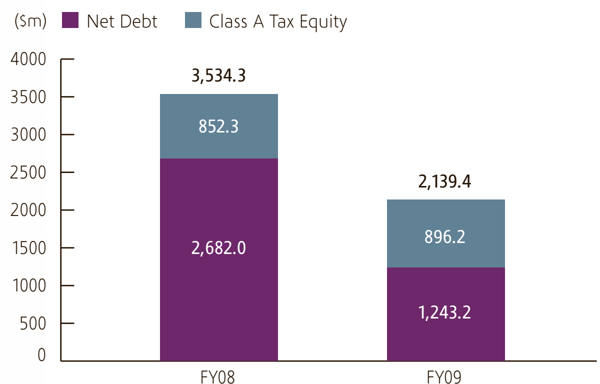
EBITDA Margins[6]

Wind is a zero cost fuel and provides high EBITDA margins across the business



Net Debt and Tax Equity[7]

Infigen's balance sheet remains sound with significantly reduced net debt at year end



5 Revenue from continuing operations includes operations from date of economic interest of Infigen B Class interest in the US.

6 Before corporate costs. FY09.

7 Infigen equity ownership basis.

Chairman's Report

On behalf of the Boards, it is my pleasure to present the 2009 Annual Report, our first as an independent business.

Dear Securityholders,

It has been a year of significant change for Infigen. Your Boards' focus has been twofold – firstly, to strengthen our corporate governance framework through changes to the composition of the Boards and better alignment of interests between securityholders and management – and, secondly, to re-position the business from an externally managed asset owner to a specialist renewable energy developer, owner and operator, focused on organic growth opportunities.

At the end of 2008, the management agreements and the exclusive financial advisory agreement with Babcock & Brown (B&B) were terminated.

To reflect our new independent status, we changed our name to Infigen Energy, which is derived from the words infinite and generation. The word 'infinite' reflects the availability of renewable fuel sources such as wind, and the word 'generation' relates to the core function of our business – renewable energy generation.

Notwithstanding a period of unprecedented market volatility and economic uncertainty, Infigen is in a strong financial position, with no refinancing deadlines, no unfunded commitments and significant cash balances.

This year we reported a statutory net profit of $192.9 million, a full year profit increase of 530%. This compares to a $30.6 million reported profit in the prior year. This reflects the profit on sale of the Spanish and Portuguese wind assets but after termination and transition costs associated with the separation from B&B. In the second half of the year, the first period since separation, Infigen recorded a profit before significant non-recurring items of $10.3 million.

Key features of the full year result saw revenue from continuing operations increase by 24.2% to $315.8 million and EBITDA after corporate costs increase by 27.6% to $199.1 million.

Corporate costs of $26.6 million were below our guidance of $28 million for the year. Net operating cash flow on a per security basis of 20.4 cents was in line with guidance. Our full year distribution of 9 cents per security continued to be paid from net operating cash flow after debt repayment.

The successful sale of our Portuguese and Spanish assets for $2.4 billion realised net cash proceeds of $555.4 million. These sales crystallised unrecognised value in Infigen's portfolio and enabled a significant reduction in debt; they also released capital for very attractive reinvestment opportunities such as Infigen's on-market buy-back and a further expansion of our Lake Bonney project in South Australia.

Following the internalisation of management completed at the end of 2008, we undertook a series of further defining transactions to significantly enhance the value and future prospects of Infigen's business.

Key amongst these was the acquisition of B&B's Australian and New Zealand wind energy development pipeline of over 1000MW of prospective projects. Infigen has established a proven delivery capability with its existing Australian projects all having been delivered 'in-house'. We believe these new projects have the potential to be

delivered in the next five years, placing Infigen in a strong position to capitalise on growth opportunities arising from increasing demand for renewable energy generation in the Australian market.

We also acquired B&B's US asset management business, subsequently renamed Bluarc Management Group, which provides Infigen with direct on-site and centralised wind farm management and significantly enhances the value of our existing US wind farm business.

Finally, Infigen acquired minority interests in the Caprock and Aragonne wind farms in the US and in its Niederrhein wind farm projects in Germany. Collectively, these minority interests contributed a further 20MW of installed capacity to the portfolio.

Corporate Governance

Re-organising the Boards and implementing appropriate employee equity incentive plans were major priorities during the year.

Following the internalisation of management on 31 December 2008, Miles George was appointed Managing Director effective 1 January 2009. Having previously been the Chief Executive Officer and having fulfilled critical roles in the development and financing of Infigen's wind energy projects in Australia and overseas since 2000, Miles is key to the implementation of our growth strategy.

After the change in Infigen's status and the sale of assets, there were some changes to the Boards. Mr Peter Hofbauer, Mr Warren Murphy and Mr Nils Andersen resigned as Directors of the Infigen Boards.

Following these resignations, Mr Michael Hutchinson was appointed as a further independent non-executive Director of each of the Infigen Boards and also became a member of the Nomination & Remuneration and the Audit, Risk & Compliance Committees. Michael has an extensive record of achievement as a qualified professional engineer with 40 years experience in consultancy, public administration, senior management and corporate governance.

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

Market Testing Program

The Boards regularly assess asset values and, as foreshadowed at the Extraordinary General Meeting held on 29 April 2009, completed a market testing program for Infigen's US business. This confirmed that a robust appetite exists for fully operational and contracted wind assets in the US.

Based on these findings, the Boards considered it timely for Infigen to commence a sale process for its US business. We also commenced a process to sell our German and French wind farm assets which we had previously determined as non-core to Infigen's future. The Boards will not, however, sell the US or European businesses if achievable sale prices do not exceed the benefits of holding those investments.

These potential sales would enable us to focus available capital and management resources on accelerating Infigen's development opportunities in Australia.

Outlook

Infigen operates in an attractive industry poised for further significant growth with a very strong long term regulatory outlook. The Boards are confident that Infigen is well positioned to take advantage of these growth opportunities. Importantly, the social and political environment remains favourable for our product. With the increased focus on sustainability and broader environmental concerns, renewable energy is now an essential and growing component of a lower emission energy mix for the future.

Infigen commands a leading position in the Australian renewable energy industry, coupled with a large scale diversified pipeline of quality development opportunities. The successful sale of our US and European assets would enable the deployment of capital to accelerate the development of this pipeline.

We will provide updated guidance and commentary on the Infigen business when the sale processes are completed.

Our efforts in completing full separation from B&B, and delivering on a number of key milestones for the year, reflect the outstanding efforts of the Managing Director Miles George, his executive team and all Infigen staff. I would also like to thank my Board colleagues for their personal support and their dedication to the interests of our business.

Finally, I would like to thank securityholders for their continued support during the year. The Boards are committed to maximising value for all securityholders.

Your Directors look forward to welcoming you at our Annual General Meeting to be held at 11am on 25 November 2009 at the Radisson Plaza Hotel, Sydney.

Yours sincerely,

Graham Kelly
Chairman

Managing Director's Report

2009 was a period of significant achievement for Infigen with the transition to an internally managed specialist renewable energy business and the successful delivery on key strategic initiatives.

Dear Securityholders,

The 2009 financial year was a period of significant achievement for Infigen with the separation from Babcock & Brown and transition of the business to an internally managed specialist renewable energy business with expertise in development, ownership and management of wind energy assets. We have continued to manage the financial position and operations of Infigen prudently throughout the year and delivered on key strategic milestones.

Key Milestones

The transition to an internally managed operating business was completed with the termination of the management agreements and exclusive financial advisory agreement with B&B at the end of the 2008. The relocation of Infigen's Sydney offices in June signified the completion of full physical separation.

Securityholders approved the change of our name to 'Infigen Energy' and the implementation of the employee equity incentive plan to strengthen corporate governance frameworks and further align management's interests with your own.

We secured a high quality Australian development pipeline, internalised our asset management capability in the US, and further consolidated the portfolio with the acquisition of minority interests in Infigen's US and German wind farms.

During a time of unprecedented market volatility and economic uncertainty, the sale of our Portuguese and Spanish assets for $2.4 billion was a significant and timely achievement. The sale enabled Infigen to significantly reduce net debt and pursue attractive reinvestment opportunities such as the on-market buy-back and expansion to the existing Lake Bonney wind farm.

The execution of the on-market buy-back during the year was consistent with Infigen's disciplined approach to investment. At the date of this report, Infigen had purchased approximately 74.5 million securities or 8.5% of issued capital at an average security price of 90.1 cents.

Lake Bonney stage 3 wind farm is a significant step in further strengthening Infigen's position as Australia's leading wind energy business, increasing the total capacity of the Australian assets to just over 500MW. The wind farm benefits from a proven wind resource and further leverages the existing grid connection investment.

Wind Energy Fundamentals & Regulatory Developments

Favourable long term drivers, including strengthening renewable energy policies in our key markets and improving cost competitiveness, continue to gather momentum.

In Australia, the legislation mandating an expanded Renewable Energy Target (RET) has been enacted, requiring electricity retailers and other large electricity buyers to purchase increasing proportions of their electricity from renewable generators, rising to 20% by 2020.

The expanded RET target is more than four times the size of the previous target and will require a steady increase in the uptake of emission-free renewable energy to reach 45,000 gigawatt hours per annum by 2020.

The RET scheme is technology neutral and encourages the target to be fulfilled at least cost. We believe that Infigen is well placed to benefit from the scheme as wind energy is the most cost competitive form of utility scale renewable energy generation technology, and it is expected to contribute significantly to satisfying the expanded target. We anticipate that around 600-800MW of additional renewable energy capacity could be built each year.

In the US, several components of the 2009 economic stimulus package offered renewable energy incentives and financing alternatives. In addition, draft legislation currently envisages a national renewable energy target. These are undoubtedly positive developments for the US wind energy industry which delivered approximately 42% of all new-build electricity generation capacity in the US in 2008[1].

FY09 Highlights

Infigen recorded a strong financial result with revenue and EBITDA up 24.2% and 27.6% respectively compared to 2008. The 2009 financial result clearly demonstrates the quality of Infigen's business, with the stability of its revenues from continued growth in new operations and high EBITDA margins. Corporate costs of $26.6 million were below guidance of $28 million.

Infigen's policy of paying distributions from net operating cash flow after debt repayment remained unchanged. Net operating cash flow was $169.5 million or 20.4 cents per security for the full year and fully covered the distribution of 9 cents per security.

The statutory net profit of $192.9 million for the full year ended 30 June 2009 compares to $30.6 million in the prior year. This result reflects the profit on sale of the Spanish and Portuguese assets, offset by costs associated with the separation from B&B.

Operational Performance

Generation from continuing operations was 4,292GWh for the full year ended 30 June 2009 compared to 3,996GWh in the prior year, an increase of 7.4%. We also achieved a higher average price of $95.90 per megawatt hour for the financial year ended 30 June 2009, the result of a prudent balance between contracted revenues and managed exposure to market prices.

We continue to implement our direct operational control strategy for Operations and Maintenance (O&M) activities which has delivered tangible operational performance benefits during the year. Availability at the Cedar Creek and Sweetwater 4 wind farms was consistently above the availability target range of 96%–97%, exceeding availability levels offered by traditional warranty arrangements.

1 Source: American Wind Energy Association (AWEA).

The 2009 financial result clearly demonstrates the quality of Infigen's business, stability of its revenues with continued growth from new operations. Infigen's policy of paying distributions from net operating cash flow after debt repayment remained unchanged.

The Australian wind farms achieved an average price of $89.70 per megawatt hour and an EBITDA margin of 81.3%. The wind farms performed at an average Capacity Factor of 30% which was down on the prior year of 36%. This performance reflects short term availability issues at Lake Bonney stage 2 related to failures of wind turbine gearboxes and underground high voltage cable joints. The turbine manufacturer is currently working to repair and replace the failed gearboxes. This is expected to be completed in FY10 and we expect to be compensated for lost production. We have repaired the failed joints and are also building additional redundancy into the Lake Bonney wind farm collection system as part of the construction of Lake Bonney stage 3. This will allow us to isolate any further failures quickly and repair them with less impact on overall production.

The US business generated an average price of $92.40 per megawatt hour and achieved an EBITDA margin of 77.6%. The US wind farms achieved a Capacity Factor of 34%, which was down slightly on the prior year of 36%. This performance reflects lower wind speeds experienced in May and June, as well as some availability issues at wind farms which Infigen does not yet control directly.

Overall, the performance of the European portfolio (French and German wind farms) was consistent with the prior year. The portfolio achieved a Capacity Factor of 19% and generated an average tariff of $163 per megawatt hour, resulting in an EBITDA margin of 79.8%.

Balance Sheet

Infigen's balance sheet remains sound with substantial cash balances of $405 million at year end. Gearing was significantly reduced following the sale of the Spanish and Portuguese wind farms to 57.9% from 65.3%. There are no asset impairments, off-balance sheet liabilities or unfunded commitments.

Infigen's corporate debt facilities are structured as long term amortising facilities with no refinancing requirements. Furthermore, we continue to benefit from attractive pricing under the terms of these facilities.

Managing Director's Report

Our key debt ratios as at 30 June 2009 remain sound as illustrated by a Net Debt to EBITDA ratio of 6.2x, Debt Service Cover Ratio (DSCR) of 1.3x and Interest Cover Ratio of 2.3x. Infigen currently hedges approximately 90% of its debt against interest rate movements with an average maturity of swaps of approximately 8.5 years. The effective interest rate on borrowings was 6.4% as at 30 June 2009.

A total of $491.8 million was applied towards capital expenditure on continuing operations during the year. Construction and commissioning activities at our Capital wind farm remain on time and within budget. At 141MW, the Capital wind farm is the largest utility scale wind farm in New South Wales and is contracted to deliver all of the renewable energy requirements for Sydney Water's desalination plant. At 30 June 2009, there remained $89 million of capital expenditure to complete the Capital and Lake Bonney (stage 3) wind farms. This commitment is fully covered by existing cash balances.

We have established a solid platform to ensure that Infigen can secure attractive growth opportunities in Australia.

Organic Growth Prospects

We have established a solid platform to ensure that Infigen can secure attractive growth opportunities in Australia with the acquisition of a high quality Australian wind energy development pipeline.

This pipeline is diversified across six states and comprises 12 key projects representing 1000MW and a further 650MW of other prospects. The key projects have potential to be delivered over the next five years and are expected to generate opportunities for attractive investments targeting high teens equity returns.

The prospective investment opportunities available within this pipeline place Infigen in a very good position to capitalise on the mandated strong growth in uptake of renewable energy under the expanded national RET legislation, and also from increasing voluntary uptake of renewable energy by various government agencies and large corporate electricity users.

We have two wind farms currently under construction in Australia. The Capital wind farm, with a total capacity of 141MW, is scheduled to complete commissioning and be fully operational at the end of October 2009. The 39MW stage 3 extension to our Lake Bonney wind farm is currently progressing through the mechanical completion stage and is expected to be commissioned and fully operational by April 2010. The completion of Capital and Lake Bonney stage 3 wind farms will add 180MW of operational capacity in FY10.

Outlook

We have a clear direction and capacity to further enhance Infigen's position as Australia's leading specialist renewable energy business and we will continue to manage the business in order to maximise risk adjusted returns for securityholders. As renewable energy requirements increase, the industry in which Infigen operates continues to exhibit very strong prospects for growth. The recent implementation of legislation expanding the national Renewable Energy Target (RET) provides Infigen with a significant growth opportunity in Australia.

As highlighted by the Chairman, our priorities remain focused on the sale processes in the US and Europe and the acceleration of opportunities in our Australian development pipeline, as appropriate.

Infigen has a leading Australian wind energy business by scale, diversity and quality of operating assets and pipeline and we remain optimistic about the opportunities available in this market. We have a proven Australian development team. In executing the Australian development pipeline, we will continue to implement our proven strategy utilising a build-contract-finance sequence, which has demonstrated superior returns on investment.

We also remain focused on implementing our direct operational control strategy for asset management and delivering higher value products with innovative approaches to satisfying the requirements of our customers.

It is a testament to the entire Infigen team that the business is in such good shape after a year of considerable change and uncertainty, during which we substantially refocused corporate governance and our strategic direction for the benefit of our securityholders.

I would like to echo the comments of the Chairman and thank securityholders for their continued support throughout the year and I look forward to providing you with a further update on the performance of our business at the Annual General Meeting.

Miles George
Managing Director

It is a testament to the entire Infigen team that the business is in such good shape after a year of considerable change and uncertainty, during which we substantially refocused corporate governance and our strategic direction for the benefit of our securityholders.

Global Energy Market

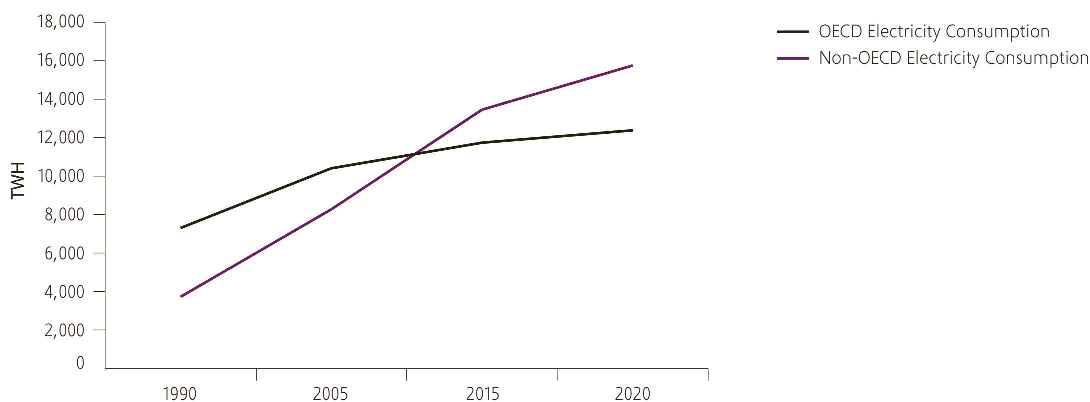
THE GLOBAL ENERGY MARKET IS IN TRANSITION

The global energy industry has weathered several boom-and-bust cycles over the last several decades as well as major technology transformations, with nuclear energy's rise in the 1970s and the combined cycle gas boom in the 1990s. But the industry is now entering a transformation that is likely to dwarf those events, driven by rapid growth in developing countries, continuing resource depletion, and most important of all, a new age of carbon policy.

The election of Barack Obama to the US presidency is expected to accelerate global policy consensus on the need to monetize the environmental cost of greenhouse gas emissions. The resultant higher costs of carbon-based energy generation will quicken a transition to renewable and clean power. While the economic crisis has slowed this trend in 2009, it is not expected to alter the global acceleration of low-carbon energy generation growth over the longer term.

In the context of this shifting market environment, world energy demand is expected to increase by more than 50% by 2020, with electricity generation expected to account for over half of the increase in global primary energy consumption.

Energy Consumption Demand, 1990–2020

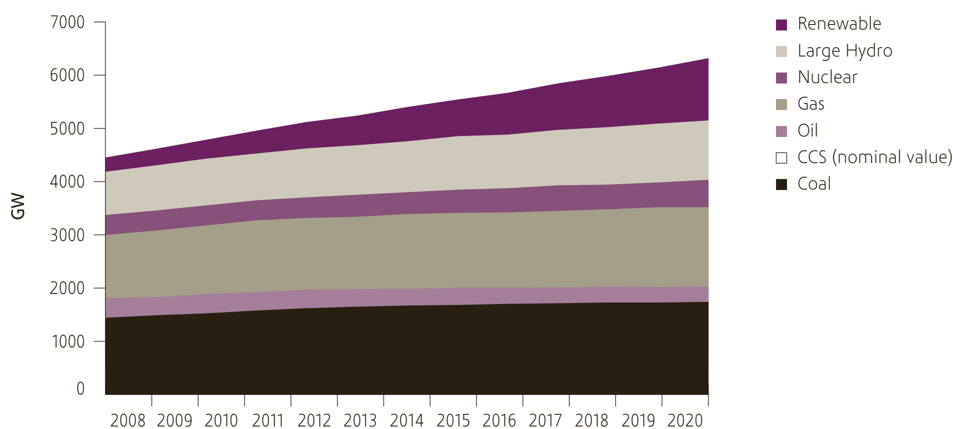


Source: IEA

To meet generation requirements through to 2020, more than 2,500GW of new energy generation capacity is expected to be required, totaling US$4.4 trillion of capital investment excluding transmission and fuel costs. Of the total, 820GW is needed to replace aging plant capacity that will reach the end of its economic life.

The largest share of projected investment to meet this growing demand over the next decade will be renewable energy generation, which is forecast to see US$2 trillion in investment between 2009 and 2020, representing 46% of total energy generation investments. As the largest growth segment of the energy market, renewables will account for 49% of total capacity additions in 2020, up from 21% in 2008.

Evolution of Global Energy Generation Capacity Mix between 2008 and 2020



Source: Emerging Energy Research

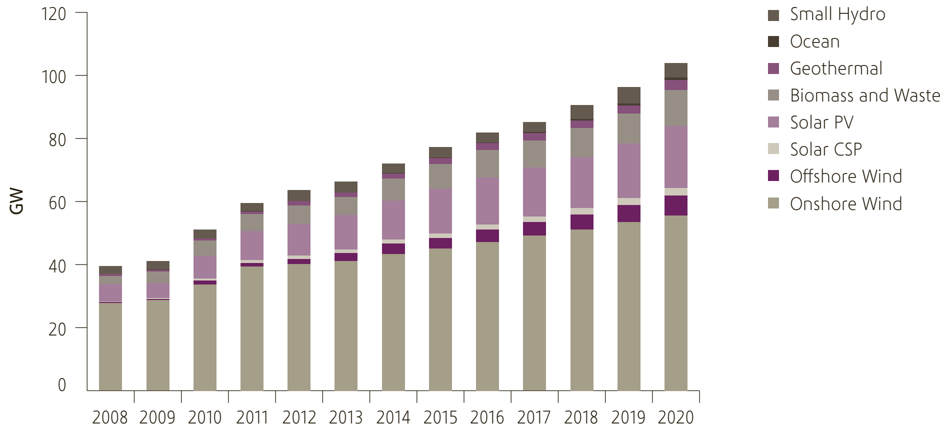
Charting A New Energy Landscape

THE SHARE OF RENEWABLES IN THE GLOBAL ENERGY GENERATION MIX WILL SURGE TO OVER 12% BY 2020, UP FROM 6% IN 2008, WITH WIND AND SOLAR TO LEAD THE WAY

Increasing renewable energy requirements – both to address greenhouse gas concerns and to minimize dependency on imports of depleting fossil fuel resources – and emerging carbon regimes that directly target global warming are expected to drive a faster shift to clean and renewable energy generation.

The growing shift from fossil-fuel energy generation to renewable energy generation will continue to be led by onshore wind, with a growing role for solar PV. Amongst renewables, wind energy is expected to account for 64% of total renewables capacity additions during the next decade. Solar will be the second largest renewable added, with over 150GW added by 2020.

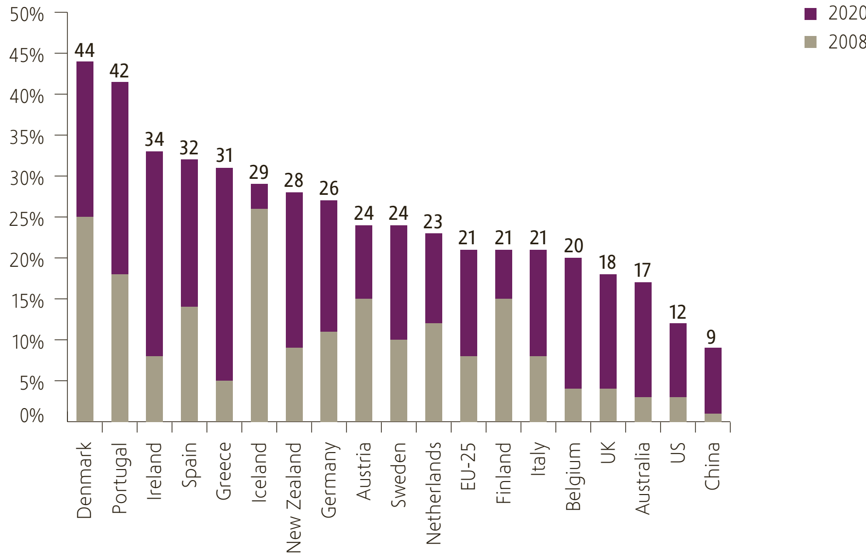
Evolution of Renewable Energy Generation Additions between 2008 and 2020



Source: Emerging Energy Research

In terms of real impact on the energy mix, renewables penetration has varied widely by country – with proactive policies across several European countries yielding the highest contributions from wind and other renewables. Nonetheless renewables are gaining traction globally, led by wind, as renewables penetration hovers around 6% in 2008, expected to rise to 12% by 2020.

Renewable Penetration By Country, 2008 and 2020



Source: Emerging Energy Research

Global Energy Market

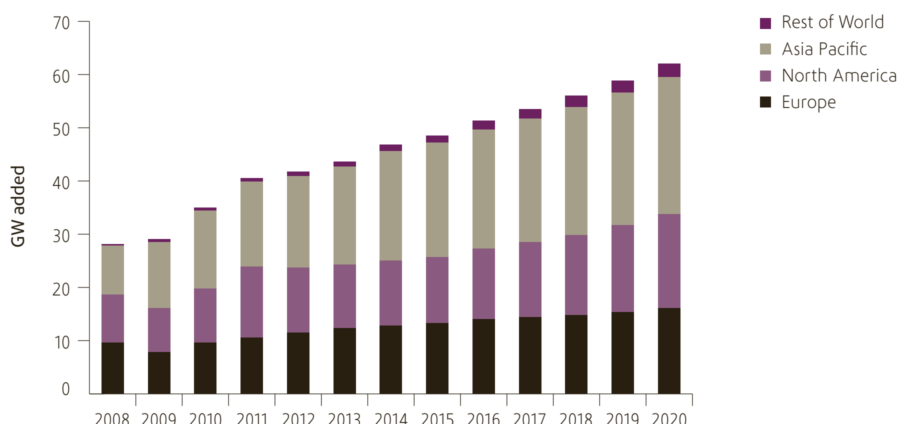
As the largest market by far over the next decade for wind, solar, nuclear, and large hydro, China's role in the global energy generation industry will increasingly drive technology and cost improvements. With a national policy geared to local industry advancement, China will remain a market for foreign technology and expertise that will eventually contribute to an explosion of Chinese energy technology exports in the not-too-distant future.

In Australia, a greater urgency to reduce the country's GHG emissions exposure, and diversify the generation mix, has led to the implementation of the expanded national Renewable Energy Target (RET) legislation in August 2009. The RET has raised Australia's renewable target fourfold, to 20% of the country's energy supply by 2020. The passage of RET will primarily drive increased wind growth, but will also spur increased technology advancement in geothermal, wave and solar.

GLOBAL FINANCIAL CRISIS HAS DAMPENED RECENT WIND GROWTH, BUT A REBOUND IS AHEAD AS STIMULUS, NEW RENEWABLE POLICIES TAKE HOLD

The global wind industry saw expansive growth in 2008, topping 120GW installed worldwide with an annual increase of 23%. In the long term, Emerging Energy Research anticipates this figure will rise steadily to over 600GW installed by 2020. However, the global financial crisis has significantly impacted the wind project finance market during the past year and, conversely, placed downward pressure on the cost of wind turbine equipment globally by driving down the price of key commodities such as steel and copper.

Global Wind Capacity Additions Forecast



Source: Emerging Energy Research

However, accelerating carbon policy momentum, new long-term renewable policy standards, and a growing focus on renewable energy transmission development are setting the stage for a significant increase in long-term growth potential, especially as liquidity returns to the financial sector.

In the US, the Obama administration and Congress recognised the strain of the financial crisis and designed several components of the American Recovery and Reinvestment Act of 2009 (ARRA) economic stimulus package as a means to offer relief to the wind market by creating several financing alternatives to the PTC – which is the primary US federal tax incentive for wind energy.

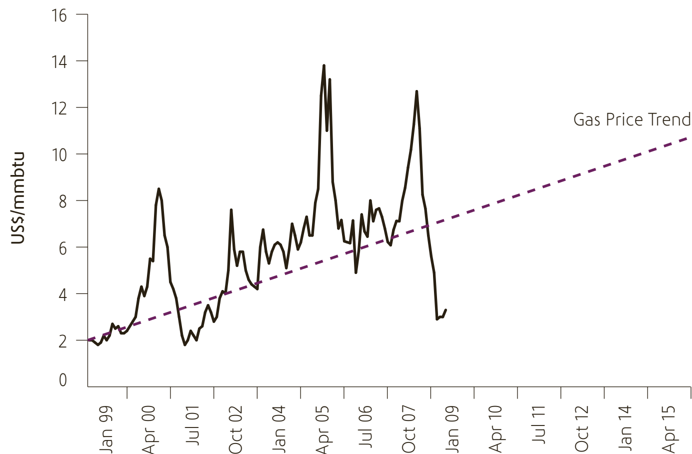
In Australia, the expanded national Renewable Energy Target (RET) legislation has been enacted and is backed by a meaningful shortfall penalty of A$65 per MWh for energy retailers that fail to comply with the target.

OVER THE LONG TERM, WIND ENERGY WILL REMAIN COST-COMPETITIVE WITH NEW BUILD CONVENTIONAL ENERGY OPTIONS

In the near-term, the fall in natural gas prices during 2008 poses one of the most significant risks to new wind plants' ability to compete for utility energy demand in most markets.

Nevertheless, recovery in the price of natural gas will likely be linked closely to the general economic recovery. Moreover, natural gas production-price linkages, LNG infrastructure challenges, and ongoing conflicts in the Middle East are expected to continue contributing to price volatility through the next decade. As such, utility procurement of wind energy as a long-term hedge against fossil fuel price volatility is expected to continue.

Historic Natural Gas Fuel Price Volatility



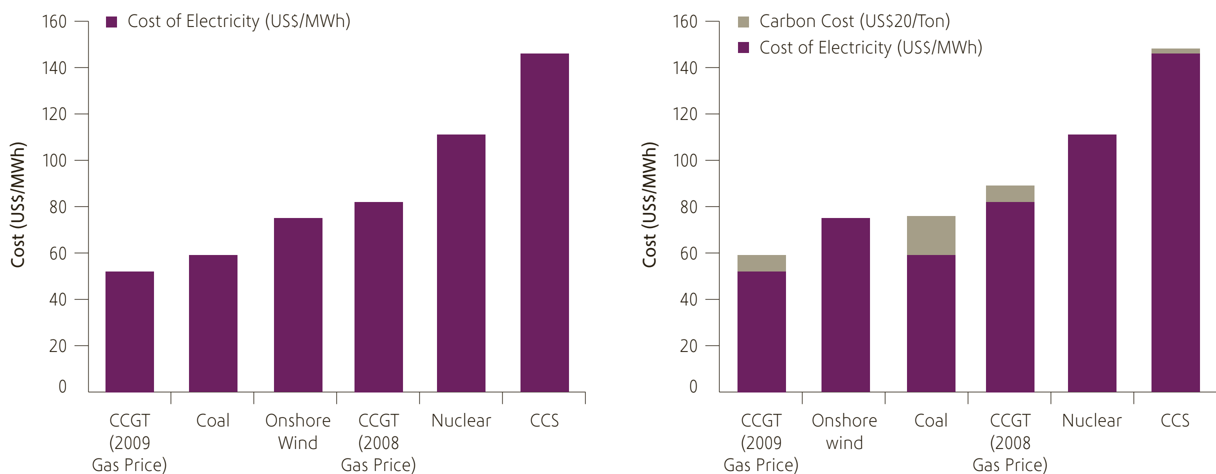
Source: Henry Hub

While wind's cost-of-energy competition with natural gas will likely continue for several years, over the long term the adoption of a transparent price on carbon emissions would substantially improve wind's position as the least-cost option available to utilities for new energy capacity.

Assuming a levelised cost basis and factoring in a carbon cost of US$20/ton and fuel price volatility, the cost of electricity generation from traditional natural gas and coal fuel sources is expected to rise to a band between US$55–80/MWh. For new nuclear, supply chain bottlenecks and planning challenges are driving costs above US$100/MWh, while initial CCS projects face total costs well over US$100/MWh. Consequently, by the middle of the next decade, wind energy is expected to be among the lowest-cost forms of energy as carbon plays a greater role in defining the cost of energy generation globally.

In Australia, the introduction of the expanded national Renewable Energy Target (RET) legislation and the planned introduction of the Carbon Pollution Reduction Scheme could have far-reaching implications for the long-term competitive position of wind energy within Australia's energy generation mix. Given the proposed design of the legislation and the price of carbon emissions allowances, an Australian Greenhouse Gas emissions policy, together with greater international cooperation and action is expected to result in wind energy becoming the least-cost energy generation option available to Australian utilities for new energy generation capacity build-out.

Comparative Cost of Wind with Conventional Energy Generation



Source: Emerging Energy Research

Asset Summary

Country	Wind Region	Number of Wind Farms	Capacity (MW)	
			Total	Ownership[1]
Australia	Western Australia		89.1	89.1
	South Australia		278.5	278.5
	New South Wales		140.7	140.7
Sub Total[3]		**5**	**508.3**	**508.3**
Germany	Germany	12	128.7	128.7
France	France	6	52.0	52.0
US[1]	US – South[1]		829.6	509.4
	US – North West		41.0	20.5
	US – South West		88.0	88.0
	US – North East		111.5	98.7
	US – Central		300.5	200.3
	US – Mid West		186.2	172.5
Sub Total		**18**	**1,556.7**	**1,089.4**
Sub Total – Operational		39	2,066.0	1,598.7
Sub Total – Under Construction		2	179.7	179.7
Total as at 30 September 2009		**41**	**2,245.7**	**1,778.4**

1 Ownership is shown on the basis of active Infigen ownership as represented by the percentage of B Class Member interest, with the exception of a 5% direct equity interest in the Aragonne Mesa wind farm.
2 'PPA': Power Purchase Agreement.
3 Includes assets under construction.

Number of Turbines	Long Term Mean Energy Production (GWh pa)		Capacity Factor	Energy Sale[2]
	Total	Ownership[1]		
54	367	367	47%	
112	809	809	33%	
67	443	443	36%	
233	**1,619**	**1,619**	**36%**	**PPA & Market**
78	276	276	24%	Fixed Tariff
26	119	119	26%	Fixed Tariff
607	2,908	1,779	40%	
41	120	60	33%	
63	273	273	35%	
57	331	293	34%	
274	959	640	36%	
136	513	470	31%	
1,178	**5,104**	**3,515**	**37%**	**PPA & Market**
1,435	6,557	4,968	35%	
80	561	561	36%	
1,515	**7,118**	**5,529**	**35%**	

Australia

Year	Capacity Factor	Generation (GWh)
2009	30%	875

Number of Wind Farms	Number of Turbines	Total Capacity (MW)
5	233	508.3

Key Financials	FY08	FY09
Revenue[1]	$69.7m	$78.4m
EBITDA	$59.5m	$63.7m
Contribution to EBITDA[2]	14.8%	15.5%
EBITDA Margin	85.3%	81.3%

1 FY08 includes pre-commissioning revenue from Lake Bonney stage 2. FY09 includes banked RECs of $4.8m.
2 EBITDA before corporate costs. Includes RECs for FY09.

Australia has some of the world's best wind resources and is a major growth market for wind energy. At the end of 2008 the Australian wind energy market had a total capacity of 1,306MW and a significant amount of capacity proposed for development or construction.

Legislation to implement the expanded national Renewable Energy Target (RET) scheme was passed by the Commonwealth Parliament on 20 August 2009 and is now in place. The Government's RET scheme is designed to ensure that 20 per cent of Australia's electricity comes from renewable sources by 2020. The expanded RET increases the current RET by over four times, from 9,500 gigawatt-hours to 45,000 gigawatt-hours in 2020. The annual target profile is to be maintained at 45,000 gigawatt-hours from 2020 to 2030, at which point the scheme will conclude.

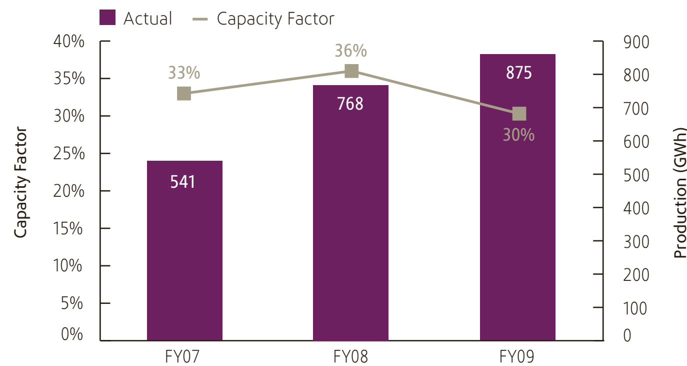
The RET will absorb existing and proposed State and Territory renewable energy schemes into a single national scheme. As the RET scheme is technology neutral and encourages the target to be fulfilled at least cost, it is expected that wind, being the most competitive form of renewable energy generation, will contribute significantly to Australia's future generation mix.

The shortfall penalty for non-surrender of Renewable Energy Certificates is $65 per megawatt hour (MWh), up from a previous penalty of $40/MWh, which aims to encourage compliance and ensure the RET remains an incentive for investment in renewable energy.

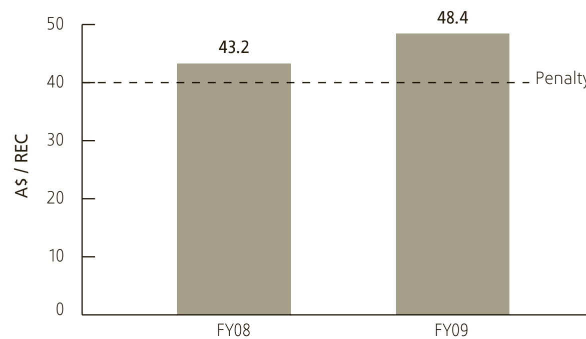
The proposed introduction of the Carbon Pollution Reduction Scheme (CPRS) in 2011 will also stimulate growth in renewable energy and after the conclusion of the RET in 2030 will be the major driver of new renewable energy installation. The RET and CPRS are key components of the Government's emissions mitigation strategy and are part of the Government's longer term goal of reducing Australia's emissions by 60% compared with 2000 levels by 2050.

Infigen is the leading wind energy generation owner and operator in Australia, with five wind farms with a total capacity of 508MW and a long term mean energy production of 1,619GWh per annum. In July 2009 Infigen acquired a high quality development pipeline across six Australian states, comprising 1,000MW of 12 key projects and a further 650MW of other prospects.

Capacity Factor and Production



REC Price (A$/REC)[3] – Lake Bonney 2



3 Average for financial year.

Generation at Infigen's three operational Australian wind farms for the 12 months ending 30 June 2009 reached 875GWh, up 14% on the prior year reflecting the first full period contribution from Lake Bonney stage 2. The Australian wind farms performed at an average Capacity Factor of 30% which was down on the prior year of 36%. This performance reflects short term availability issues at the Lake Bonney stage 2 wind farm associated with failures of wind turbine gearboxes and several underground high voltage cable joints. The turbine manufacturer is currently working to repair and replace the failed gearboxes. This is expected to be completed in FY10 and Infigen expects that it will be compensated for lost production.

At 30 June 2009, Infigen retained $4.8m of unsold renewable energy certificates (RECs) on balance sheet which were generated throughout the year. Including these RECs the Australian business generated an average price of $89.70/MWh and achieved an EBITDA margin of 81.3%. This also includes a higher average price of $48.40 for renewable energy certificates, up from $43.20 in the prior year.

Infigen has two wind farms currently under construction: – Capital and Lake Bonney stage 3. Capital wind farm is expected to be fully commissioned by the end of October 2009 and once fully operational will have an installed capacity of 141MW. The turbines at Lake Bonney stage 3 are fully erected and are currently progressing through the mechanical completion stage. Lake Bonney stage 3 is expected to be fully operational in April 2010 and will have an installed capacity of 39MW.

Statistics provided by Global Wind Energy Council (GWEC) (2008)

United States

Year	Capacity Factor	Generation (GWh)
2009	34%	3,174

Number of Wind Farms	Number of Turbines	Total Capacity (MW)[1]
18	1,178	1,089.4

Key Financials	FY08	FY09
Revenue[2]	$234.2m	$301.2m
EBITDA[3]	$186.7m	$233.8m
Contribution to EBITDA	46.3%	56.7%
EBITDA Margin	79.7%	77.6%

1 On the basis of active ownership as represented by the percentage ownership of Class B Member interest.
2 Includes PTC revenue of $69.5m in FY08 and $98.7m in FY09.
3 EBITDA includes PTCs and is before corporate costs.

The US wind energy industry experienced substantial growth in 2008 with a record 8,358MW of new capacity installed during the year – enabling it to surpass Germany as the largest wind market in the world. This growth represents a 50% increase in new installations over 2007, with average US industry growth over the past five years at 32% p.a.

The primary Federal Government incentive for wind energy development is the Production Tax Credit (PTC) system, which provides an income tax credit of 2.1 cents/kilowatt-hour for electricity generated with wind energy for the first 10 years of a qualifying project's operations. In addition, State-based incentives and targets provide further impetus to the growth of the US wind energy market. There are currently 34 States and one District in the US with renewable energy usage targets, which include specific renewable portfolio standards (RPS) policies.

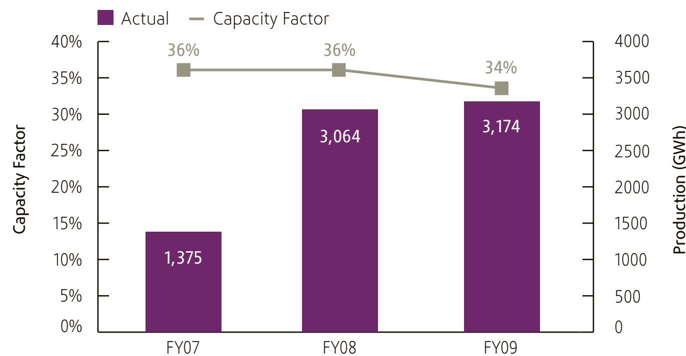
In February 2009, the US Congress passed the American Recovery and Reinvestment Act (ARRA) economic stimulus package, which included: a three-year extension to the PTC through December 2012; an option to elect a 30% Investment Tax Credit (ITC) as an alternative to the PTC; a new US$6 billion Department of Energy (DOE) renewable energy loan guarantee program, and targeted provisions to encourage investment in new transmission to facilitate the expansion of renewable energy generation.

The American Clean Energy and Security Act of 2009, also known as the Waxman-Markey Bill, was approved by the House of Representatives on 26 June 2009 and is currently progressing through the Senate. This Bill contains a provision to reduce carbon dioxide emissions 17% below 2005 levels by 2020 and 83% below 2005 levels by 2050 and includes a national renewable electricity target.

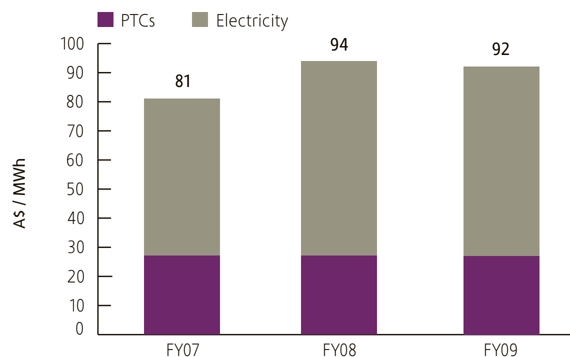
Whilst the recent regulatory changes do not impact Infigen's existing pre-qualified US portfolio, these are undoubtedly positive developments for the US wind energy industry which accounted for approximately 42% of new build electricity generation capacity in the US in 2008[1].

1 Source: AWEA.

Capacity Factor and Production



US Electricity and PTC price[4]



4 Restated at FY09 FX Rates. Includes PTCs.

Infigen's US business comprises 18 wind farms across six wind regions with total installed capacity of 1,089.4MW and a long term mean energy production of 3,515GWh per annum[2]. Infigen is the sixth largest wind energy participant in the US market and is a leading US independent wind energy producer with a complementary asset management business.

Generation at Infigen's US wind farms for the 12 months ending 30 June 2009 was 3,174GWh, up 4% on the prior year. The US business generated an average price of $92.40 per megawatt hour and achieved an EBITDA margin of 77.6%[3].

The US wind farms achieved a Capacity Factor of 34%, which was down from the prior year of 36%. This performance primarily relates to the lower wind resource experienced during May and June, as well as availability issues, predominantly at the Allegheny Ridge and Caprock wind farms, where Infigen does not yet have direct operational control.

2 On the basis of active ownership as represented by the percentage ownership of Class B Member interest.
3 Includes PTCs.

Infigen's US asset management business, Bluarc Management Group, is in the process of transitioning to direct control of all operational and maintenance (O&M) activities as initial O&M service agreements roll off. Having direct control of O&M activities in these wind farms is expected to drive operational and financial improvements.

Statistics provided by GWEC (2008)

Germany and France

Year	Capacity Factor	Generation (GWh)
2009	19%	243

Number of Wind Farms	Number of Turbines	Total Capacity (MW)
18	104	180.7

Key Financials	FY08	FY09
Revenue[1]	$19.9m	$39.7m
EBITDA	$16.2m	$31.7m
Contribution to EBITDA	4.0%	7.7%
EBITDA Margin	81.4%	79.8%

1 At actual FX rates.

Germany

The wind energy market in Germany is the second largest in the world, with a cumulative installed capacity of 23,903MW or around 20% of global cumulative installed capacity, as at the end of 2008. It experienced moderate growth in 2008, adding 1,665MW of new capacity during the year, compared to 1,667MW of capacity installed during 2007.

The German market is supported by a stable regulatory environment aimed at achieving its long-term renewable energy goals. In 1991, Germany introduced a feed-in law that helped develop the wind energy market. In 2000, the Renewable Energy Sources Act (EEG) was passed, creating new incentives for investment, innovation and growth in the German renewable energy market. Under the EEG, electricity produced from renewable energy sources is given priority connection to the grid and wind farms are paid a fixed tariff for electricity produced for a period of up to 20 years.

The EEG was most recently amended in 2008, with new tariffs and regulations taking effect on 1 January 2009.

Infigen's presence in Germany comprises 12 wind farms with a total installed capacity of 128.7MW and an estimated long term mean energy production of 276.1GWh per annum.

France

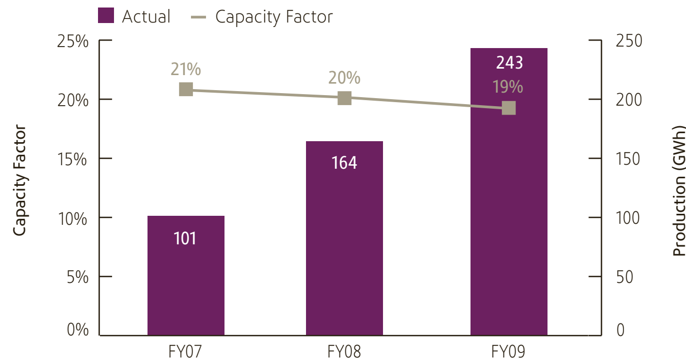
The French wind energy market experienced strong growth in 2008, with 950MW of new capacity installed, taking total installed capacity to 3,404MW. This places France in the top 10 markets in 2008, by annual MW installed, for the third year in a row.

The French wind energy market is supported by stable support mechanisms. A feed-in tariff was introduced in 2002 and then re-affirmed in a decree signed in November 2008. Under the Ministerial Order of July 2006, Electricite de France is also obliged to buy electricity from privately owned and operated renewable energy sources in accordance with Power Purchase Agreements (PPAs).

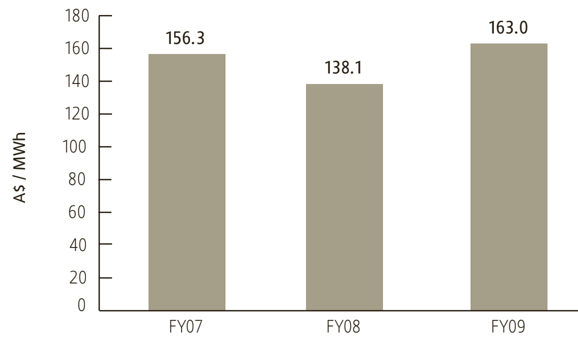
In 2007 the French Syndicat des Energies Renouvelables suggested a wind energy generation target of 25GW by 2020, including 6GW offshore. This target is expected to be adopted by the end of 2009.

Infigen currently has six wind farms in France with a total installed capacity of 52MW and an estimated long term mean energy production of 118.8GWh per annum.

Capacity Factor and Production



Tariff – Germany/France[3]



2 Restated at FY09 FX rates.

Operational Performance

Generation at Infigen's German and French wind farms for the 12 months ending 30 June 2009 was 243GWh, up 48% on the prior year, reflecting the first full period contribution from wind farms previously under construction.

The French and German wind farms generated an average tariff of $163/MWh and achieved an EBITDA margin of 79.8%. The wind farms achieved a capacity factor of 19% which was down from the prior year of 20%. This performance was impacted by lower wind resource, particularly across Germany. Availability in Europe has been very good with the French turbines consistently averaging over 97%. This was partially offset by lower availability at Infigen's Wachtendonk, Bocholt and Eifel wind farms in Germany as a result of blade rectification issues. These issues have now been finalised.

Following the sale of Infigen's mature wind farm businesses in Portugal and Spain, a sale process has commenced for the German and French assets, which are non-core to Infigen's future business.

Statistics supplied by GWEC(2008)

Commitment to Sustainability

At Infigen Energy, the concept of sustainability is a driving force and we incorporate it into all facets of our business. Our objective of leaving a positive legacy for future generations is paramount both in the product we produce and in the way we operate our business.

The global pursuit of economic growth and the increasing demand for resources is placing a significant strain on the world's ecosystems, economies and societies.

As a consequence one of the most important and pressing challenges that society faces today is the need to manage these systems to ensure they are not permanently damaged or left encumbered for future generations.

At Infigen, we are committed to:

- Providing safe and healthy work environments for all employees, contractors and visitors at our sites.
- Minimising our impact on the environment, with the protection of all aspects of the environment a priority.
- Continued excellence with respect to both our environmental performance and community participation in our activities.

Integrating Sustainability

Our priority is to integrate sustainability into all initiatives, including:

- Placing the health, safety and welfare of people first
- Ensuring that employees and contractors operate in accordance with our sustainability policies and management systems
- Ensuring our operating wind farms focus on leadership and culture as a key enabler for safe working; and managing the operations against measurable objectives, targets and safety performance indicators
- Efficient use of natural resources such as fuels and water, and the reduction, re-use and recycling of wastes
- Improving the ecological footprint throughout the full life cycle analysis of each turbine, wind farm and the overall business
- Continuing to support the communities we operate within and respecting their diverse cultures, views and needs; and
- Continuing to comply with all relevant legislation, codes of practice, jurisdictional standards, industry standards, guidelines and other relevant statutory obligations.

Occupational Health and Safety

Infigen continues to demonstrate a strong commitment to occupational health and safety through both its governance and reporting structure and operationally at a country and asset level. The wind asset management team has a goal of zero incidents and injuries.

A safety performance reporting framework has been implemented to provide the Wind Safety Executive Committee with visibility on the safety performance of the assets in each country. Performance statistics are recorded on a monthly basis to allow trend analysis and benchmarking against industry safety standards. Asset managers are held accountable for safety performance.

Infigen Energy's OH&S statistics are compiled for the calendar year and rates are calculated on the basis of 200,000 working hours.

For the period 1st of January 2009 to 31st of July 2009, the Total Reportable Incident Rate (TRIR) and Lost Time Injury Frequency Rate (LTIFR) for the group are as follows:

	TRIR	LTIFR
Infigen Energy Group	6.1	2.4

The above figures do not include France.

Environment

At Infigen, we are committed to operating our business in an environmentally sustainable way.

Wind energy, by its very nature, plays a significant role in helping to reduce carbon emissions that would otherwise be emitted by conventional energy technologies. According to GWEC's[1] Global Wind Energy Outlook 2008, wind energy is on track to supply 10–12% of global electricity demand by 2020; reducing carbon emissions by 1.5 billion tonnes per year, far more than any other energy sector technology.

Infigen is currently developing knowledge of its own emissions and will report to the inaugural National Greenhouse and Energy Reporting (NGER) Act, for the FY09 financial year, in late October 2009. The NGER Act will underpin Australia's emissions trading scheme, the Carbon Pollution Reduction Scheme (CPRS), providing the emissions data on which obligations under the CPRS will be based.

Infigen has also participated in the Carbon Disclosure Project (CDP) for the past two years. CDP is an annual emissions and energy reporting survey backed by 475 institutional investors globally.

On an operational level, all of our wind farms undergo comprehensive environmental assessments before being granted development approval; they are also bound to obligations under environmental management programs which are approved by the relevant planning authorities.

These environmental obligations cover areas such as control of soil erosion and sedimentation, management of bushfire-related risks, directions on waste handling and disposal and the minimisation of any potential impacts our wind farms may have on flora and fauna habitat. At Infigen we take these obligations very seriously; we regularly monitor the impacts our wind farms are having on the surrounding environments and assess the way in which we address potential issues.

Community

Infigen undertakes a substantial degree of consultation with the communities in which it operates, both through the planning and development stage and then the full life cycle of each wind farm. We encourage this dialogue to ensure there is a clear flow of information between stakeholders and that concerns can be easily raised and then addressed.

Infigen endeavours to have a positive impact within its communities, both on a relationship level, through regular consultation, and on an economic level, by providing employment opportunities.

As an example, the Capital wind farm has generated employment for over 120 people during the construction phase, with up to 10 people remaining on-site for ongoing operations and maintenance activities.

Infigen also actively supports local communities, schools and sporting organisations through sponsorship and employee participation at events.

1 GWEC – Global Wind Energy Council.

Infigen Boards

From left to right:
Graham Kelly, Miles George,
Anthony Battle, Michael Hutchinson
and Douglas Clemson.

Graham Kelly
Non-Executive Chairman
Appointed on 20 October 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.

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.

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.

Infigen Management

Geoff Dutaillis
Chief Operating Officer

Geoff is the Chief Operating Officer of Infigen Energy, with responsibility for global asset management and operational activities.

He joined B&B in early 2005 to work in infrastructure development and specifically to focus on the expanding field of environmental infrastructure. In this role, Geoff worked on new investment opportunities for B&B Environmental Investments Limited and on preparing BBW (now Infigen Energy) for its IPO.

Previously, Geoff worked at Lend Lease for almost 19 years, including seven years based in London with the company's European development business. Geoff has extensive experience in the development and project management of major projects, having had leadership roles on a number of landmark developments, including Bluewater in the United Kingdom, at that time the largest retail and leisure complex in the UK, and more recently as Project Director for the Rouse Hill Regional Centre, a 100 hectare mixed-use community centre in north-west Sydney.

Geoff holds a Bachelor of Engineering (Civil) (Hons) from the University of NSW with additional qualifications in management (AGSM), property and finance.

From left to right:
Miles George, Geoff Dutaillis,
and Gerard Dover.

Gerard Dover
Chief Financial Officer

Gerard is the Chief Financial Officer of Infigen Energy. He joined BBW in September 2006, and prior to this, between 1990 and 1996, he worked with Price Waterhouse in the UK and Sydney. He then joined AstraZeneca in the UK, holding a number of finance roles before working on the spin off and IPO of Syngenta AG. As Capital Markets Manager, he worked in Syngenta's Head Office in Switzerland on the arrangement of syndicated bank facilities and refinancing of these facilities through a series of capital markets transactions. He also had responsibility for credit ratings and worked in Investor Relations.

More recently, Gerard was CFO and Head of IT of Syngenta Crop Protection in Australasia. In this role he managed a number of change projects including Sarbanes Oxley Act compliance, business reporting and balanced score card process as well as the implementation of SAP.

Gerard has been a member of the Institute of Chartered Accountants in England and Wales since 1993 and a Member of Corporate Treasurers since 2003. He holds a Bachelors degree in Banking and Finance.

Catherine Gunning
General Counsel

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.

David Richardson
Company Secretary

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, 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.

Hilary George
Treasurer

Hilary joined Infigen Energy in 2007 as Treasurer. Hilary has held Treasury roles in domestic and international companies in the energy and infrastructure sectors, most recently as Treasurer of AGL Energy. She has extensive experience in corporate finance, financial risk management and capital markets. Hilary holds a Bachelor of Economics.

Rosalie Duff
Head of Investor Relations & Media

Rosalie joined Infigen Energy in 2006 to head up the investor relations, media and communications functions. Prior to this Rosalie was an Institutional Investor Relations Manager with AMP, specialising in strategic financial communications. Before taking up a career in Investor Relations, Rosalie held roles in corporate banking and funds management with Westpac for over 12 years and had research responsibility for Australian Equities and International Equity markets. She holds a Bachelor of Economics and Masters of Economics from Macquarie University.

David Silcock
Group Financial Controller

David joined Infigen Energy in August 2005 as group financial controller. Prior to joining Infigen, David worked with Ernst & Young in the UK and then in Silicon Valley in California for three years, before relocating to the firm's Sydney office in 2000. David left public practice to join Woolworths Limited in a corporate finance role in October 2002. David is a chartered accountant and has been a member of the Institute of Chartered Accountants in England and Wales since 1996. He holds a Masters degree in Economics.

Brad Hopwood
Tax & Corporate Finance

Brad is responsible for tax, corporate finance and corporate structure matters and is also currently General Manager for Infigen Europe. Brad has been working with Infigen since April 2006 when he joined B&B to establish and lead the tax function for the Specialised Funds platform. In the lead up to the internalisation of Infigen's management and separation from B&B in late 2008, Brad relinquished all other roles and became solely dedicated to and subsequently employed directly by Infigen. Brad previously worked with KPMG in Sydney and London. Brad holds Bachelor degrees in Economics and Law and a Graduate Diploma of Legal Practice. Brad is also admitted in New South Wales as a (non-practising) Solicitor.

Jillian Carmody
Information Management and Technology Manager

Jillian has over 20 years experience in the IT industry and has worked in executive positions both in the private and government sectors. Prior to joining Infigen in January 2009 she worked for HBOS Australia where she led the development of the 10-year IT Programme to support the Bankwest Australian east coast expansion. From 2003 to 2006, Jillian was the IT Strategy Manager at Brisbane City Council and prior to this, she worked for the Queensland Government for 13 years, holding a number of leadership roles including CIO for Disability Services and Aboriginal and Islander Affairs. Jillian holds degrees in Business Management and Commercial Computing (Distinction) from Queensland University of Technology.

David Barnes
CEO Bluarc Management Group LLC

David joined B&B's Power Operating Partners (BBPOP) LLC in 2005 to lead the creation of the operations and asset management business in North America and has been working within Infigen Energy since 2005. With Infigen Energy's acquisition of BBPOP in June 2009, David was appointed CEO of the renamed US asset management team, Bluarc Management Group LLC. David is experienced with developing, operating, supervising and managing wind generation projects, including acting as a project independent engineer and compiling fully qualified project operating teams in Spain and the US. Prior to B&B, David held senior management positions at Garrad Hassan, Terranova Energy, SeaWest and at several wind turbine manufacturers. Bluarc and David are based in Dallas.

David Stegehuis
General Manager Australia

David joined Infigen Energy in 2006 to manage Infigen's acquisitions of new wind farm assets. Last year he managed the sales of Infigen's European portfolios. He is now General Manager of the Australia activities. Prior to his career with Infigen, David held roles in originating PPP infrastructure investments and project finance with ABN AMRO and B&B. Before this, David worked for a financial risk advisory practice of KPMG. David holds a Bachelor of Commerce (Hons) from the University of Melbourne and completed the Professional Year with the Institute of Chartered Accountants of Australia.

Perry Wright
Head of Asset Management, Australia

Perry joined Infigen Energy in December 2006 as Infigen's Australian Asset Manager. Together with a dedicated team, Perry manages the operational requirements for the Australian wind assets. Prior to joining Infigen, Perry worked with wind turbine manufacturer Vestas as Asia-Pacific Australian QSE Manager. He has an extensive background in asset management and engineering derived from the petrochemical, mining and energy industries.

Holger Marg
European Asset Manager

Holger joined B&B GmbH, Munich in 2008 as Infigen's European Asset Manager to manage the operational requirements for Germany and France. Following the separation from B&B, Holger was directly employed by Infigen and was appointed Managing Director of the newly incorporated Infigen Energy GmbH in April 2009. Prior to joining Infigen, Holger was a Wind Farm Portfolio Manager at Deutsche Immobilien Leasing GmbH, a subsidiary of Deutsche Bank AG.

Corporate Structure

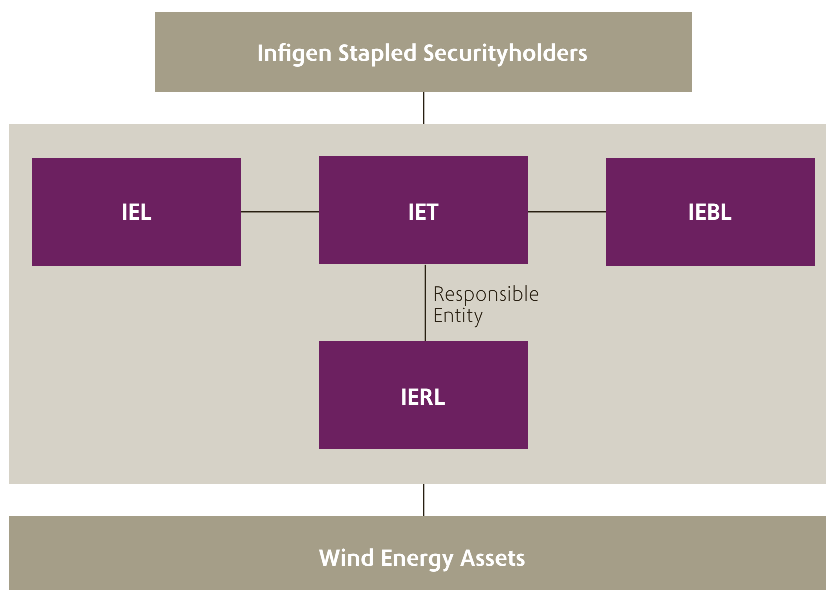
Infigen comprises:

- 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 Infigen stapled security, tradeable on the Australian Securities Exchange.

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

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



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Corporate Governance Statement

INTRODUCTION

This statement reflects Infigen Energy's corporate governance framework as at 30 September 2009. A copy of this statement and other documents (or summaries thereof) can be accessed and downloaded from the Corporate Governance section on our website at **www.infigenenergy.com**.

The Infigen Energy group (**IFN**) comprises the following:

- Infigen Energy Limited (**IEL**), ACN 105 051 616, a public company incorporated in Australia;
- Infigen Energy (Bermuda) Limited (**IEBL**), ARBN 116 360 715, a company incorporated in Bermuda;
- Infigen Energy Trust (**IET**), ARSN 116 244 118, a managed investment scheme registered in Australia, of which Infigen Energy RE Limited (**IERL**), ACN 113 813 997, AFSL 290710, is the responsible entity; and
- the subsidiary entities of IEL and IET.

Any reference contained in this statement to IERL is a reference to IERL in its capacity as responsible entity of IET, unless otherwise indicated.

Shares issued by IEL and IEBL, as well as units issued by IET, are stapled together to form IFN stapled securities (**IFN securities**). These IFN securities commenced quotation on the Australian Securities Exchange (**ASX**) under the market code 'BBW' when the group listed as Babcock & Brown Wind Partners on 28 October 2005. Following IFN internalising management on 31 December 2008 and subsequently changing its name to Infigen Energy on 29 April 2009, the group has been quoted on the ASX under the market code 'IFN' since 4 May 2009. References to 'IFN' throughout this Statement includes Infigen Energy when it was known as Babcock & Brown Wind Partners (BBW) prior to 29 April 2009.

INTERACTION BETWEEN THE ROLES OF IEL, IEBL AND IERL

The Boards of IEL, IEBL and IERL (the **IFN Boards**), are responsible for overseeing the rights and interests of all investors in IFN and are accountable to them for the overall governance and management of IFN.

The IEL Board, in consultation and agreement with the IEBL and IERL Boards, formulates and approves the strategic direction, investment objectives and goals of IFN in accordance with the terms of the stapling deed (**Stapling Deed**). In practice, IEL was primarily responsible for conducting the day-to-day operations of IFN during the 2009 financial year, and will continue to consult and exchange information with and seek the agreement of IEBL and IERL when making decisions in relation to IFN.

The Stapling Deed sets out the terms and conditions of the relationship between IEL, IEBL and IERL in respect of IFN, for so long as the units in IET and the shares in IEL and IEBL remain stapled. In summary, the Stapling Deed provides that each of IEL, IEBL and IERL must:

- co-operate in respect of all matters relating to IFN and consult with each other prior to causing any act to be done or omission to be made which may materially affect the value of IFN securities (including the announcement or payment of a dividend or distribution);
- make available to each other all information in their possession necessary or desirable to fulfil their respective obligations under the Stapling Deed (eg. making available to each other all information and providing all assistance in relation to the preparation of financial accounts);
- co-operate with each other to ensure that each complies with its obligations under the ASX Listing Rules (including disclosure obligations), co-ordinate disclosure to the ASX and investors, and liaise with the ASX in relation to ASX Listing Rule matters;
- perform their obligations under the Stapling Deed and their respective Constitutions and Bye-Laws with a view to enhancing the market value of IFN stapled securities;
- notify each other of an intention to acquire or sell assets where the value of those assets is greater than 5% of each entity's net tangible assets;
- act consistently with the investment strategy of IFN as agreed between them and consult with each other on implementation of this strategy and any changes to its implementation;
- not borrow or raise any money unless the other entities agree;
- co-operate to ensure that IEL and IEBL shareholder and IET unitholder meetings are held concurrently or, where necessary, consecutively;
- consult with each other in relation to any reorganisation or restructure of capital or any changes to stapling arrangements;
- co-operate on the terms and timing of all new issues, bonus and rights issues, placements, redemptions, buy-backs and any dividend or distribution reinvestment plans; and
- co-operate with each other to ensure that the Boards of IEL, IEBL and IERL have a common sub-group of Directors.

Therefore, as indicated, it is by operation of the Stapling Deed that the Boards of IEL, IEBL and IERL (as responsible entity of IET) are together responsible for overseeing the rights and interests of securityholders in IFN and accountable to securityholders for the overall corporate governance and management of IFN.

CORPORATE GOVERNANCE FRAMEWORK

The establishment of a sound framework of corporate governance and the implementation of the corresponding governance culture and processes throughout IFN is one of the primary responsibilities of the IFN Boards. The IFN Boards recognise that they are accountable to securityholders for the performance of IFN and, to that end, are responsible for instituting and ensuring IFN maintains a system of corporate governance that operates in the best interests of securityholders whilst also addressing the interests of other key stakeholders. A comprehensive corporate governance framework and good governance policies and procedures can add to the performance of IFN, the creation of securityholder value and engender the confidence of the investment community.

The ASX Limited's Corporate Governance Council issued a revised set of guidelines entitled *Corporate Governance Principles and Recommendations* in August 2007. These guidelines articulate 8 core principles (**ASX Principles**) that the Council believes underlie good corporate governance, together with 27 recommendations (**ASX Recommendations**) for implementing effective corporate governance.

The ASX Listing Rules require listed entities such as IFN to include a statement in their annual report disclosing the extent to which they have followed the 8 ASX Principles and 27 ASX Recommendations during the reporting period, identifying any ASX Recommendations that have not been followed and giving reasons for that variance. IFN's Corporate Governance Statement is structured with reference to the ASX Recommendations. Areas not fully complied with are disclosed under the relevant principle.

SIGNIFICANT STRUCTURAL CHANGES – INTERNALISATION

1 July 2008 – 31 December 2008

Prior to 31 December 2008, each of the IFN Boards was assisted in its management of the affairs of IFN by a wholly owned subsidiary of the Babcock & Brown group, Babcock & Brown Wind Partners Management Pty Ltd (the **Previous Manager**). In accordance with the respective Management Agreements with each of IEL, IEBL and IERL, the Previous Manager provided comprehensive management services to each of the entities comprising IFN. These services included identifying and recommending investment opportunities for IFN, managing IFN's investments and advising in respect of any exit from those investments. In addition to those strategic services, the Previous Manager had specific operational management duties and carried out management services for IFN on a day-to-day basis. The Previous Manager's appointment by each of IEL, IEBL and IERL was exclusive and was originally for a term of 25 years from its appointment in 2005. That arrangement is commonly referred to as an 'externally managed' fund.

Under the Management Agreements, the Previous Manager had established a dedicated management team comprising individuals performing the following functions: chief executive officer; chief financial officer and other accounting, tax and treasury personnel; chief operating officer and other operations management personnel; corporate counsel and company secretary; investor relations; and risk and compliance personnel. The chief executive officer led the management team which reported to the Board of the Previous Manager. As an externally managed entity, the management team also effectively acted in the same capacity for IFN as in their appointed functional role for the Previous Manager.

The Management Agreements contained provisions which required the Previous Manager, as a primary obligation, to give priority to the interests of IFN and, consequently, the IFN securityholders. In accordance with the terms of the Management Agreements, the IFN Boards were required to consider any recommendations put to them by the Previous Manager and determine whether the recommended action was in the best interests of IFN securityholders.

The Previous Manager was a member of the Babcock & Brown group, which recognised that effective and transparent governance practices within the funds which it manages was essential to the preservation of securityholders' and stakeholders' interests and the continued success of those funds. To that end, Babcock & Brown established a robust corporate governance framework for the management of relevant externally managed funds, with a view to protecting the interests of each fund's securityholders and other stakeholders. During the time the Previous Manager was responsible for managing IFN, it had close regard to that framework in assisting the IFN Boards to formulate their respective corporate governance practices. During this period, the Previous Manager assisted with amendments to the Management Agreements to strengthen the alignment between the Previous Manager and IFN securityholders, including:

- the move to an Independent Chairman on each of the IFN Boards;
- the proposed appointment of the Chief Executive Officer of the Previous Manager to each of the IFN Boards;
- the reduction of the total base fees payable to the Previous Manager in accordance with the Management Agreements;
- waiver of the Babcock & Brown group's right to provide exclusive financial advisory and investment banking services to IFN in respect of any related party transactions, such that IFN could engage an independent financial advisor; and
- in the event that the Management Agreements are terminated and management is internalised within IFN, the waiver of notice periods and restraint of trade periods in the employment contracts of staff employed by the Previous Manager.

1 January 2009 – 30 June 2009
Following negotiations between the IFN Independent Directors and Babcock & Brown, on 31 December 2008 each of the IEL, IEBL and IERL Boards terminated their respective Management Agreements with the Previous Manager. In association with the termination of the Management Agreements:

- IFN internalised the management team which were employed by the Previous Manager such that the management team transferred to become direct employees of IFN; and
- IFN acquired the responsible entity of the Infigen Energy Trust, IERL, from the Babcock & Brown group.

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.

COMPLIANCE WITH THE ASX RECOMMENDATIONS

As at the date of this Corporate Governance Statement, each of the Boards of IFN advise that their corporate governance practices are in compliance with the ASX Recommendations.

ASX PRINCIPLE 1: LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

Companies should establish and disclose the respective roles and responsibilities of Board and management.

Role of the IFN Boards and Management

ASX Recommendation 1.1: Companies should establish the functions reserved to the Board and those delegated to senior executives and disclose those functions.

The IFN Boards have each adopted a formal Board Charter which details the functions and responsibilities of the relevant Board and distinguishes such functions and responsibilities from those which have been delegated to management. A summary of the Board Charters is available in the Corporate Governance section on IFN's website at www.infigenenergy.com.

As outlined in the respective Board Charters, the IFN Boards are together responsible for the management of the affairs of IFN. In acquitting their responsibilities, the Boards, amongst other things:

- contribute to and approve IFN's corporate strategy;
- evaluate and approve capital expenditure, acquisitions, divestitures and other material corporate transactions of IFN;
- determine IFN's distribution policy and the amount and timing of all distributions paid to IFN's securityholders;
- approve material IFN policies, including IFN's Code of Conduct, Securities Trading Policy, Continuous Disclosure Policy and other compliance-related policies;
- approve all accounting policies, financial reports and material reporting by or on behalf of IFN;
- approve the appointment or removal of the Chief Executive Officer (**CEO**);
- develop a succession plan for the CEO, and approve succession plans for other senior management positions in the management team;
- monitor the performance of the CEO and the other key management personnel in the management team;
- consider recommendations of Board Committees (eg. Audit, Risk & Compliance Committees and the IEL Nomination & Remuneration Committee), including the remuneration strategy/policies and the total level of remuneration for the CEO and other key management personnel in the management team;
- approve the appointment and terms of appointment of the external auditor;
- consider, approve and monitor the effectiveness of IFN's overall risk management and control framework, through, among other steps, regular reports to the Board through the Audit, Risk & Compliance Committees from the Risk Manager and regular updates (as required) from management on significant risk issues;
- review the performance and effectiveness of IFN's corporate governance policies and procedures and consider any amendments to those policies and procedures;
- monitor IFN's compliance with ASX continuous disclosure requirements;
- subject to the constituent document of the relevant IFN entity, approve the appointment of Directors to the relevant Board and to Committees established by the Board; and
- at least annually, review and evaluate the performance and effectiveness of the Boards, each Board Committee and each individual Director against the relevant charters, corporate governance policies and agreed goals and objectives of IFN.

The Board has delegated a number of these responsibilities to its Committees. The responsibilities of these Committees are detailed in Principle 2 below.

The Board Charters also set out the specific powers and responsibilities of the Chairman and the CEO (refer Principle 2 below).

Each of the three IFN Boards acts independently of each other and where there is a joint responsibility between IEL, IEBL and IERL over aspects of IFN's operations, the IFN Boards will only have responsibility to the extent of their own specific involvement in those operations. However, the IFN Boards will co-operate to the extent required under the Stapling Deed in meeting those joint responsibilities to ensure that the interests of IFN securityholders are met.

The Board Charters also include an outline of the responsibilities of each Director. To assist Directors to understand IFN's expectations of them, all Non-Executive Directors have entered into formal letters of appointment and been provided with copies of relevant Board Charters and policies. The Managing Director has a formal letter of employment governing his rights and responsibilities as an executive within the IFN group.

ASX Recommendation 1.2: Companies should disclose the process for evaluating the performance of senior executives

The Nomination & Remuneration Committee of the IEL Board has responsibilities relating to the review and monitoring of the performance of the IFN Boards, the Chairman and other individual members of the IFN Boards, and for establishing key performance indicators against which the performance of the CEO and other key management personnel in the management team are evaluated.

During the 2009 financial year, the CEO and other key management personnel in the management team had established individual key performance indicators against which their performance would be evaluated. At the conclusion of the relevant period, the review of the performance of these key executives is undertaken by the CEO in conjunction with the Nomination & Remuneration Committee.

The Remuneration Report within the Directors' Report contains details of IFN's remuneration philosophy and policies, including other key performance conditions that are assessed in determining the total remuneration of the CEO and other key management personnel in the management team. The Remuneration Report also contains details of their total remuneration, including short and long term incentive structures.

ASX PRINCIPLE 2: STRUCTURE THE BOARD TO ADD VALUE

Companies should have a Board of an effective composition, size and commitment to adequately discharge its responsibilities and duties.

Structure of the Board

ASX Recommendation 2.1: A majority of the board should be Independent Directors.

The size and composition of each of the IFN Boards is determined in accordance with the Constitution of the relevant entity and the governance framework in force from time to time. It is intended that each of the IFN Boards will comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds.

The IFN Boards have each determined the independent status of each Director utilising the criteria set out in Recommendation 2.1. The IERL Board comprised a majority of Independent Directors throughout the 2009 financial year. The IEL and IEBL Boards did not comply with Recommendation 2.1 for part of the 2009 financial year (1 July 2008 to 7 October 2008) due to these Boards being comprised of an equal number of Independent and Non-Independent Directors during that period.

Following a review, there were a number of changes to the IFN Boards during the financial year, including the appointment of an Independent Chairman, as well as other resignations and appointments. Currently, there are 4 Independent Directors and one Non-Independent Director (the Managing Director) on each of the IFN Boards. The IFN Boards recognise the importance of Independent Directors, particularly the external perspective and advice that these Directors can provide.

Table 1
The Directors appointed to the respective IFN Boards, along with their respective appointment and resignation dates, are set out below:

		IEL Board		IEBL Board		IERL Board	
Current Directors	**Position**	**Appointed**	**Resigned**	**Appointed**	**Resigned**	**Appointed**	**Resigned**
G Kelly	Independent Chairman	20/10/08	–	20/10/08	–	20/10/08	–
A Battle	Independent Director	9/9/05	–	14/9/05	–	9/9/05	–
D Clemson	Independent Director	9/9/05	–	14/9/05	–	9/9/05	–
M Hutchinson	Independent Director	18/6/09	–	18/6/09	–	18/6/09	–
M George	Managing Director	1/1/09	–	1/1/09	–	1/1/09	–
Former Directors	**Position**	**Appointed**	**Resigned**	**Appointed**	**Resigned**	**Appointed**	**Resigned**
P Hofbauer[1]	Non-Executive Director	11/6/03	18/6/09	14/9/05	18/6/09	14/4/05	18/6/09
W Murphy[1]	Non-Executive Director	24/11/03	29/4/09	14/9/05	29/4/09	14/4/05	29/4/09
N Andersen	Independent Director	8/10/08	18/6/09	8/10/08	18/6/09	9/9/05	18/6/09

1 Formerly senior executives within the Babcock & Brown group.

Details of the Directors' skills, experience and expertise relevant to their position are set out in the Infigen Boards section of the Annual Report. Details regarding the Directors' attendance at Board and Committee meetings are provided in the Directors' Report.

Overall, the IFN Boards continue to comprise Directors with a broad range of skills, expertise and experience from a diverse range of backgrounds. The IFN Boards consider that collectively, the Directors have the range of skills, experience and expertise necessary to appropriately govern IFN.

The continued tenure of each individual Director is subject to re-election from time to time in accordance with the ASX Listing Rules and the respective Constitutions and Bye-Laws of the IEL, IERL and IEBL.

Board Committees and Membership
The IFN Boards have established Committees to support an effective governance framework and to advise and support the IFN Boards in carrying out their respective duties. The Chairman of each Committee reports on any matters of substance at the next Board meeting. The Committees in existence at the date of this report are as follows:

- IEL, IEBL and IERL Audit, Risk & Compliance Committees; and
- IEL Nomination & Remuneration Committee.

Each Committee has its own Charter setting out the authority under which each Committee operates and the responsibilities as delegated by the IFN Boards. Charters are reviewed annually and membership criteria are based on a Director's skills and experience as well as their ability to add value to the Committee. The CEO attends all Committee meetings by invitation and Directors may attend any meeting of a Committee.

Table 2

The Board Committees and their membership as at 30 September 2009 are set out below:

Current Committee Member	Audit, Risk & Compliance Committees	Nomination & Remuneration Committee
G Kelly[1]	N	Y
A Battle	Y	Chair
D Clemson	Chair	Y
M Hutchinson[2]	Y	Y
M George	N	N
Former Committee Members		
N Andersen[3]	N	N
P Hofbauer[4]	N	N
W Murphy[5]	N	N

1 G Kelly was appointed a member of the Nomination & Remuneration Committee (N&RC) from 29 October 2008.
2 M Hutchinson was appointed a member of the N&RC from 18 June 2009 and a member of the Audit, Risk & Compliance Committee (ARCC) from 29 July 2009.
3 N Andersen was a member of the N&RC up to 18 June 2009.
4 P Hofbauer was a member of the N&RC up to 16 December 2008 and a member of the ARCC up to 18 June 2009.
5 W Murphy was a member of the N&RC up to 16 December 2008.

In addition, due predominantly to the Internalisation project, a number of Independent Director Committee meetings were held throughout the year, as well as independent legal and financial advisory services being engaged by the Independent Directors.

ASX Recommendation 2.2: The chairperson should be an independent Director.

The current Chairman, Mr Graham Kelly, is an Independent Director. However, the IFN Boards did not comply with Recommendation 2.2 for part of the 2009 financial year (1 July 2008 to 26 November 2008) whilst Mr Peter Hofbauer, a Non-Independent Director, was Chairman of each of the IFN Boards during that period.

On 26 August 2008, Mr Hofbauer advised each of the IFN Boards of his intention to step down as Chairman upon a new Independent Chairman being appointed to those Boards. On 20 October 2008, Mr Kelly was appointed as a new Independent Director on each of the IFN Boards, and following his election as a Director by securityholders on 26 November 2008, Mr Kelly was appointed Independent Chairman of each of the IFN Boards.

Whilst Mr Hofbauer was the Chairman of each of the IFN Boards, the Directors of the IFN Boards had considered it appropriate under the management arrangements for the Chairman of the IFN Boards to be a senior executive from the Babcock & Brown group. Mr Hofbauer was not an executive of IFN or the Previous Manager. As a senior executive of the Babcock & Brown group, he therefore performed the role of Chairman of each of the IFN Boards as a Non-Executive Director.

Whilst Mr Hofbauer was Chairman, each of the IFN Boards had appointed a Lead Independent Director, Mr Tony Battle, as contemplated by the ASX Principles. The Lead Independent Director:

- had authority to call Board meetings or meetings of Independent Directors, as appropriate;
- chaired any meetings of the Independent Directors;
- was the primary spokesman for the Independent Directors at any General Meeting of IFN securityholders;
- represented the views of the Independent Directors to the IFN Boards, the CEO and the Previous Manager; and
- was the primary channel of communication and point of contact between Independent Directors and the IFN Boards, the CEO and the Previous Manager.

To ensure that there was an appropriate balance in the manner in which the Directors discharged their responsibilities and an independent review of the performance of management, the IFN Boards:

- established Audit, Risk & Compliance Committees and the IEL Nomination & Remuneration Committee, ensuring these Committees comprised a majority of Independent Directors at all times;
- established protocols for dealing with conflicts of interest, in particular, the IFN Boards put in place a range of internal policies designed to ensure that the interests of securityholders are at all times preferred to those of Directors and that any actual or potential conflicts of interest are promptly disclosed and dealt with by the Directors. These policies include the Board Charters, the Code of Conduct and the Securities Trading Policy; and
- any Director is entitled to seek independent professional advice (including, but not limited to, legal, accounting and financial advice) at IFN's expense on any matter connected with the discharge of his or her responsibilities, in accordance with the procedures set out in the Board Charters.

ASX Recommendation 2.3: The roles of chair and chief executive officer should not be exercised by the same individual.

The roles of Chairman and CEO are not exercised by the same individual for IFN. The Board Charters provide that the roles of the Chairman and CEO must not be exercised by the same person. The Chairman is not a former CEO of IFN or any related party of IFN. The respective roles and responsibilities of the Chairman and the CEO are described in the Board Charters.

ASX Recommendation 2.4: The Board should establish a nomination committee.

The IEL Board established a Nomination & Remuneration Committee in February 2007 which is responsible for advising the IFN Boards on the composition of the Boards and their Committees, and reviewing the performance of the Boards, their Committees and individual Directors.

The Committee currently comprises four members, all of whom are Independent Directors. The Committee is chaired by an Independent Director who is not Chairman of the IFN Boards or any other Board Committee. The Committee met nine times throughout the 2009 financial year and the attendance of the Committee members at Committee Meetings is outlined in the Directors' Report.

Consistent with the intent and philosophy that underpins the terms of the Stapling Deed that exists between IEL, IEBL and IERL (as the Responsible Entity of IET), the IEL Nomination & Remuneration Committee will, at the request of the Boards of IEBL and IERL, from time to time carry out on behalf of IEBL and IERL, similar activities as the Committee is authorised to carry out for IEL. Accordingly, the IEL Nomination & Remuneration Committee will provide to the Boards of IEBL and IERL, advices and recommendations in relation to general nomination and remuneration matters. It is the intent that the Boards of IEBL and IERL may rely on those activities, advices and recommendations as if the IEL Nomination & Remuneration Committee was a committee of the IEBL and IERL Boards.

In making recommendations to the IFN Boards regarding the appointment of Directors, the Nomination & Remuneration Committee periodically assesses the appropriate mix of skills, experience and expertise required on the relevant Board and assesses the extent to which those skills and experience are represented. As IFN further executes its strategy to be a specialist renewable energy business which is focused on growth opportunities as a renewable energy developer, owner and operator, the Nomination & Remuneration Committee will review the composition of the IFN Boards to ensure they remain appropriate.

The Nomination & Remuneration Committee has adopted a Charter, a summary of which is available on IFN's website. The responsibilities of the Committee pursuant to its Charter include:

- whilst the Management Agreements were in place, monitoring and reviewing the performance of the Previous Manager under the Management Agreements;
- establishing Key Performance Indicators for the key management personnel, and providing input and advice regarding their remuneration;
- approving IFN's remuneration disclosures;
- making recommendations to the IFN Boards in relation to the level of remuneration to be paid to Non-Executive Directors;
- periodically assessing the skills required of Directors to competently discharge the duties and obligations of the IFN Boards, and making recommendations to the Chairman about how those skill levels could be enhanced;
- reviewing potential candidates for appointment to the IFN Boards and making recommendations in respect of them;
- having oversight of the IFN Boards' annual performance evaluation process; and
- confirming which Directors will retire annually by rotation in accordance with the ASX Listing Rules and the Constitution and Bye-Laws of IEL and IEBL, respectively.

ASX Recommendation 2.5: Companies should disclose the process for evaluating the performance of the Board, its Committees and individual Directors.

On an ongoing basis, the Nomination & Remuneration Committee reviews the membership and performance of the IFN Boards, their respective Committees and individual Directors, and makes recommendations to the IFN Boards in that regard. A member of the Committee will not participate in the review of their own performance, nor participate in any vote regarding his or her election, re-election or removal.

In relation to Director(s) to be nominated for re-election at the Annual General Meeting, the Nomination & Remuneration Committee firstly informs the IEL and IEBL Boards of the names of the Director(s) who are retiring in accordance with the ASX Listing Rules and the Constitution and Bye-Laws of each of those entities, and secondly, provides recommendations to the IEL and IEBL Boards as to whether it should support the re-nomination of such retiring Director(s). In order to make such recommendations, the Committee reviews the retiring Director's performance during the period in which the Director has been a member of the IEL and/or IEBL Boards.

There were significant structural changes within the Infigen Energy group during the 2009 financial year, including termination of the Management Agreements, internalisation of management and structural separation from the Babcock & Brown group. In conjunction with these structural changes, a renewal process occurred within each of the IFN Boards resulting in a number of resignations and appointments of Directors throughout the year (as outlined in Table 1 above). Due to these structural changes within the business and at Board level, it was not practical for the Nomination & Remuneration Committee to undertake a performance evaluation of the IFN Boards as it had done in previous periods. Notwithstanding, each of the IFN Boards and the Nomination & Remuneration Committee remain committed to undertaking a full performance evaluation process during the 2010 financial year after a sufficient period of time following the renewal process.

The Nomination & Remuneration Committee is also responsible for establishing and facilitating an induction program for new Directors and making available to them sufficient information and advice to allow them to participate fully and actively in Board decision-making at the earliest opportunity. This induction program was undertaken during the period and included provision of relevant corporate policy documentation, financial and operational presentations and a site visit to a wind farm.

ASX PRINCIPLE 3: PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

Companies should actively promote ethical and responsible decision-making.

Code of Conduct

ASX Recommendation 3.1: Companies should establish a code of conduct and disclose the code or a summary of the code.

The IFN Boards are committed to delivering strong returns and securityholder value whilst also promoting securityholder and general market confidence in IFN and to fostering an ethical and transparent culture within IFN.

To this end, each IFN Board has adopted a formal Code of Conduct which is designed to ensure that:

- high standards of corporate and individual behaviour are observed by all Directors and employees in relation to all of IFN's activities; and
- employees are aware of their responsibilities to IFN under their contract of employment and always act in an ethical and professional manner and in the best interests of IFN securityholders.

A review of the Code of Conduct was undertaken during the year which resulted in amendments to ensure the Code remained applicable following the internalisation of management and other structural changes which had been implemented.

The Code of Conduct requires Directors and employees, among other things, to:

- avoid conflicts of interest between their personal interests and those of IFN and its securityholders;
- not take advantage of opportunities arising from their position for personal gain or in competition with IFN; and
- comply with IFN's Securities Trading Policy and other policies.

The Code of Conduct requires Directors and employees, to report any actual or potential breach of the law, the Code of Conduct or other IFN policies. IFN promotes and encourages ethical behaviour and provides protection for those who report violations. A summary of the Code of Conduct is available on IFN's website.

In addition to the Code of Conduct, the Board Charters require that all Directors conduct their duties with the highest level of honesty and integrity, observe the rule and spirit of the law, comply with any relevant ethical and technical standards, not make improper use of any confidential information, and set a high standard of fairness, diligence and competency in their position as a Director.

IFN recognises that it has a number of legal and other obligations to its non-securityholder stakeholders, including employees, financiers, suppliers and the broader community.

One of the objectives of the Code of Conduct is to assure Directors, employees, securityholders, competitors and other stakeholders that IFN will conduct its affairs in accordance with ethical values and practices. Directors and employees are required to comply with both the spirit as well as the letter of the ASX Listing Rules and all laws which govern the operations of IFN. The Code of Conduct specifically requires Directors and employees to always deal with securityholders, customers, suppliers, competitors and other employees in a manner that is lawful, diligent, fair and with honesty, integrity and respect.

In accordance with the Code of Conduct, IFN aims to provide a work environment in which all employees can excel regardless of race, religion, age, disability, gender, sexual preference or marital status. In this regard, IFN maintains various policies relating to workplace practices, including in relation to occupational health and safety matters. The principles of fairness, honesty and propriety are essential elements of the various policies which have been adopted by IFN.

Securities Trading Policy

ASX Recommendation 3.2: Companies should establish a policy concerning trading in company securities by directors, senior executives and employees, and disclose the policy or a summary of that policy.

The IFN Boards have adopted a formal Securities Trading Policy which regulates the manner in which Directors and employees can buy or sell IFN securities, and requires that they conduct their personal investment activities in a manner that is lawful and avoids conflicts between their own interests and those of IFN.

The policy is specifically designed to raise awareness and minimise any potential for breach of regulations relating to insider trading contained in the Corporations Act. The policy is also designed to minimise the chance that misunderstandings or perceptions arise regarding employees trading while in possession of non-public price-sensitive information.

The policy specifies trading windows as the periods during which trading in IFN stapled securities can occur. These trading windows will generally be:

- an eight week period following the release of IFN's full year or half year financial results;
- a period commencing on the second trading day following lodgement of IFN's Annual Report with the ASX and continuing for up to one month after the holding of IFN's Annual General Meeting; and
- the offer period under any prospectus or similar offer document.

Trading is prohibited despite a window being open if the relevant person is in possession of non-public price-sensitive information regarding IFN. The IFN Boards may authorise the opening of trading windows at other times. The CEO and other key management personnel are required to notify the Company Secretary (who in turn notifies the Chairman) of any proposed trading by them in securities issued by IFN and the details of any completed trades.

A summary of IFN's Securities Trading Policy is available on IFN's website.

ASX PRINCIPLE 4: SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

Companies should have a structure to independently verify and safeguard the integrity of their financial reporting.

Audit, Risk & Compliance Committees

ASX Recommendation 4.1: The board should establish an audit committee.

The IFN Boards are committed to the basic principle that IFN's financial reports are true and fair and comply with the relevant accounting standards. To assist the IFN Boards with this commitment, they have each established an Audit, Risk & Compliance Committee which are each responsible for advising their respective IFN Board on internal controls and appropriate standards for the financial management of IFN. It is the responsibility of the IFN Boards to ensure that an effective internal control system is in place across IFN. This includes internal controls to deal with both the effectiveness and the efficiency of significant business processes, the safeguarding of assets, the maintenance of proper accounting records and the reliability of financial information. The IFN Boards have delegated the responsibility for overseeing the establishment and maintenance of IFN's system of internal control to the Audit, Risk & Compliance Committees.

Each Committee oversees the financial reporting process, the systems of internal control and risk management, the audit process and IFN's processes for monitoring compliance with laws and regulations.

The Audit, Risk & Compliance Committees provide advice to the IFN Boards and report on the status of the business risks to IFN through its risk management processes aimed at ensuring risks are identified, assessed and properly managed.

Each Committee works on behalf of the IFN Boards with the external auditor and reviews any non-audit services provided by the external auditor to confirm that they are consistent with maintaining external audit independence.

ASX Recommendation 4.2: The audit committee should be structured so that it:

- consists only of non-executive directors;
- consists of a majority of independent directors;
- is chaired by an independent chair, who is not the chair of the board; and
- has at least three members.

Each Audit, Risk & Compliance Committee was comprised of Non-Executive Directors throughout the period and a majority of these were Independent Directors. All Committee members possessed the requisite financial expertise. The attendance of Committee members at Committee Meetings throughout the year is outlined in the Directors' Report.

Mr Clemson, an Independent Director who is not Chairman of the IFN Boards, was Chairman of each Audit, Risk & Compliance Committee throughout the year.

For the last 12 days of the 2009 financial year, each Audit, Risk & Compliance Committee only had two Committee members following the resignation of Mr Hofbauer on 18 June 2009. To remedy this situation, Mr Hutchinson was appointed to each Audit, Risk & Compliance Committee in July 2009 (refer Table 2).

ASX Recommendation 4.3: The audit committee should have a formal charter.

The Audit, Risk & Compliance Committees have each adopted a Charter. The responsibilities of the Committees pursuant to their Charters include:

Financial reports for the half year and full year

- review and consider the financial reports for the half year and full year;
- consider in connection with the half year and full year financial reports the CEO and CFO letter of representation to the IFN Boards;
- review the financial sections of the annual report and related regulatory filings before release;
- review with management and the external auditors the results of the financial audit;

Internal control

- review the effectiveness of IFN's internal controls regarding all matters affecting IFN's financial performance and financial reporting, including information technology security and control;
- review the scope of internal and external auditors' review of internal control, review reports on significant findings and recommendations, together with management's responses, and recommend changes from time to time as appropriate;

Internal audit

- review the internal auditor, the Charter, plans and activities of the internal audit function;
- meet with the internal auditor to review reports and monitor management responses;
- meet separately with the internal auditor, when necessary, to discuss any matters that the Committees or internal audit believes should be discussed privately;
- review the effectiveness of the internal audit function;
- ensure there are no unjustified restrictions or limitations on the internal auditor, and review and concur in the appointment, replacement or dismissal of the internal auditor;

External audit

- review the external auditors' proposed audit scope and approach;
- meet with the external auditors to review reports, and meet separately, at least once a year, to discuss any matters that the Committees or auditors believe should be discussed privately;
- establish policies as appropriate regarding independence of the external auditors;
- review and confirm the independence of the external auditors;
- review the performance of the external auditors, and consider the re-appointment and proposed fees of the external auditor and, if appropriate, conduct a tender of the audit. Any subsequent recommendation following the tender for the appointment of an external auditor is to be put to the IFN Boards;

Compliance

- obtain regular updates from the Compliance Manager and management regarding compliance matters;
- review the effectiveness of the system for monitoring compliance with laws and regulations affecting IFN and the results of management's investigation and follow-up (including disciplinary action) of any instances of non-compliance;
- in relation to IET, monitor compliance with its Compliance Plan;
- review the findings of any examinations by regulatory authorities;

Risk management

- oversee the development of risk management policies and review IFN's overall risk management framework, including its effectiveness in meeting sound corporate governance principles, and keep the IFN Boards informed of all significant business risks;
- review the system for identifying, managing and monitoring the key risks of IFN;
- review with management the operation of business continuity and disaster recovery plans;
- obtain reports from management regarding the status of any key risk exposures or incidents;
- review the scope, status and cost of insurance coverage for IFN;

Reporting responsibilities

- regularly report to the IFN Boards about Committee activities, issues and related recommendations;
- provide an open avenue of communication between internal audit, the external auditors and the IFN Boards. For the purpose of supporting the independence of their function, the external auditors and the internal auditor have a direct line of reporting access to the Committees;
- report annually to securityholders on matters relating to Committee responsibilities as required by law or the ASX Listing Rules; and
- review any other reports IFN issues that relate to Committee responsibilities.

A summary of the Audit, Risk & Compliance Committee Charters is available in the Corporate Governance section on IFN's website.

The Committees meet at least four times a year and report to the full IFN Boards following each meeting, including in respect of recommendations of the Committees that require IFN Board approval or action.

Internal audit

The IFN Boards have overall responsibility for IFN's systems of internal control, supported by the Audit, Risk & Compliance Committees and management. The IFN Boards are assisted in discharging this responsibility by IFN's internal audit function which operates under a written Charter approved by the Audit, Risk & Compliance Committees. Throughout the 2009 financial year, the IFN Boards outsourced the internal audit function to KPMG who acted as the IFN internal auditor. Subsequent to period end, IFN have established an internalised internal audit function following the employment of an Internal Audit Manager.

During the year, the IFN internal auditor reported jointly to the Chairman of the Audit, Risk & Compliance Committees and the Chief Financial Officer. The IFN internal auditor discussed significant issues from Internal Audit Reports at meetings of the Audit, Risk & Compliance Committees and distributed Internal Audit Reports to Committee members and senior management of IFN. During the year, the internal audit programme reviewed a number of IFN's internal controls with a view to ensuring that they are operating effectively and efficiently in accordance with financial reporting requirements, good operational and governance practices and in compliance with regulations, to assist IFN in achieving business objectives.

Under the guidance of the Risk Manager, IFN continued to enhance the IFN risk management framework during the year with the various underlying businesses of IFN further developing risk management plans so as to strengthen the control framework (refer Principle 7 below).

To assist the IFN Boards and the Audit, Risk & Compliance Committees discharge their respective responsibilities, the CEO and the Chief Financial Officer are required to provide the IFN Boards with a letter of representation in connection with the full year financial statements of IFN. Such letter of representation confirms to the IFN Boards that IFN's financial reports present a true and fair view, in all material respects, of IFN's financial condition and operational results and are in accordance with relevant accounting standards. In respect of the 12 months ended 30 June 2009, the CEO and Chief Financial Officer provided such a letter to the IFN Boards.

Audit governance

IFN's external auditor is PricewaterhouseCoopers who were appointed by securityholders at the 2006 Annual General Meeting in accordance with the provisions of the Corporations Act 2001. The IFN Boards have a policy whereby the responsibilities of each of the lead audit engagement partner and review audit partner cannot be performed by the same people for a period in excess of five consecutive years. The present PricewaterhouseCoopers lead audit engagement partner is Andrew Wilson and the current audit review partner is Pat Murray.

The external auditor is invited to attend all Audit, Risk & Compliance Committee meetings. Periodically, the Committees meet with the external auditor without management being present, and the Committees also meet with management without the external auditor being present. Committee members are able to contact the external auditor directly at any time.

Certification and discussions with the external auditor on independence

The Audit, Risk & Compliance Committees require that the external auditor confirm each half year that they have maintained their independence and have complied with applicable independence standards established by regulators and professional bodies. The Audit, Risk & Compliance Committees annually review the independence of the external auditor and have confirmed this assessment with the IFN Boards. A copy of the external auditor's annual certification of independence is set out in the 2009 Annual Report.

Restrictions on non-audit services by the external auditor

To avoid possible independence or conflict issues, the external auditor is not permitted to carry out certain types of non-audit services for IFN, including:

- bookkeeping or other services relating to the accounting records or financial statements;
- appraisal or valuation services;
- secondments to management positions;
- internal audit of financial controls;
- internal control design or implementation;
- implementation or design of financial information systems or other information technology systems;
- legal or litigation support services; and
- strategic or structural tax planning.

Further, PricewaterhouseCoopers will not provide unsolicited tax 'products' or tax 'solutions' for implementation in respect of the IFN corporate group. If any taxation advisory services are to be provided by PricewaterhouseCoopers, those services will generally be limited to providing independent taxation advice regarding transactions proposed by IFN. During the 2009 financial year, PricewaterhouseCoopers did not provide any taxation services in respect of the IFN corporate group.

For all other non-audit services, use of the external audit firm must be assessed in accordance with IFN's pre-approval policy, which requires that all non-audit services be pre-approved by the Audit, Risk & Compliance Committees, or by delegated authority to a sub-committee consisting of one or more members of the Committee, where appropriate.

The breakdown of the aggregate fees billed by the external auditor in respect of each of the two most recent financial years for audit, audit-related, tax and other services is provided in the Notes accompanying the Financial Statements in the 2009 Annual Financial Report.

ASX PRINCIPLE 5: MAKE TIMELY AND BALANCED DISCLOSURE

Companies should promote timely and balanced disclosure of all material matters concerning the company.

Continuous Disclosure Policy

ASX Recommendation 5.1: Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior executive level for that compliance and disclose those policies or a summary of those policies.

IFN is committed to complying with its continuous disclosure obligations pursuant to the Corporations Act and the ASX Listing Rules. IFN has a written Continuous Disclosure Policy which is designed to ensure that all investors have equal and timely access to material information concerning IFN.

The policy is designed to ensure that material price sensitive information arising from any part of IFN is immediately notified to the ASX in a complete, balanced and timely manner, unless it falls within the scope of the limited exemptions contained in Listing Rule 3.1A.

A Disclosure Committee comprised of various Directors and senior executives operates pursuant to the Continuous Disclosure Policy. In addition, the IFN Boards are actively and regularly involved in discussing disclosure obligations in respect of all major matters that come before it.

The Company Secretary is primarily responsible for communications with the ASX and for overseeing and maintaining the Continuous Disclosure Policy. The Policy sets out the respective responsibilities for reviewing information which is or may be material, making disclosures to the ASX and issuing media releases and other written public statements on behalf of IFN. As evidence of IFN's efforts to ensure the market is continually updated, IFN released approximately 140 announcements to the market via the ASX during the 2009 financial year.

A summary of the Continuous Disclosure Policy is available in the Corporate Governance section on IFN's website.

Continuous Disclosure Processes

The specific processes adopted by IFN in relation to its continuous disclosure responsibilities are as follows:

- **website:** information released to the ASX is posted on the Investor Information section of IFN's website as soon as practicable;
- **authorised spokespersons:** communication with the media, share analysts and the market generally in relation to IFN activities will normally be undertaken only by the Chairman, the CEO, the Chief Financial Officer, the Chief Operations Officer or Investor Relations Manager;
- **media releases:** no media release of a material nature is to be issued unless it has first been sent to the ASX;
- **trading halts:** on occasions, it may be necessary for IFN to request a trading halt from the ASX. The Disclosure Committee makes decisions in relation to a trading halt;
- **close periods:** IFN observes a number of 'close' periods during the year to protect against the inadvertent disclosure of price sensitive information. During these close periods, IFN will not make any comment regarding:
  - analysts' earnings estimates, other than to acknowledge the range and average estimates in the market; and
  - the financial performance of IFN unless the information has already been released to the market.

  The close periods operate in the periods 45 days before the preliminary announcement of IFN's half year and full year results; and
- **analyst and investor briefings:** IFN recognises the importance of the relationship between IFN, investors and analysts. From time to time IFN conducts analyst and investor briefings and in these situations the following protocols apply:
  - no price sensitive information will be disclosed at these briefings unless it has been previously, or is simultaneously, released to the market;
  - questions at these briefings that relate to price sensitive information not previously disclosed will not be answered; and
  - if any price sensitive information is inadvertently disclosed, it will immediately be released to the ASX and placed on IFN's website.

ASX PRINCIPLE 6: RESPECT THE RIGHTS OF SHAREHOLDERS

Companies should respect the rights of shareholders and facilitate the effective exercise of those rights.

Communications with Shareholders

ASX Recommendation 6.1: Companies should design a communications policy for promoting effective communication with shareholders and encouraging their participation at general meetings and disclose their policy or a summary of that policy.

Consistent with the Continuous Disclosure Policy, IFN is committed to communicating with its securityholders in an effective and timely manner to provide them with ready access to information relating to IFN. In this regard, IFN maintains a website (**www.infigenenergy.com**) which provides access to the following information of interest to IFN securityholders:

- detailed information regarding the Board, executive management and the business groups and activities of IFN;
- IFN announcements and media releases, which are posted to the website promptly following release;
- copies of full year and half year financial reports;
- summaries of Board and Committee Charters and relevant corporate governance policies;
- copies of IFN's Annual Reports;
- copies of disclosure documents relating to any capital raisings; and
- a link to the website of IFN's security registry, Link Market Services Limited.

IFN encourages securityholders to utilise its website as their primary tool to access securityholder information and disclosures. In addition, the Annual Report facilitates the provision to securityholders by IFN on a yearly basis of detailed information in respect of the major achievements, financial results and strategic direction of IFN.

IFN has a practice that information to be given by IFN at analyst briefings is first released to the ASX to ensure that the market operates on a fully informed and equal basis.

Securityholders are strongly encouraged to attend and participate in general meetings of IFN, especially the Annual General Meeting. IFN provides securityholders with details of any proposed meetings well in advance of the relevant dates.

IFN's external auditor is always requested to attend the Annual General Meeting and be available to answer securityholder questions regarding the conduct of the external audit and the preparation and content of the auditor's report. This allows securityholders an opportunity to ask questions of the auditor and reinforces the auditor's accountability to securityholders.

ASX PRINCIPLE 7: RECOGNISE AND MANAGE RISK

Companies should establish a sound system of risk oversight and management and internal control.

Risk Management Policy

ASX Recommendation 7.1: Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.

Management of risk, particularly the preservation of capital, continues to be a primary objective of IFN in all its business activities. IFN is committed to ensuring that its system of risk oversight, management and internal control complies with the ASX Principles and that its culture, processes and structures facilitate realisation of IFN's business objectives, including potential opportunities, while managing adverse effects and preserving capital.

The IFN Boards are ultimately responsible for overseeing and managing the material risks of IFN. The Audit, Risk & Compliance Committees assist the Boards in this role. In accordance with their Charters, the role of the Audit, Risk & Compliance Committees include reviewing and managing the system for identifying, managing and monitoring the key risks of IFN and obtaining reports from management regarding the status of any key risk exposures or incidents. In undertaking these responsibilities, the Committees principally rely on the resources and expertise of management to implement and report upon the risk management systems and procedures implemented, such that the Committees are able to keep the IFN Boards informed of all material business risks.

IFN undertakes regular reviews of its risk management framework and has adopted a Risk Management Policy consistent with Australia/New Zealand Standard 4360, which clearly defines responsibilities for managing risk under IFN's risk management process. The material risks of IFN's business, including operational, financial, market and regulatory compliance risks have been identified and are required to be regularly managed, monitored and reported. Methods for treating and mitigating risks include transferring, reducing, accepting or passing on risk following assessment using a variety of methods. A summary of the Risk Management Policy is available on IFN's website.

The Audit, Risk & Compliance Committees include amongst their responsibilities:

- consideration of the overall risk management framework of IFN and the review of its effectiveness in meeting sound corporate governance principles;
- keeping the IFN Boards informed of all significant business risks;
- reviewing in conjunction with management the system for identifying, managing and monitoring the key risks of IFN; and
- obtaining reports from management regarding the status of any key risk exposures or incidents.

One of the cornerstones of IFN's risk management approach is a well defined system with respect to the commitment of capital and an investment approval process which brings rigour to the selection, assessment and approval of investment risks assumed under IFN's principal investment activities. Matters such as legal, accounting, financial, tax and general risk assessment issues are considered in each case.

The Audit, Risk & Compliance Committees have also implemented a robust ongoing internal audit program. The internal auditor reports directly to the Audit, Risk & Compliance Committees at each meeting of the Committees.

ASX Recommendation 7.2: The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.

IFN's Risk Management function plays a key role in developing and building an approach to assist IFN and its Boards in identifying, monitoring and treating risk and in reporting material risks to the Audit, Risk & Compliance Committees. Under the direction of IFN's Risk Manager, IFN has continued to enhance its risk management framework which articulates the standards and responsibilities for risk management across and at all levels of the IFN business. The standards include the requirement for all business units, businesses, projects, regions and assets to report risks quarterly as an input to the IFN Risk Manager's consolidated quarterly reporting to the Audit, Risk & Compliance Committees, and to maintain risk registers and risk treatment plans for all identified 'top risks'.

IFN's Compliance function promotes a compliance conscious culture while ensuring IFN complies with regulatory requirements across its businesses, functions and group entities.

To facilitate monitoring and evaluation of the effectiveness of internal controls, IFN has established accounting policies, reporting, risk management and compliance systems to ensure the Audit, Risk & Compliance Committees are informed of strategic, reputational, financial and operational risks facing the IFN corporate group. Quarterly management reporting confirms that appropriate internal controls are in place and that the IFN Risk Management Policy and other key guidelines and procedures are being observed.

IFN's internal audit function, operating under a written Charter from the Audit, Risk & Compliance Committees, provides independent reporting to the Audit, Risk & Compliance Committees with respect to the management of risk and also provides comment on the effectiveness of the design and operation of controls across the IFN corporate group.

ASX Recommendation 7.3: The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.

As outlined above, and in accordance with Recommendation 7.3, the CEO and Chief Financial Officer have stated to the IFN Boards in writing that internal compliance and control systems applicable to the IFN corporate group's business lines and functional groups were operating efficiently and effectively in all material respects during the period to 30 June 2009.

ASX PRINCIPLE 8: REMUNERATE FAIRLY AND RESPONSIBLY

Companies should ensure that the level and composition of remuneration is sufficient and reasonable and that its relationship to performance is clear.

Remuneration Policy

The remuneration policies of IFN have been structured to be competitive in the industry and global marketplace and to ensure that IFN can attract and retain the talent needed to achieve both short and long-term success, while maintaining a strong focus on team work, individual performance and the interests of securityholders.

As outlined previously, following negotiations between the IFN Independent Directors and the Babcock & Brown group, on 31 December 2008 each of the IEL, IEBL and IERL Boards terminated their respective Management Agreements with the Previous Manager. In association with the termination of the Management Agreements, IFN internalised the management team which were employed by the Previous Manager such that the management team transferred to become direct employees of IFN.

Externally Managed Fund

Prior to termination of the Management Agreements, the employees of the Previous Manager were remunerated by and in accordance with the remuneration framework of the Babcock & Brown group. Total remuneration of the employees of the Previous Manager was delivered through a combination of base salary, an annual performance bonus and, for some senior executives, through an equity incentive plan of Babcock & Brown Limited.

The IFN Boards recognised that prior to the internalisation of management, there was scope for potential conflicts of interest to arise, both in terms of the Babcock & Brown group's dealings with IFN and in terms of the dual roles of the Non-Independent Directors and certain staff. In such cases, the IFN Boards implemented steps to ensure that such conflicts of interest were declared, managed and, where practicable, removed. Such steps included ensuring that Non-Independent Directors declared an interest in circumstances where there were dealings between the Babcock & Brown group and IFN and that, in those cases, Non-Independent Directors abstained from voting on all such matters. Other steps included seeking independent third party advice and having matters considered by a Committee of the Board comprising solely the Independent Directors. These measures were designed to ensure that, in the event of a conflict of interest, the interests of IFN securityholders were given priority over the interests of the Babcock & Brown group and the Non-Independent Directors.

Further information regarding the remuneration framework in place prior to the internalisation of management on 31 December 2008 is included in the Remuneration Report.

Internalisation

Following the termination of the Management Agreements on 31 December 2008, IFN has completed a program to transition to an internally managed business, including in consultation with independent remuneration experts, the development and implementation of a remuneration framework for the internalised management team. IFN'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.

The IFN 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 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 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 and Options Plan (PR&O Plan) for nominated senior executives. The IFN Boards believe that participation in the PR&O Plan is an appropriate 'at risk' equity based incentive given the responsibilities and commitment of the senior executives. The IFN Boards' believe that 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 IFN securityholders.

Depending on the seniority of the employee, a combination of the above components is used to form an employee's total remuneration.

Further information regarding the policies and principles which are applied to determine the nature and amount of remuneration paid to the Directors and management of IFN are set out in detail in the Remuneration Report.

Remuneration Committee
ASX Recommendation 8.1: The Board should establish a remuneration committee.

As noted above in relation to ASX Recommendation 2.4, in order to assist the IFN Boards in achieving fairness and transparency in relation to remuneration issues and overseeing the remuneration and human resource policies and practices of IFN, the IEL Board has established a Nomination & Remuneration Committee.

The IEL Nomination & Remuneration Committee has adopted a Charter, a summary of which is available on IFN's website. The responsibilities of the Committee pursuant to the Charter in relation to remuneration include:

- making recommendations to the relevant Board for determining the level of remuneration to be applied to Non-Executive Directors of IFN. The Committee may engage external advisors to provide information to the Boards to be considered in their deliberations for the purpose of recommending an appropriate level of remuneration for Non-Executive Directors. All fees paid to Non-Executive Directors are disclosed in IFN's annual financial statements to the extent required by law; and
- in order to discharge its duties and responsibilities to securityholders in respect of matters relevant to remuneration of key management personnel, the Committee will:
  - provide input and advice regarding key performance indicators and remuneration of key management personnel and any other relevant senior managers;
  - approve the Remuneration Report to be disclosed in the Directors' Report;
  - consider for approval the formulation of any long-term incentive plans involving the potential issue of IFN securities; and
  - monitor and review any long-term incentive plans for compliance with changes to legislation, regulation and market expectations or practices.

Also as noted above in relation to ASX Recommendation 2.4, consistent with the intent and philosophy that underpins the terms of the Stapling Deed that exists between IEL, IEBL and IERL, the IEL Nomination & Remuneration Committee provides advices and recommendations to the Boards of IEBL and IERL in relation to general remuneration matters. It is the intent that the Boards of IEBL and IERL may rely on those activities, advices and recommendations as if the IEL Nomination & Remuneration Committee was a committee of the IEBL and IERL Boards.

As shown in Table 2 above, throughout the financial year the IEL Nomination & Remuneration Committee comprised a majority of Independent Directors, and currently comprises four Independent Directors. During the 2009 financial year, the Committee held 9 meetings, and the attendance record of members of the Committee are disclosed in the Directors' Report.

Non-Executive Director Remuneration
ASX Recommendation 8.2: Companies should clearly distinguish the structure of Non-Executive Directors' remuneration from that of Executive Directors and senior executives.

The total remuneration paid to the Non-Executive Directors to 30 June 2009 and other relevant remuneration structures for Non-Executive Directors, Executive Directors and senior executives are set out in detail in the Remuneration Report.

Non-Executive Directors are paid an annual fee according to which IFN Boards and Committees they are members of. Non-Executive Directors' fees for IEL and IEBL are determined within a Non-Executive Director's aggregate fee pool limit which has been approved by securityholders. The maximum aggregate sum for IEL and IEBL has been set at $1,000,000 per annum.

Non-Executive Directors are not provided with retirement benefits other than statutory superannuation and did not receive options or other equity incentives, or bonus payments.

Directors' Report

In respect of the year ended 30 June 2009, the Directors submit the following report for the Infigen Energy group (IFN).

DIRECTORS

The following persons were Directors of Infigen Energy Limited (**IEL**), Infigen Energy (Bermuda) Limited (**IEBL**) and Infigen Energy RE Limited (**IERL**) in its capacity as responsible entity of the Infigen Energy Trust (**IET**), collectively 'IFN', 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 IEL, IEBL and 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 IEL, IEBL and 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)[1]
- Michael Garland (resigned as an Alternate Director on 18 June 2009)

1 Appointed as a Director of IERL on 9 September 2005. Appointed as a Director of IEL and IEBL on 8 October 2008. Resigned as a Director of IEL, IEBL and IERL on 18 June 2009.

Further particulars in relation to the background and experience of Directors of IFN at or since the end of the financial year are provided in the IFN Boards section of the Annual Report.

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 the Infigen Energy Trust (**IET**) have been stapled together to form a single stapled security, tradable on the Australian Securities Exchange under the 'IFN' code (**IFN stapled securities**). Infigen Energy RE Limited (**IERL**) is the Responsible Entity of IET. The table below lists the Directors of IFN 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 IEL, IEBL and IERL on 20 October 2008 and subsequently elected as Chairman of each entity on 26 November 2008.
3 Appointed as a Director of IEL, IEBL and IERL on 18 June 2009.
4 Appointed as a Director of IEL, IEBL and IERL on 1 January 2009.
5 Appointed as a Director of IERL on 9 September 2005. Appointed as a Director of IEL and IEBL on 8 October 2008. Resigned as a Director of IEL, IEBL and IERL on 18 June 2009.
6 Resigned as a Director of IEL, IEBL and IERL on 18 June 2009.
7 Resigned as a Director of IEL, IEBL and IERL on 29 April 2009.
8 Resigned as an Alternate Director of IEL, IEBL and IERL on 18 June 2009.
9 Resigned as an Alternate Director of IEL, IEBL and IERL on 8 December 2008.

DIRECTORS' MEETINGS

The number of IFN Board meetings and meetings of standing Committees established by the IFN Boards held during the year ended 30 June 2009, and the number of meetings attended by each Director, are set out below.

	Board Meetings						Committee Meetings			
	IEL		IEBL		IERL		Audit, Risk & Compliance		Nomination & Remuneration	
Current Directors	A	B	A	B	A	B	A	B	A	B
G Kelly[1]	11	12	11	12	12	13	n/a	n/a	6	7
A Battle	22	22	22	22	23	23	8	8	9	9
D Clemson	22	22	22	22	23	23	7	8	9	9
M Hutchinson[2]	1	1	1	1	1	1	n/a	n/a	0	0
M George[3]	8	8	8	8	8	8	n/a	n/a	n/a	n/a
Former Directors										
W Murphy[4]	20	22	20	22	19	22	n/a	n/a	3	3
N Andersen[5]	12	14	12	14	19	23	n/a	n/a	6	9
P Hofbauer[6]	18	22	18	22	17	23	7	8	2	3

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 Non-Executive Director of Infigen Energy Limited (IEL), Infigen Energy (Bermuda) Limited (IEBL) and Infigen Energy RE Limited (IERL), as responsible entity of the Infigen Energy Trust, on 20 October 2008.
2 Appointed as a Director of IEL, IEBL and IERL, as well as a member of the IEL Nomination & Remuneration Committee, on 18 June 2009. Following appointment, no meetings of the Nomination & Remuneration Committee were held during the remainder of FY09.
3 Appointed as a Director of IEL, IEBL and IERL on 1 January 2009.
4 Resigned as a Director of IEL, IEBL and IERL on 29 April 2009.
5 Appointed as a Director of IERL on 9 September 2005. Appointed as a Director of IEL and IEBL on 8 October 2008. Resigned as a Director of IEL, IEBL and IERL on 18 June 2009.
6 Resigned as a Director of IEL, IEBL and IERL 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 Boards.

COMPANY SECRETARIES

David Richardson was appointed Company Secretary of IEL, IEBL and IERL on 26 October 2005 and remained Company Secretary of these entities during the whole of the financial year and up to the date of this report.

Catherine Gunning was appointed Company Secretary of IEL, IEBL and IERL on 18 June 2009 and remained Company Secretary of these entities up to the date of this report.

Further particulars in relation to the background and experience of the Company Secretaries of IFN are provided in the IFN Management Team section of the Annual Report.

CHANGES IN STATE OF AFFAIRS

In November 2008 and January 2009, 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 of the consolidated entity are referred to in the Financial Statements and accompanying Notes.

PRINCIPAL ACTIVITIES

Following termination of the management agreements with Babcock & Brown and the internalisation of management on 31 December 2008, IFN has transformed its business from an asset owner to a renewable energy developer, owner and operator which is focused on organic growth opportunities.

The business also continued to implement its direct operational control strategy for Operations & Maintenance activities delivering tangible operational performance benefits during the year. In parallel with the continued focus on operational efficiencies, the business will focus on executing the growth opportunities within its Australian development pipeline as well as progressing the asset sales processes (refer Subsequent Events section below) to grow securityholder wealth.

DISTRIBUTIONS

In respect of the half year period to 31 December 2008, the Board declared and 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 Board has declared an FY09 final distribution of 4.5 cents per stapled security which is expected to be paid on 17 September 2009.

IFN has 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 IFN are set out in Note 27 to the Financial Statements.

REVIEW OF OPERATIONS

During the year ended 30 June 2009, IFN disposed of its wind farm assets in Spain and Portugal. The FY09 financial results are classified into continuing and discontinued operations. IFN's disposed Spanish and Portuguese assets are classified in the Financial Statements as discontinued operations, with all remaining assets classified as continuing operations.

During FY09, IFN recorded revenues from continuing operations of $337.0 million compared to $216.4 million in FY08, representing an increase of 56% and resulting from a full year's contribution from wind farms that were purchased in FY08.

Net profit for the year was $192.9 million. This included a loss of $66.1 million from continuing operations and a profit of $259.1 million from discontinued operations. The loss from continuing operations includes significant non-recurring costs relating to the termination of the management agreements and transition-related expenses of $62.4 million. The profit from discontinued operations includes the net gain on sale of IFN's Spanish and Portuguese assets.

The following table provides a first and second half analysis of the financial result for FY09. It shows higher revenue as well as a net profit from continuing operations in the second half. In addition, the second half benefited from a significant profit from the sale of the Spanish assets.

	H1 09 ($'000)	H2 09 ($'000)	FY09 ($'000)
Revenue	150,970	185,989	336,959
Income from institutional equity partnerships	38,378	48,440	86,818
Other income	11,204	11,744	22,948
Operating expenses	(54,668)	(63,218)	(117,886)
Depreciation and amortisation expense	(73,746)	(84,227)	(157,973)
Interest expense	(47,106)	(60,189)	(107,295)
Finance costs relating to institutional equity partnerships	(46,429)	(58,158)	(104,587)
Other finance costs	(28,468)	29,959	1,491
Sub-total	**(49,865)**	**10,340**	**(39,525)**
Significant non-recurring items	(49,318)	(13,036)	(62,354)
Net (loss)/profit before income tax expense	**(99,183)**	**(2,696)**	**(101,879)**
Income tax benefit/(expense)	18,394	17,373	35,767
(Loss)/profit from continuing operations	**(80,789)**	**14,677**	**(66,112)**
Profit/(loss) from discontinued operations	(7,613)	266,665	259,052
Net profit/(loss) for the year	**(88,402)**	**281,342**	**192,940**

A further review of the operations of IFN and the results of those operations for the year ended 30 June 2009 is included in the attached Financial Statements and accompanying Notes.

SUBSEQUENT EVENTS

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

IFN 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 1,000MW 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 consolidated entity in future financial years and the expected results of those operations is likely to result in unreasonable prejudice to the consolidated entity. Accordingly, this information has not been disclosed in this report.

ENVIRONMENTAL REGULATIONS

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

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 Infigen Energy. Thus different remuneration frameworks existed pre and post the internalisation of management on 31 December 2008.

BBW Remuneration Framework 1 July 2008 – 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.

As outlined in prior year Remuneration Reports, 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

Infigen Energy'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.

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 and 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 and 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

Fees to Non-Executive Directors 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 IFN Boards within the aggregate amount approved by securityholders. At the 2006 Annual General Meetings of Infigen Energy Limited (IEL) and Infigen Energy (Bermuda) Limited (IEBL), securityholders approved the current maximum aggregate amount which may be paid to all Non-Executive Directors as $500,000 per annum for IEL and $500,000 per annum for IEBL, which includes committee membership fees. Infigen Energy RE Limited (IERL) is a subsidiary entity of the IFN group and no maximum aggregate amount of fees for Non-Executive Directors has been set.

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 during the year ended 30 June 2009 are set out below.

Board/Committee	Role	Fee (pa)
IEL Board	Chairman	$85,000
	Non-Executive Director	$54,000
IEBL Board	Chairman	$25,000
	Non-Executive Director	$17,000
IERL Board	Chairman	$85,000
	Non-Executive Director	$54,000
IEL/IEBL/IERL Boards	Lead Independent Director[1]	$10,000
IEL Audit, Risk & Compliance Committee	Chairman	$4,333
	Member	$2,167
IEBL Audit, Risk & Compliance Committee	Chairman	$4,333
	Member	$2,167
IERL Audit, Risk & Compliance Committee	Chairman	$4,333
	Member	$2,167
IEL Nomination & Remuneration Committee	Chairman	$8,000
	Member	$4,000

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 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 IFN 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	121,070	10,896	131,966
	2008	–	–	–
A Battle	2009	132,569	11,931	144,500
	2008	124,313	11,188	135,501
D Clemson	2009	130,275	11,725	142,000
	2008	119,268	10,732	130,000
M Hutchinson[2]	2009	4,214	379	4,593
	2008	–	–	–
N Andersen[3]	2009	118,349	10,651	129,000
	2008	107,341	9,659	117,000
P Hofbauer[4]	2009	129,028	–	129,028
	2008	123,500	–	123,500
W Murphy[5]	2009	103,766	–	103,766
	2008	117,000	–	117,000
Total Remuneration	**2009**	**739,271**	**45,582**	**784,853**
	2008	**591,422**	**31,579**	**623,001**

1 Appointed as a Non-Executive Director of Infigen Energy Limited (IEL), Infigen Energy (Bermuda) Limited (IEBL) and Infigen Energy RE Limited (IERL) on 20 October 2008 and subsequently elected as Chairman of each entity on 26 November 2008.
2 Appointed as a Director of IEL, IEBL and IERL on 18 June 2009.
3 Appointed as a Director of IERL on 9 September 2005. Appointed as a Director of IEL and IEBL on 8 October 2008. Resigned as a Director of IEL, IEBL and IERL on 18 June 2009.
4 Resigned as a Director of IEL, IEBL and 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 IEL, IEBL and 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

Following extensive advice from remuneration consultants, the 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 and 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.

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, 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 and 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.[1]

1 See page 157 for the FY09 operational performance target.

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

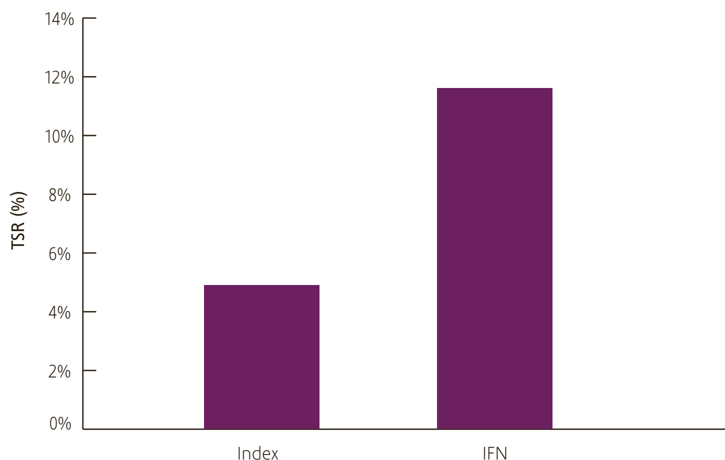
As previously mentioned, the main focus of the Nomination & Remuneration Committee since the internalisation of management has been the development of the Employee Deferred Security Plan and the Performance Rights & Options Plan. These plans are designed to further align the interests of employees with 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.

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 security price at the time did not reflect the underlying quality or value of Infigen Energy's global wind energy business. 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.

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.

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 $
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.

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 and 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 and 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.

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.

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 IFN

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

FORMER PARTNERS OF THE AUDIT FIRM

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

NON-AUDIT SERVICES

The Directors are satisfied that the provision of non-audit services, during the year, by the auditor (or by another person or firm on the auditor's behalf) is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. Details of amounts paid or payable to the auditor for non-audit services provided during the year by the auditor are outlined in Note 8 to the Financial Statements.

AUDITOR'S INDEPENDENCE DECLARATION

IFN'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

IEL is a company of the kind referred to in ASIC Class Order 98/0100, dated 10 July 1998, and in accordance with that Class Order, 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 IEL:

Douglas Clemson
Director

Miles George
Director

Sydney, 7 September 2009

Auditor's Independence Declaration

PricewaterhouseCoopers
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Auditor's Independence Declaration

As lead auditor for the audit of Infigen Energy Limited 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 Limited and the entities it controlled during the period.

A J Wilson
Partner
PricewaterhouseCoopers

Sydney
7 September 2009

Liability limited by a scheme approved under Professional Standards Legislation

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for the year ended 30 June 2009

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Income Statements
for the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 $'000	2008 $'000 (Restated)[1]	2009 $'000	2008 $'000
Revenue from continuing operations	2	336,959	216,361	6,195	18,763
Net gain on revaluation of financial assets	12	–	24,246	–	–
Income from institutional equity partnerships	3	86,818	40,167	–	–
Other income	3	49,651	28,457	33,400	23,811
Operating expenses	4	(117,886)	(89,110)	(32,654)	(34,594)
Depreciation and amortisation expense	4	(157,973)	(84,137)	(281)	(1,367)
Interest expense		(107,295)	(68,591)	(2,656)	(6,716)
Finance costs relating to institutional equity partnerships	4	(104,587)	(48,911)	–	–
Other finance costs	4	(25,212)	(11,155)	(297)	(2,821)
Significant non-recurring items	4	(62,354)	–	(43,764)	–
Net (loss)/profit before income tax expense		**(101,879)**	**7,327**	**(40,057)**	**(2,924)**
Income tax benefit/(expense)	6	35,767	(790)	17,288	(3,487)
(Loss)/profit from continuing operations		(66,112)	6,537	(22,769)	(6,411)
Profit/(loss) from discontinued operations	5	259,052	23,987	(12,596)	–
Net profit/(loss) for the year		**192,940**	**30,524**	**(35,365)**	**(6,411)**
Attributable to stapled security holders as:					
Equity holders of the parent		191,653	17,221	(35,365)	(6,411)
Equity holders of the other stapled entities (minority interests)		(2,159)	699	–	–
		189,494	**17,920**	**(35,365)**	**(6,411)**
Minority interest		3,446	12,604	–	–
		192,940	**30,524**	**(35,365)**	**(6,411)**
Earnings per share of the parent based on earnings from continuing operations attributable to the equity holders of the parent:					
Basic (cents per security)	26	(7.9)	(0.8)		
Diluted (cents per security)	26	(7.9)	(0.8)		
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:					
Basic (cents per security)	26	22.6	2.1		
Diluted (cents per security)	26	22.6	2.1		

1 Refer to Note 1(a) for further information regarding the restatement.

The above income statements should be read in conjunction with the accompanying Notes to the Financial Statements.

Balance Sheets
as at 30 June 2009

	Note	Consolidated 2009 $'000	Consolidated 2008 $'000 (Restated)[1]	Parent Entity 2009 $'000	Parent Entity 2008 $'000
Current assets					
Cash and cash equivalents	37	409,334	208,505	270,263	47,294
Trade and other receivables	9	48,412	194,213	3,722	38,573
Prepayments	10	14,509	29,792	–	1,458
Other current assets	11	6,186	927	–	–
Derivative financial instruments	13	5,105	33,372	5,105	6,650
Total current assets		**483,546**	**466,809**	**279,090**	**93,975**
Non-current assets					
Receivables	9	–	38,651	699,348	1,012,434
Prepayments	10	6,803	15,158	–	4,404
Investment in associates		–	271	–	–
Derivative financial instruments	13	3,717	92,068	3,717	3,177
Property, plant and equipment	14	3,396,213	4,887,995	–	–
Deferred tax assets	6	88,342	72,272	54,558	23,261
Goodwill	15	27,455	48,291	–	–
Intangible assets	16	401,705	964,777	–	281
Shares in controlled entities	32	–	–	35,404	41,474
Total non-current assets		**3,924,235**	**6,119,483**	**793,027**	**1,085,031**
Total assets		**4,407,781**	**6,586,292**	**1,072,117**	**1,179,006**
Current liabilities					
Trade and other payables	17	83,910	296,392	12,942	19,630
Borrowings	19	80,703	177,921	1,108,766	1,177,253
Derivative financial instruments	20	59,331	9,074	2,549	78
Current tax payables	6	2,043	6,346	–	–
Provisions	18	2,885	–	–	–
Total current liabilities		**228,872**	**489,733**	**1,124,257**	**1,196,961**
Non-current liabilities					
Payables	17	246	17,196	–	–
Borrowings	19	1,567,636	3,342,304	–	–
Derivative financial instruments	20	73,584	15,293	2,023	75
Provisions	18	193	–	–	–
Deferred tax liabilities	6	50,012	289,022	2,890	–
Total non-current liabilities		**1,691,671**	**3,663,815**	**4,913**	**75**
Institutional equity partnerships classified as liabilities	21	1,567,062	1,306,319	–	–
Total liabilities		**3,487,605**	**5,459,867**	**1,129,170**	**1,197,036**
Net assets/(liabilities)		**920,176**	**1,126,425**	**(57,053)**	**(18,030)**
Equity holders of the parent					
Contributed equity	23	4,496	4,501	4,496	4,501
Reserves	24	(128,264)	(42,287)	2,266	5,919
Retained earnings	25	177,867	(1,066)	(63,815)	(28,450)
		54,099	**(38,852)**	**(57,053)**	**(18,030)**
Equity holders of the other stapled entities (minority interests)					
Contributed equity	23	857,617	1,009,909	–	–
Reserves	24	(20,564)	(21,635)	–	–
Retained earnings	25	21,221	10,660	–	–
		858,274	**998,934**	**–**	**–**
Other minority interests		**7,803**	**166,343**	**–**	**–**
Total equity		**920,176**	**1,126,425**	**(57,053)**	**(18,030)**

1 Refer to Note 1(a) for further information regarding the restatement.

The above balance sheets should be read in conjunction with the accompanying Notes to the Financial Statements.

Statements of Changes in Equity
for the year ended 30 June 2009

		Consolidated		Parent Entity	
	Note	2009 $'000	2008 $'000 (Restated)[1]	2009 $'000	2008 $'000
Total equity at the beginning of the year		**1,126,425**	**747,056**	**(18,030)**	**(13,864)**
Movement in fair value of cash flow hedge, net of tax	24	(150,671)	16,129	(3,653)	2,214
Exchange differences on translation of foreign operations and movement in fair value of net investment hedges	24	68,724	(16,996)	–	–
Net (expense)/income recognised directly in equity		**(81,947)**	**(867)**	**(3,653)**	**2,214**
Net profit/(loss) for the year		192,940	30,524	(35,365)	(6,411)
Total recognised income and expense for the year		**110,993**	**29,657**	**(39,018)**	**(4,197)**
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	23	9,745	283,157	1	31
Purchase of securities – on market buyback	23	(60,898)	–	(6)	–
Minority interest on acquisition of subsidiary		–	146,636	–	–
Disposal of minority interest on sale of subsidiary		(161,986)	–	–	–
Recognition of share-based payments under	28	1,071	–	–	–
Securities issued as consideration for purchase of subsidiaries	23	–	24,480	–	–
Distributions paid	27	(101,144)	(103,552)	–	–
Distribution to minority interest		–	(1,009)	–	–
Acquisition of minority interests of subsidiaries	24	(4,030)	–	–	
Total equity at the end of the year		**920,176**	**1,126,425**	**(57,053)**	**(18,030)**
Total recognised income and expenses for the year is attributable to:					
Equity holders of the parent		109,706	16,354	(39,018)	(4,197)
Equity holders of the other stapled entities		(2,159)	699	–	–
Other minority interests		3,446	12,604	–	–
		110,993	**29,657**	**(39,018)**	**(4,197)**

1 Refer to Note 1(a) for further information regarding the restatement.

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

Cash Flow Statements
for the year ended 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 $'000	2008 $'000 (Restated)[1]	2009 $'000	2008 $'000
Cash flows from operating activities					
Profit/(loss) for the period		192,940	30,524	(35,365)	(6,411)
Adjustments for:					
Distributions paid to minority interests		(24,388)	(11,954)	–	–
Interests in institutional equity partnerships		17,770	9,051	–	–
(Gain)/loss on revaluation for fair value through profit or loss financial assets – financial instruments		21,960	(2,728)	–	2,417
(Gain)/loss on revaluation for fair value through profit or loss financial assets – financial asset investments		–	(24,246)	–	–
(Gain)/loss on sale of investment		(256,677)	–	34,490	–
Distributions received from financial asset investments		–	17,706	–	–
Depreciation and amortisation of non-current assets		200,833	144,736	281	1,367
Foreign exchange (gain)/loss		(24,430)	(2,196)	(15,719)	(6,037)
Amortisation of share based expense		1,071	–	–	–
Amortisation of borrowing costs capitalised		7,265	5,817	–	–
Increase/(decrease) in current tax liability		(4,303)	(1,393)	–	–
(Increase)/decrease in deferred tax balances		(10,988)	14,493	(17,047)	3,487
Changes in operating assets and liabilities, net of effects from acquisition and disposal of businesses:					
(Increase)/decrease in assets:					
Current receivables and other current assets		17,334	(54,740)	17,911	14,320
Increase/(decrease) in liabilities:					
Current payables		30,200	61,743	(10,847)	2,934
Net cash provided by/(used in) operating activities		**168,587**	**186,813**	**(26,296)**	**12,077**
Cash flows from investing activities					
Proceeds on sale of investment		1,768,179	–	509,637	–
Payment for property, plant and equipment		(474,561)	(250,377)	–	–
Payment for intangible assets		(20,276)	(535)	–	–
Payment for investments in controlled and jointly controlled entities	37(b)	(28,656)	(352,967)	996	(486)
Payment for investments in associates		–	(253)	–	–
Payment for investments in financial assets		–	(540,929)	–	–
Refund of investment prepayment		2,684	4,672	2,684	4,672
Loans advanced		(84,240)	(38,090)	2,395	–
Loans to related parties		1	(776,000)	(901,670)	(1,370,216)
Repayment of loans by related parties		–	776,000	869,903	1,150,967
Net cash provided by/(used in) investing activities		**1,163,131**	**(1,178,479)**	**483,945**	**(215,063)**
Cash flows from financing activities					
Proceeds from issues of equity securities, net of costs	23	–	253,969	–	28
Payment for securities buy back		(60,889)	–	(6)	
Proceeds from borrowings		407,617	1,099,242	–	–
Repayment of borrowings		(1,442,105)	(483,973)	–	–
Loans from related parties		13,440	17,407	625,031	233,243
Repayment of borrowings to related parties		–	(57,095)	(856,506)	(7,471)
Distributions paid to security holders	27	(91,399)	(74,490)	–	–
Net cash provided by/(used in) financing activities		**(1,173,336)**	**755,060**	**(231,481)**	**225,800**
Net increase/(decrease) in cash and cash equivalents		**158,382**	**(236,606)**	**226,168**	**22,814**
Cash and cash equivalents at the beginning of the financial year		**208,505**	**442,969**	**47,294**	**23,265**
Effects of exchange rate changes on the balance of cash held in foreign currencies		42,447	2,142	(3,199)	1,215
Cash and cash equivalents at the end of the financial year	37(a)	**409,334**	**208,505**	**270,263**	**47,294**

1 Refer to Note 1(a) for further information regarding the restatement.

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

1. SUMMARY OF ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes separate financial statements for Infigen Energy Limited as an individual entity and the Group consisting of Infigen Energy Limited 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 names 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 IEL as an individual entity and the consolidated financial statements of IEL, which comprises IEL and its controlled entities, IET and its controlled entities and IEBL, together acting as Infigen.

The separate financial statements for IEL as an individual entity present a net liability position. IEL is one component of a stapled entity that is in a net asset position.

(a) Basis of preparation

This general purpose financial report has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of 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 and parent entity financial report of IEL complies 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 profit or loss.

Restatement of comparative information

Discontinued Operations

The group disposed of its assets in Portugal in November 2008 and of its assets in Spain in January 2009. As a consequence of these disposals, the related results for the period during the year ended 30 June 2009 through to disposal date are classified as discontinued operations.

Furthermore, under AASB 5, *Non-current Assets Held for Sale and Discontinued Operations*, the comparative information relating to the results of these operations is also required to be presented as discontinued.

Purchase Price Allocation

Under AASB 3, *Business Combinations*, an entity that applies the purchase method of accounting is required to allocate the acquisition price across identifiable assets and liabilities. An entity has a period of twelve months subsequent to the business combination to complete this allocation.

Prior to the allocation exercise, the Group had recorded provisional net asset values in its year ended 30 June 2008 financial statements as permitted under AASB 3. Following the allocation of the purchase price, these provisional values have been restated.

The following tables provide the effect of this restatement on the comparative income statement for the year ended, and balance sheet as at, 30 June 2008.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Effect of Restatements: Income statement for the year ended 30 June 2008

	30 June 2008 $'000	Discontinued Operations $'000	Purchase price allocation $'000	30 June 2008 $'000 (Restated)
Revenue	414,481	(198,120)	–	216,361
Net gain on revaluation of financial assets	24,246	–	–	24,246
Income from institutional equity partnerships	40,167	–	–	40,167
Other income	33,176	(4,719)	–	28,457
Operating expenses	(125,170)	36,060	–	(89,110)
Depreciation and amortisation expense	(134,275)	59,443	(9,305)	(84,137)
Interest expense	(135,285)	66,694	–	(68,591)
Finance costs relating to institutional equity partnerships	(49,218)	–	307	(48,911)
Other finance costs	(12,378)	1,223		(11,155)
Net profit/(loss) before income tax expense	**55,744**	**(39,419)**	**(8,998)**	**7,327**
Income tax benefit/(expense)	(15,916)	14,622	504	(790)
Profit/(loss) from continuing operations	39,828	(24,797)	(8,494)	6,537
Profit/(loss) from discontinued operations	–	24,797	(810)	23,987
Net profit/(loss) for the period	**39,828**	**–**	**(9,304)**	**30,524**
Attributable to stapled security holders as:				
Equity holders of the parent	26,525	–	(9,304)	17,221
Equity holders of the other stapled entities (minority interests)	699	–	–	699
	27,224	**–**	**(9,304)**	**17,920**
Other minority interests	12,604	–	–	12,604
	39,828	**–**	**(9,304)**	**30,524**
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:				
Basic (cents per security)	3.2	–	(1.1)	2.1
Diluted (cents per security)	3.2	–	(1.1)	2.1

There was no impact on the parent entity's financial statements.

Income tax benefit/(expense) is attributable to:

Income tax (expense)/benefit from continuing operations	(15,916)	14,622	504	(790)
Income tax (expense)/benefit from discontinued operations	–	(14,622)	346	(14,276)
Income tax (expense)/benefit	(15,916)	–	850	(15,066)

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Effect of Restatements: Balance Sheet as at 30 June 2008

	30 June 2008 $'000	Purchase price allocation $'000	30 June 2008 $'000 (Restated)
Current assets			
Cash and cash equivalents	208,505	–	208,505
Trade and other receivables	194,213	–	194,213
Prepayments	29,792	–	29,792
Other current assets	927	–	927
Derivative financial instruments	33,372	–	33,372
Total current assets	**466,809**	**–**	**466,809**
Non-current assets			
Receivables	38,651	–	38,651
Prepayments	15,158	–	15,158
Investment in associates	271	–	271
Derivative financial instruments	92,068	–	92,068
Property, plant and equipment	4,887,995	–	4,887,995
Deferred tax assets	72,272	–	72,272
Goodwill (refer to Note 15)	752,681	(704,390)	48,291
Intangible assets (refer to Note 16)	249,525	715,252	964,777
Total non-current assets	**6,108,621**	**10,862**	**6,119,483**
Total assets	**6,575,430**	**10,862**	**6,586,292**
Current liabilities			
Trade and other payables	296,392	–	296,392
Borrowings	177,921	–	177,921
Derivative financial instruments	9,074	–	9,074
Current tax payables	6,346	–	6,346
Total current liabilities	**489,733**	**–**	**489,733**
Non-current liabilities			
Payables	17,196	–	17,196
Borrowings	3,342,304	–	3,342,304
Derivative financial instruments	15,293	–	15,293
Deferred tax liabilities	269,078	19,944	289,022
Total non-current liabilities	**3,643,871**	**19,944**	**3,663,815**
Institutional equity partnerships classified as liabilities	1,306,604	(285)	1,306,319
Total liabilities	**5,440,208**	**19,659**	**5,459,867**
Net assets	**1,135,222**	**(8,797)**	**1,126,425**
Equity holders of the parent			
Contributed equity	4,501	–	4,501
Reserves	(42,794)	507	(42,287)
Retained earnings	8,238	(9,304)	(1,066)
	(30,055)	**(8,797)**	**(38,852)**
Equity holders of the other stapled entities (minority interests)			
Contributed equity	1,009,909	–	1,009,909
Reserves	(21,635)	–	(21,635)
Retained earnings	10,660	–	10,660
	998,934	**–**	**998,934**
Other minority interests	**166,343**	**–**	**166,343**
Total equity	**1,135,222**	**(8,797)**	**1,126,425**

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(b) Consolidated accounts

UIG 1013: *Consolidated Financial Reports in relation to Pre-Date-of-Transition Stapling Arrangements* requires one of the stapled entities of an existing stapled structure to be identified as the parent entity for the purpose of preparing consolidated financial reports. In accordance with this requirement, IEL has been identified as the parent of the consolidated group comprising IEL and its controlled entities, IET and its controlled entities and IEBL.

In accordance with UIG 1013, consolidated financial statements have been prepared by IEL as the identified parent of Infigen. The financial statements of Infigen should be read in conjunction with the separate financial statements of IET for the period ended 30 June 2009.

AASB Interpretation 1002 Post-Date-of-Transition Stapling Arrangements applies to stapling arrangements occurring during annual reporting periods ending on or after 31 December 2005 where the identified parent does not obtain an ownership interest in the entity whose securities have been stapled. As a consequence of the stapling arrangement involving no acquisition consideration and no ownership interest being acquired by the combining entities, no goodwill is recognised in relation to the stapling arrangement and the interests of the equity holders in the stapled securities are treated as minority interests.

Whilst stapled arrangements occurring prior to the application of AASB Interpretation 1002 are grandfathered and can continue to be accounted for in accordance with the principles established in UIG 1013, for disclosure purposes and the fact that Infigen has entered into stapling arrangements both pre and post transition to AIFRS, the interests of the equity holders in all stapled securities (regardless of whether the stapling occurred pre or post transition to AIFRS) has been treated as minority interest under the principles established in AASB Interpretation 1002.

(c) Principles of consolidation

(i) Subsidiaries

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

Subsidiaries are all those entities (including certain institutional equity partnerships and other 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 (refer Note 1(f)).

The Group applies a policy of treating transactions with minority interests as transactions with a shareholder. Purchases from minority interests result in an acquisition reserve 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.

Minority interests in the 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 IEL.

(ii) Jointly controlled entities

Jointly controlled entities, consolidated under the proportionate consolidation method, are entities over whose activities the Group has joint control, under a contractual agreement, together with the other owners of the entity. They include certain institutional equity partnerships. The consolidated financial statements include the Group's proportionate share of the joint venture's assets and liabilities, revenues and expenses, from the date the joint control begins until it ceases.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(d) Investment in financial assets

Financial assets comprised institutional equity partnerships where the Group did not have the power to govern the financial and operating policies of the entity. Financial assets have previously been recognised at fair value each reporting period through profit or loss.

Revaluations of financial assets were determined using a discounted cash flow analysis. The methodology applied continues to be a generally accepted methodology for valuing wind farms and a basis in which market participants price new acquisitions.

During the year ended 30 June 2008 the Directors determined that the Group had obtained the power to govern the financial and operating policies of these partnerships and hence it controls or jointly controls these partnerships.

Revaluations of financial assets during the year ended 30 June 2008, up until the date of control, were determined using a discounted cash flow analysis.

(e) Trade and other payables

Trade payables and other accounts payable are recognised when the 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.

(f) Business combinations

The purchase method of accounting is used to account for all business combinations, including business combinations involving entities or businesses under common control, regardless of whether equity instruments or other assets are acquired. Cost is measured as the fair value of the assets given, shares issued or liabilities incurred or assumed at the date of exchange plus costs directly attributable to the acquisition. Where equity instruments are issued in an acquisition, the fair value of the instruments is their published market price as at the date of exchange unless, in rare circumstances, it can be demonstrated that the published price at the date of exchange is an unreliable indicator of fair value and that other evidence and valuation methods provide a more reliable measure of fair value. Transaction costs arising on the issue of equity instruments are recognised directly in equity.

Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill (refer Note 1(p)). If the cost of acquisition is less than the Group's share of the fair value of the identifiable net assets of the subsidiary acquired, the difference is recognised directly in the income statement, but only after a reassessment of the identification and measurement of the net assets acquired.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

(g) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities, which are not an incremental cost relating to the actual draw-down on the facility, are recognised as prepayments and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in other income or other expenses.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(h) Borrowing costs

Borrowing costs directly attributable to the construction of qualifying assets are capitalised as part of the cost of those assets. Other borrowing costs are expensed.

(i) Assets under construction

Costs incurred in relation to assets under construction are deferred to future periods.

Deferred costs are transferred to plant and equipment from the time the asset is held ready for use on a commercial basis.

(j) Property, plant and equipment

Wind Turbines and Associated Plant

Wind turbines and associated plant, including equipment under finance lease, are stated at historical cost less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the item. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. In the event that settlement of all or part of the purchase consideration is deferred, cost is determined by discounting the amounts payable in the future to their present value as at the date of acquisition.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is recognised. All other repairs and maintenance are charged to the income statement during the reporting period in which they are incurred.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Depreciation is provided on wind turbines and associated plant. Depreciation is calculated on a straight line basis so as to write off the net cost or other revalued amount of each asset over its expected useful life to its estimated residual value. The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period. The following estimated useful lives are used in the calculation of depreciation:

Wind turbines and associated plant	25 years

Other

Costs incurred in relation to fixtures and fittings have been expensed as incurred.

(k) Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risk, including forward foreign exchange contracts and interest rate swaps and cross currency swaps.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each reporting date. The resulting gain or loss is recognised in the income statement immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in the income statement depends on the nature of the hedge relationship.

The Group designates certain derivatives as either hedges of the cashflows of highly probable forecast transactions (cash flow hedges) or hedges of net investments in foreign operations (net investment hedge).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

(i) Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement within other income or other expenses.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in the income statement within 'finance costs'. The gain or loss relating to the effective portion of forward foreign exchange contracts hedging export sales is recognised in the income statement within 'sales'. However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, fixed assets) the gains and losses previously deferred in equity are transferred from equity and included in the initial measurement of the cost of the asset. The deferred amounts are ultimately recognised in profit or loss as depreciation in the case of fixed assets.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss deferred in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was deferred in equity is recognised immediately in the income statement.

(ii) Net investment hedge

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges.

Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in the foreign currency translation reserve; the gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Gains and losses deferred in the foreign currency translation reserve are recognised immediately in the income statement when the foreign operation is partially disposed of or sold.

(iii) Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the income statement.

(l) Goods and services tax (GST)

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.

(m) 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. The Group operates in one business segment, the generation of electricity from wind energy.

(n) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is the Group's presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement, except when they are deferred in equity as qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

Translation differences on non-monetary financial assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(iii) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- income and expenses for each income statement are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- all resulting exchange differences are recognised as a separate component of equity.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, a proportionate share of such exchange differences are recognised in the income statement, as part of the gain or loss on sale where applicable.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entities and translated at the closing rate.

(o) Income tax

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the period. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date. Current tax for current and prior periods is recognised as a liability (or asset) to the extent that it is unpaid (or refundable).

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items.

In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are realised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be realised. However, deferred tax assets and liabilities are not realised if the temporary differences giving rise to them arise from the initial recognition of assets and liabilities (other than as a result of a business combination) which affects neither taxable income nor accounting profit. Furthermore, a deferred tax liability is not realised in relation to taxable temporary differences arising from goodwill.

Deferred tax liabilities are realised for taxable temporary differences arising on investments in subsidiaries and associates except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with these investments and interests are only realised to the extent that it is probable that there will be sufficient taxable profits against which to realise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period(s) when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company/Group intends to settle its current tax assets and liabilities on a net basis.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

Current and deferred tax for the period

Current and deferred tax is recognised as an expense or income in the income statement, except when it relates to items credited or debited directly to equity, in which case the deferred tax is also recognised directly in equity, or where it arises from the initial accounting for a business combination, in which case it is taken into account in the determination of goodwill or excess.

Under current Bermudian law, IEBL will not be subject to any income, withholding or capital gains taxes in Bermuda.

Current and deferred tax is determined in reference to the tax jurisdiction in which the relevant entity resides.

Tax consolidation

IEL and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The head entity, IEL, and the controlled entities in the tax-consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone taxpayer in its own right.

In addition to its own current and deferred amounts, IEL also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from or payable to other entities in the group. Details about the tax funding agreement are disclosed in Note 6.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(p) Intangible assets

(i) Project-Related Agreements and Licences

Project-related agreements and licences include the following items:

- Licences, permits and approvals to develop and operate a wind farm, including governmental authorisations, land rights and environmental consents;
- Interconnection rights, and
- Power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which are based on the lease term of the related wind farm.

(ii) Goodwill

Goodwill represents the excess of the cost of acquisition over the fair value of the Group's share of the net identifiable assets, liabilities and contingent liabilities acquired at the date of acquisition. Goodwill on acquisition is separately disclosed in the balance sheet. Goodwill acquired in business combinations is not amortised, but tested for impairment annually and whenever there is an indication that the goodwill may be impaired. Any impairment is amortised immediately in the income statement and is not subsequently reversed. Goodwill on acquisitions of subsidiaries is included in intangible assets.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. Each of those cash-generating units represents the Group's investment in each country of operation by each primary reporting segment.

(iii) Framework Agreements

Costs incurred with respect to entering into framework agreements, which provide a pre-emptive right to acquire assets (subject to certain conditions being met), have been amortised. To the extent that an agreement relates to a specific asset(s), the related costs are amortised as an ancillary cost of acquisition. Where an agreement does not relate to a specific asset, the costs are amortised over the period of the agreements, which vary from 15 months to 3 years.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(q) Leased assets

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

(i) Group as lessee

Assets held under finance leases are initially recognised at their fair value or, if lower, at amounts equal to the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income, unless they are directly attributable to qualifying assets, in which case they are recognised in accordance with the Group's general policy on borrowing costs.

Finance leased assets are amortised on a straight line basis over the shorter of the lease term and estimated useful life of the asset.

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

In the event that lease incentives are received to enter into operating leases, such incentives are recognised as a liability. The aggregate benefits of incentives are recognised as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

(ii) Group as lessor

Refer to Note 1(v) for the accounting policy in respect of lease income from operating leases.

(r) Impairment of assets

At each reporting date, the consolidated group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired. An impairment of goodwill is not subsequently reversed.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

For assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating unit). If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the income statement immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

(s) Cash and cash equivalents

For cash flow statement presentation purposes, cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value, net of outstanding bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(t) Provisions

Provisions are recognised when the consolidated group has a present legal or constructive obligation as a result of past events, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that recovery will be received and the amount of the receivable can be measured reliably.

(u) Distributions and dividends

Provision is made for the amount of any distribution or dividend declared being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year, but not distributed at balance date.

(v) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, rebates and amounts collected on behalf of third parties.

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:

(i) Electricity sales

Product sales are generated from the sale of electricity generated from the Group's wind farms. Revenues from product sales are recognised on an accruals basis. Product sales revenue is only recognised when the significant risks and rewards of ownership of the products has passed to the buyer and the Group attains the right to be compensated.

(ii) Lease income

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

Lease income from operating leases is recognised in income on an accruals basis. Lease income is only recognised when the significant risks and rewards of ownership of the products have passed to the buyer and the Group attains the right to be compensated.

(iii) Production Tax Credits (PTCs)

PTCs are recognised as revenue when generated by the underlying wind farm assets and utilised to settle the obligation to Class A institutional investors.

(iv) Accelerated tax depreciation credits and operating tax gains/(losses)

The accelerated tax depreciation credits on wind farm assets are utilised to settle the obligation to Class A institutional investors when received. The associated revenue is recognised over the 25 year life of the wind farm to which they relate.

(v) Revaluation of financial assets

Income from investments in financial assets at fair value through profit or loss constitutes changes in the fair value of investments in unlisted securities. Income in prior periods related to institutional equity partnerships that were fair valued through profit or loss.

(vi) Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in the income statement over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non-current liabilities as deferred income and are credited to the income statement on a straight-line basis over the expected lives of the related assets.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(vii) Renewable Energy Certificates (RECs)

RECs are recorded as an asset at their fair value when they are registered. Revenue is deferred until the RECs are sold.

(viii) Other income

Interest income is recognised using the effective interest method.

Dividend income is recognised when the right to receive payment is established.

Revenue from rendering of services is recognised when services are provided.

(w) 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.

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of loans and receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the impairment loss is recognised in the income statement within other expenses. Subsequent recoveries of amounts previously written off are credited against other expenses in the income statement.

(x) Contributed equity

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds. Incremental costs directly attributable to the issue of new shares or options for the acquisition of a business are not included in the cost of the acquisition as part of the purchase consideration.

If the entity reacquires its own equity instruments, for example, as the result of a share buy-back, those instruments are deducted from equity and the associated shares 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.

(y) Earnings per share

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

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

(z) Fair value estimation

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

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 Group 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 Group 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 fair value of forward exchange contracts is determined using forward exchange market rates at the balance sheet date.

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 Group for similar financial instruments.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(aa) Non-current assets (or disposal groups) held-for-sale and discontinued operations

Non-current assets (or disposal groups) are classified as held-for-sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

An impairment loss is recognised for any initial or subsequent write-down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of derecognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held-for-sale continue to be recognised.

Non-current assets classified as held-for-sale and the assets of a disposal group classified as held-for-sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held-for-sale are presented separately from other liabilities in the balance sheet.

A discontinued operation is a component of the entity that has been disposed of or is classified as held-for-sale and that represents a separate major line of business or geographical area of operations, is part of a single co-ordinated plan to dispose of such a line of business or area of operations, or is a subsidiary acquired exclusively with a view to resale. The results of discontinued operations are presented separately on the face of the income statement.

(ab) Employee benefits

(i) Wages and salaries and annual leave

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date are recognised in other payables in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Share-based payments

Share-based compensation benefits are provided to the executives via the Performance Rights and Options Plan (PR&O Plan). Information relating to the PR&O Plan is set out in Note 28.

The fair value of performance rights and options granted under the PR&O Plan is recognised as an employee benefit expense with a corresponding increase in equity. The fair value is measured at grant date and recognised over the period during which the executives become unconditionally entitled to the options.

The fair value at grant date is independently determined using a Monte-Carlo simulation model that takes into account the exercise price, the term of the option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the option. The Monte-Carlo simulation model incorporates the performance hurdles that must be met before the share-based payments vests in the holder.

The fair value of the options that have been granted is adjusted to reflect market vesting conditions, but excludes the impact of any non-market vesting conditions including the Total Shareholder Return and Operational Performance hurdles. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. At each reporting date, the entity revises its estimate of the number of options that are expected to become exercisable. The employee benefit expense recognised each period takes into account the most recent estimate. The impact of the revision to original estimates, if any, is recognised in the income statement with a corresponding adjustment to equity.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(iv) Profit-sharing and bonus plans

The Group recognises a liability and an expense for bonuses and profit-sharing based on a formula that takes into consideration the profit attributable to the company's shareholders after certain adjustments. The Group recognises a provision where contractually obliged or where there is a past practice that has created a constructive obligation.

(v) Termination benefits

Termination benefits are payable when employment is terminated before the normal retirement date, or when an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises termination benefits when it is demonstrably committed to either terminating the employment of current employees according to a detailed formal plan without possibility of withdrawal or providing termination benefits as a result of an offer made to encourage voluntary redundancy. Benefits falling due more than 12 months after reporting date are discounted to present value.

(ac) Institutional equity partnerships classified as liabilities

(i) Class A members

Initial contributions by Class A members into US partnerships are recognised at cost using the effective interest method. Class A carrying amounts are adjusted when actual cash flow differs from estimated cash flow. The adjustment is calculated by computing the present value of the actual difference using the original effective interest rate. The adjustment is recognised through income or expense in profit or loss.

This difference represents the change in residual interest due to the Class A institutional investors.

(ii) Class B members

On consolidation of the US partnerships the Group's Class B membership interest and associated finance charge for the year is eliminated and any external Class B member balances remaining represents net assets of US partnerships attributable to minority interests. Refer Note 1(c) for further details of the Group's accounting policy for consolidation.

(ad) Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Trade receivables are generally due for settlement within 30 days.

(ae) Rounding of amounts

The Group 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.

(af) 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.

(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 the 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 type of information being reported in the segment note of the financial report. Management is currently working through the impacts of this new standard.

(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.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

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

The revised AASB 101 that was issued in September 2007 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 a reclassification of items in the financial statements, it will also 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.

(iv) AASB 2008-1 *Amendments to Australian Accounting Standard – Share-based Payments: Vesting Conditions and Cancellations*

The standard is applicable to annual reporting periods beginning on or after 1 January 2009. AASB 2008-1 clarifies that vesting conditions are service conditions and performance conditions only and that other features of a share-based payment are not vesting conditions. It also specifies that all cancellations, whether by the entity or by other parties, should receive the same accounting treatment. The Group will apply the revised standard from 1 July 2009, but it is not expected to affect the accounting for the Group's share-based payments.

(v) Revised AASB 3 *Business Combinations*, AASB 127 *Consolidated and Separate Financial Statements* and AASB 2008-3 *Amendments to Australian Accounting Standards arising from AASB 3 and AASB 127*

Revised accounting standards for business combinations and consolidated financial statements were issued in March 2008 and are operative for annual reporting periods beginning on or after 1 July 2009. The revised AASB 3 continues to apply the acquisition method to business combinations, but with some significant changes. Their impact will therefore depend on whether the Group will enter into any business combinations or other transactions that affect the level of ownership held in the controlled entities in the year of initial application. For example, under the new rules:

- all payments (including contingent consideration) to purchase a business are to be recorded at fair value at the acquisition date, with contingent payments subsequently remeasured at fair value through income
- all transaction cost will be expensed
- the Group will need to decide whether to continue calculating goodwill based only on the parent's share of net assets or whether to recognise goodwill also in relation to the non-controlling (minority) interest, and
- when control is lost, any continuing ownership interest in the entity will be remeasured to fair value and a gain or loss recognised in profit or loss.

The Group will apply the revised standards prospectively to all business combinations and transactions with non-controlling interests from 1 July 2009.

(vi) AASB 2008-6 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project*

The amendments to AASB 5 *Discontinued Operations* and AASB 1 *First-Time Adoption of Australian-Equivalents to International Financial Reporting Standards* are part of the IASB's annual improvements project published in May 2008 and are applicable to annual reporting periods beginning on or after 1 July 2009. They clarify that all of a subsidiary's assets and liabilities are classified as held-for-sale if a partial disposal sale plan results in loss of control. Relevant disclosures should be made for this subsidiary if the definition of a discontinued operation is met. The Group will apply the amendments prospectively to all partial disposals of subsidiaries from 1 July 2009.

(vii) AASB 2008-7 *Amendments to Australian Accounting Standards – Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate*

In July 2008, the AASB approved amendments to AASB 1 *First-time Adoption of International Financial Reporting Standards* and AABS 127 *Consolidated and Separate Financial Statements*. The new rules will apply to financial reporting periods commencing on or after 1 January 2009. The Group will apply the revised rules prospectively from 1 July 2009. After that date, all dividends received from investments in subsidiaries, jointly controlled entities or associates will be recognised as revenue, even if they are paid out of pre-acquisition profits, but the investments may need to be tested for impairment as a result of the dividend payment. Furthermore, when a new intermediate parent entity is created in internal reorganisations it will measure its investment in subsidiaries at the carrying amounts of the net assets of the subsidiary rather than the subsidiary's fair value.

1. SUMMARY OF ACCOUNTING POLICIES (CONTINUED)

(viii) AASB Interpretation 16 *Hedges of a Net Investment in a Foreign Operation*

AASB-I 16 was issued in August 2008 and applies to reporting periods commencing on or after 1 October 2008. The interpretation clarifies which foreign currency risks qualify as hedged risk in the hedge of a net investment in a foreign operation and that hedging instruments may be held by any entity or entities within the group. It also provides guidance on how an entity should determine the amounts to be reclassified from equity to profit or loss for both the hedging instrument and the hedged item. The Group will apply the interpretation prospectively from 1 July 2009.

(ix) AASB 2008-8 Amendment to IAS 39 *Amendment to Australian Accounting Standards - Eligible Hedged Items*

AASB 2008-8 applies to reporting periods beginning on or after 1 July 2009 and amends AASB 139 *Financial Instruments: Recognition and Measurement* and must be applied retrospectively in accordance with AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors*. The amendment makes two significant changes. It prohibits designating inflation as a hedgeable component of a fixed rate debt. It also prohibits including time value in the one-sided hedged risk when designating options as hedges. The Group will apply the amended standard from 1 July 2009. It is not expected to have a material impact on the Group's financial statements.

(x) AASB Interpretation 17 *Distribution of Non-cash Assets to Owners* and AASB 2008-13 *Amendments to Australian Accounting Standards arising from AASB Interpretation 17*

AASB-I 17 applies to situations where an entity pays dividends by distributing non-cash assets to its shareholders. The standard is applicable to annual reporting periods commencing on or after 1 July 2009. These distributions will need to be measured at fair value and the entity will need to recognise the difference between the fair value and the carrying amount of the distributed assets in the income statement on distribution. This is different to the Group's current policy which is to measure distributions of non-cash assets at their carrying amounts. The interpretation further clarifies when a liability for the dividend must be recognised and that it is also measured at fair value. The Group will apply the interpretation prospectively from 1 July 2009.

(ag) 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 Group 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:

(i) Estimated useful economic life of wind turbines and associated plant

As disclosed in Note 1(j) the Group depreciates property, plant and equipment over 25 years. This period of depreciation is utilised for wind turbines and associated plant that have useful economic lives in excess of 25 years as no determination has been made to extend the life of the project beyond this period.

(ii) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 1(r). The recoverable amounts of cash-generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to Note 15 for details of these assumptions and the potential impact of changes to the assumptions.

(iii) Income taxes

The Group is subject to income taxes in Australia and jurisdictions where it has foreign operations. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain.

(iv) Forecast cash flows and discount rates

As disclosed in Note 1(d), financial assets comprise institutional equity partnerships where the Group does not have the power to govern the financial and operating policies of the entity. Financial assets are recognised at fair value each reporting period through profit and loss using a discounted cash flow methodology.

This methodology requires assumptions to be made in respect of forecast cash flows and discount rates. These assumptions are subject to variation from period to period.

2. REVENUE

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000 (Restated)	2009 $'000	2008 $'000
From continuing operations				
Revenue from the sale of energy and products	101,020	78,378	–	–
Revenue from lease of plant and equipment[1]	232,688	137,964	–	–
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	3,251	19	–	–
Revenue from the rendering of services	–	–	6,195	18,763
	336,959	**216,361**	**6,195**	**18,763**
From discontinued operations (Note 5)				
Revenue from the sale of energy and products	133,372	192,189	–	–
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets	2,906	5,931	–	–
	136,278	**198,120**	**–**	**–**

1 In accordance with UIG 4 *Determining whether an Asset Contains a Lease*, revenue that is generated under certain power purchase agreements, where the Group sells substantially all of the related electricity to one customer, is classified as lease income. Refer Note 1(v) for further information.

3. OTHER INCOME

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000 (Restated)	2009 $'000	2008 $'000
From continuing operations				
Income from institutional equity partnerships				
Value of benefits provided – production tax credits (Class A)[2]	111,217	52,824	–	–
Value of benefits provided – tax losses (Class A)[2]	134,333	75,571	–	–
Benefits deferred during the period[2]	(158,732)	(88,228)	–	–
	86,818	**40,167**	**–**	**–**
Other				
Interest income	16,439	14,571	8,824	8,141
Foreign exchange gains	26,703	10,173	18,007	14,837
Fair value gains on financial instruments	–	2,625	–	–
Other income	6,509	1,088	6,569	833
	49,651	**28,457**	**33,400**	**23,811**

2 Refer Note 21 for further details.

4. EXPENSES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000 (Restated)	2009 $'000	2008 $'000
From continuing operations: **Profit/(loss) before income tax has been arrived at after charging the following expenses:**				
Wind farm operations and maintenance costs	96,122	46,765	–	–
Administration, consulting and legal fees	16,214	13,133	27,104	11,081
Management expenses	5,550	8,725	5,550	8,725
Management charges – base fees[1]	–	20,487	–	14,788
	117,886	**89,110**	**32,654**	**34,594**
Depreciation of property, plant & equipment	141,845	72,525	–	–
Amortisation of intangible assets	16,128	11,612	281	1,367
	157,973	**84,137**	**281**	**1,367**
Finance costs relating to institutional equity partnerships				
Allocation of return on outstanding balance (Class A)[2]	82,298	39,522	–	–
Movement in residual interest (Class A)[2]	16,094	5,108	–	–
Minority interest (Class B)[2]	6,195	4,281	–	–
	104,587	**48,911**	**–**	**–**
Other finance costs				
Fair value losses on financial instruments	12,258	2,984	–	2,417
Bank fees and loan amortisation costs	12,954	8,171	297	404
	25,212	**11,155**	**297**	**2,821**
Significant non-recurring items				
Termination of management agreements (refer below)	41,272	–	36,982	–
Transition-related expenses (refer below)	16,262	–	2,450	–
Management charges – base fees[1]	4,820	–	4,332	–
	62,354	**–**	**43,764**	**–**

1 Following the termination of related management agreements, base fees have been classified as a significant non-recurring item during the year ended 30 June 2009. In the comparative period, they are classified as Management Charges. Refer Note 35 for further details.
2 Refer Note 21 for further details.

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 payment of $35,000,000 was made on 31 December 2008 with the remainder, $5,000,000, paid on 30 June 2009.

Transition-related Expenses

As a consequence of terminating the management agreements, Infigen Energy has undertaken a program to secure its independence. During FY09, the Group incurred $16,262,000 in relation to this program.

5. DISCONTINUED OPERATIONS

(a) Details of disposed operations

Sale of Portuguese Portfolio

During the year ended 30 June 2009, Infigen agreed to sell its jointly-owned portfolio of wind farms in Portugal. The sale and settlement occurred simultaneously in November 2008.

Sale of Spanish Portfolio

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

(b) Financial performance of disposed operations

The results of the discontinued operations for the year ended 30 June 2009 through to disposal and the year ended 30 June 2008 are presented below:

	30 June 2009			30 June 2008		
	Portugal $'000	Spain $'000	Total $'000	Portugal $'000	Spain $'000	Total $'000
Revenue (Note 2)	66,413	69,865	136,278	123,363	74,757	198,120
Other income	2,885	1,300	4,185	661	4,058	4,719
Expenses	(60,260)	(72,996)	(133,256)	(92,379)	(72,197)	(164,576)
Profit/(loss) before income tax	9,038	(1,831)	7,207	31,645	6,618	38,263
Income tax expense	(2,246)	(10,145)	(12,391)	(9,145)	(5,131)	(14,276)
Profit/(loss) after income tax of discontinued operations	**6,792**	**(11,976)**	**(5,184)**	**22,500**	**1,487**	**23,987**
Profit/(loss) on sale of subsidiary before income tax	(3,631)	274,763	271,132			
Income tax expense	(3,450)	–	(3,450)			
Profit/(loss) on sale of subsidiary after income tax	(7,081)	274,763	267,682			
Profit/(loss) from discontinued operations before minority interest	**(289)**	**262,787**	**262,498**			
Disposal of minority interest on sale of subsidiary	(3,446)	–	(3,446)			
Profit/(loss) from discontinued operations after minority interest	**(3,735)**	**262,787**	**259,052**			

5. DISCONTINUED OPERATIONS (CONTINUED)

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

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

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

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

	30 Jun 2009 $'000	30 Jun 2008 $'000
Net cash inflow from operating activities	41,093	77,336
Net cash outflow from investing activities	(81,874)	(21,929)
Net cash inflow/(outflow) from financing activities	9,070	(26,561)
Net cash inflow/(outflow)	**(31,711)**	**28,846**

(d) Details of the sale of the Portuguese entity

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

5. DISCONTINUED OPERATIONS (CONTINUED)

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

The major classes of assets and liabilities of the Spanish assets as at the date of sale (8 January 2009) are as follows:

	As at 8 Jan 2009 $'000
Cash	19,767
Receivables	39,227
Prepayments	4,039
Investment in associate	316
Property, plant and equipment	789,734
Other tax assets	9,196
Goodwill	34,150
Intangibles	407,915
Total assets	**1,304,344**
Trade creditors	6,250
Current tax payables	5,353
Borrowings	1,214,378
Derivative financial instruments	23,213
Other tax liabilities	49,336
Total liabilities	**1,298,530**
Net assets attributable to discontinued operations	**5,814**

(f) Cash flow information – Spanish disposed entity

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

	30 Jun 2009 $'000	30 Jun 2008 $'000
Net cash inflow from operating activities	58,243	10,465
Net cash outflow from investing activities	(40,749)	(206,644)
Net cash inflow/(outflow) from financing activities	(19,454)	191,370
Net cash outflow	**(1,960)**	**(4,809)**

(g) Details of the sale of the Spanish entity

	8 Jan 2009 $'000
Consideration received:	
Cash received from sale	1,518,168
Repayment of borrowings and settlement of derivatives	(1,237,591)
Total disposal consideration	280,577
Net assets	(5,814)
Profit on sale before income tax	274,763
Income tax expense	–
Profit on sale after income tax	**274,763**
Net cash inflow on disposal:	
Cash and cash equivalents consideration	1,518,168
Less: cash and cash equivalents balance disposed of	(19,767)
Proceeds on sale of subsidiary, net of cash disposed of	**1,498,401**

6. INCOME TAXES AND DEFERRED TAXES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000 (Restated)	2009 $'000	2008 $'000
(a) Income tax expense				
Income tax expense/(benefit) comprises:				
Current tax	10,452	3,586	–	2,927
Deferred tax	(30,428)	11,480	(17,044)	560
Under/(over) provided in prior years	50	–	(244)	–
	(19,926)	**15,066**	**(17,288)**	**3,487**
Income tax expense/(benefit) is attributable to:				
Profit from continuing operations	(35,767)	790	(17,288)	3,487
Profit from discontinued operations (Note 5)	15,841	14,276	–	–
Aggregate income tax expense	**(19,926)**	**15,066**	**(17,288)**	**3,487**
Deferred income tax (benefit)/expense included in income tax (benefit)/expense comprises:				
Decrease/(increase) in deferred tax assets	(38,790)	235	(17,904)	(298)
(Decrease)/increase in deferred tax liabilities	8,362	11,245	860	858
	(30,428)	**11,480**	**(17,044)**	**560**

Tax losses that are derived in the current year are recorded as deferred tax expense.

(b) Numerical reconciliation of income tax expense/(benefit) to prima facie tax payable:				
Profit/(loss) from continuing operations before income tax expense	(101,879)	7,327	(40,057)	(2,924)
Profit/(loss) from discontinued operations before income tax expense (Note 5)	274,893	38,263	(12,596)	–
	173,014	45,590	(52,653)	(2,924)
Income tax expense/(benefit) calculated at 30% (2008: 30%)	51,904	13,677	(15,796)	(877)
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:				
Non-deductible expenses	22,845	4,519	–	1,316
Non-assessable income	(91,022)	(15,855)	(842)	–
Non-deductible expenses for trade tax purposes	–	12	–	–
Amortisation of framework agreements	342	410	–	410
Non-deductible interest expense	3,326	14,007	3,159	2,638
Unrealised foreign exchange movement	(4,643)	(81)	(3,565)	–
Sundry items	(2,744)	368	(244)	–
Difference in overseas tax rates	66	(102)	–	–
Previously unrecognised tax losses	–	(1,889)	–	–
Income tax (expense)/benefit	**(19,926)**	**15,066**	**(17,288)**	**3,487**

6. INCOME TAXES AND DEFERRED TAXES (CONTINUED)

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(c) Amounts recognised directly in equity				
The following deferred amounts were not recognised in net profit or loss but charged directly to equity during the period:				
Deferred tax asset	7,695	(7,601)	–	–
Deferred tax liabilities	3,423	3,071	972	948
Net deferred tax	11,118	(4,530)	972	948
(d) Tax losses				
Unused tax losses for which no deferred tax asset has been recognised	(203,677)	(101,513)	(80,031)	(31,343)
Potential tax benefit @ 30%	(61,103)	(30,454)	(24,009)	(9,403)

(e) Tax consolidation

IEL and its wholly-owned Australian resident entities have formed a tax-consolidated group with effect from 1 July 2003 and are therefore taxed as a single entity from that date. The head entity within the tax-consolidated group is IEL. The members of the tax-consolidated group are identified in Note 27.

Entities within the tax-consolidated group have entered into a tax funding arrangement and a tax sharing agreement with the head entity. Under the terms of the tax funding arrangement, IEL and each of the entities in the tax-consolidated group has agreed to pay a tax equivalent payment to or from the head entity, based on the current tax liability or current tax asset of the entity. Such amounts are reflected in amounts receivable from or payable to other entities in the tax-consolidated group.

The tax sharing agreement entered into between members of the tax-consolidated group provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(f) Current tax liabilities				
Current tax payables:				
Income tax payable attributable to:				
Australian entities in the group	1,597	580	–	–
Overseas entities in the group	446	5,766	–	–
	2,043	6,346	–	–

6. INCOME TAXES AND DEFERRED (CONTINUED)

Taxable and deductible temporary differences arise from the following:

	Consolidated				
	Opening balance (Restated) $'000	Charged to income $'000	Charged to Equity $'000	Acquisitions/ disposals $'000	Closing balance $'000
2009					
Gross deferred tax assets:					
Unused revenue tax losses – corporate & trade	32,693	32,564	–	(6,476)	58,782
Deductible Goodwill	7,921	–	–	(7,921)	–
Deductible equity raising costs	80	88	–	–	168
Effect of hedge movements	8,406	610	21,086	(6,982)	23,120
Unrealised foreign exchange loss	20,778	1,646	(28,781)	8,234	1,877
Other	2,394	3,881	–	(1,880)	4,395
	72,272	**38,790**	**(7,695)**	**(15,025)**	**88,342**
Gross deferred tax liabilities:					
Depreciation	(261,079)	(6,044)	–	221,931	(45,192)
Effect of hedge movements	(25,031)	(503)	(3,423)	26,310	(2,647)
Unrealised foreign exchange gains	2,803	(2002)	–	(3,034)	(2,233)
Other	(5,715)	187	–	5,588	60
	(289,022)	**(8,362)**	**(3,423)**	**250,795**	**(50,012)**

	Consolidated				
	Opening balance $'000	Charged to income $'000	Charged to Equity $'000	Acquisitions/ disposals $'000	Closing balance (Restated) $'000
2008					
Gross deferred tax assets:					
Unused revenue tax losses – corporate	25,202	(1,851)	–	9,342	32,693
Deductible Goodwill	–	–	–	7,921	7,921
Deductible equity raising costs	80	–	–	–	80
Effect of hedge movements	2,943	(2,138)	7,601	–	8,406
Unrealised foreign exchange loss	15,078	5,700	–	–	20,778
Other	1,121	(1,946)	–	3,219	2,394
	44,424	**(235)**	**7,601**	**20,482**	**72,272**
Gross deferred tax liabilities:					
Depreciation	(45,351)	(6,815)	–	(208,912)	(261,078)
Effect of hedge movements	(12,363)	2,064	(12,405)	(2,327)	(25,031)
Unrealised foreign exchange gains	–	(6,531)	9,334	–	2,803
Other	(1,088)	37	–	(4,665)	(5,716)
	(58,802)	**(11,245)**	**(3,071)**	**(215,904)**	**(289,022)**

6. INCOME TAXES AND DEFERRED (CONTINUED)

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Deferred tax assets to be recovered within 12 months	–	–	–	–
Deferred tax assets to be recovered after more than 12 months	88,342	72,272	54,558	23,261
	88,342	**72,272**	**54,558**	**23,261**
Deferred tax liabilities to be settled within 12 months	–	–	–	–
Deferred tax liabilities to be settled after more than 12 months	50,012	289,022	2,890	–
	50,012	**289,022**	**2,890**	**–**

7. KEY MANAGEMENT PERSONNEL REMUNERATION

Details of key management personnel

The following directors were Key Management Personnel (KMP) of Infigen during the whole of the financial year:

- Anthony Battle
- Douglas Clemson

The following persons were appointed as directors 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 IEL 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)[1]
- Michael Garland (resigned as an alternate director on 18 June 2009)

1 Appointed as a Director of Infigen Energy RE Limited ('IERL'), the responsible entity for the Trust, on 9 September 2005. Appointed as a director of IEL and IEBL on 8 October 2008. Resigned as a director of IEL, IEBL and IERL on 18 June 2009.

Other KMP 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

Key management personnel remuneration

The aggregate remuneration of KMPs of Infigen over FY08 and FY09 is set out below:

	2009 $	2008 $
Short-term employee benefits	3,628,039	3,004,672
Post-employment benefits (superannuation)	100,558	84,095
Other Long-term benefits/Share based payments	(82,006)	1,504,837
Total	**3,646,591**	**4,593,604**

7. KEY MANAGEMENT PERSONNEL REMUNERATION (CONTINUED)

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.

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

	Grant date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Balance at end of the year	Vested and exercisable at end of the year
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	Granted during the year	Balance at end of the year	Vested and exercisable at end of the year
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.

7. 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	N/A	N/A	N/A	10,000
A Battle	37,634	5,000	–	42,634
D Clemson	140,000	–	–	140,000
M Hutchinson	N/A	N/A	N/A	–
N Andersen	11,694	–	–	N/A
P Hofbauer	3,569,253	–	500,000	N/A
W Murphy	2,406,241	150,351	2,406,241	N/A
M Garland	2,142,000	–	1,513,475	N/A
A Lo Bianco	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

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.

8. REMUNERATION OF AUDITORS

	Consolidated		Parent Entity	
	2009 $	2008 $	2009 $	2008 $
PricewaterhouseCoopers: Audit services				
Audit and review of the financial report	1,676,198	1,601,561	56,022	52,631
Total remuneration for audit services	1,676,198	1,601,561	56,022	52,631
PricewaterhouseCoopers: Non-Audit services				
Other assurance related services				
Due diligence services	487,212	373,400	416,640	–
Total remuneration for non-audit services	487,212	373,400	416,640	–

9. TRADE AND OTHER RECEIVABLES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Trade receivables and accrued income	35,504	70,414	–	–
Interest receivable	27	63	872	1,221
Amounts due from related parties (Note 35)	1,616	10,532	2,848	37,352
Goods & Services Tax and other tax receivables	8,909	78,891	2	–
Other receivables	2,356	34,313	–	–
	48,412	194,213	3,722	38,573
Non-current				
Other receivables	–	38,651	–	–
Amounts due from related parties (Note 35)	–	–	699,348	1,012,434
	–	38,651	699,348	1,012,434

9. TRADE AND OTHER RECEIVABLES (CONTINUED)

(a) Impairment of trade receivables
There were no impaired trade receivables for the Group or the parent entity in 2009 or 2008.

(b) Past due but not impaired
As of 30 June 2009, trade receivables of $229,000 (2008: $2,337,000) were past due but not impaired. Refer to Note 38 for more information. These relate to a number of independent customers for whom there is no recent history of default.

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables, other than $625,000 (EUR 360,000) (2008: $40,000,000 (EUR 26,430,000)) for bank guarantees issued to the constructor of the Plambeck wind farms in Germany.

(c) Other receivables
These amounts generally arise from transactions outside the usual operating activities of the Group.

(d) Foreign exchange and interest rate risk
Information about the Group's and the parent entity's exposure to foreign currency risk and interest rate risk in relation to trade and other receivables is provided in Note 38.

(e) Fair value and credit risk
Due to the nature of these receivables, their carrying amount is assumed to approximate their fair value. The maximum exposure to credit risk at the reporting date is the carrying amount of each class of receivables mentioned above. Refer to Note 38 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

10. PREPAYMENTS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Prepaid operations expenses	14,254	23,367	–	–
Other prepayments	255	6,425	–	1,458
	14,509	**29,792**		**1,458**
Non-current				
Prepaid operations expenses	6,540	10,754	–	–
Prepaid investment costs	263	4,404	–	4,404
	6,803	**15,158**	**–**	**4,404**

11. OTHER CURRENT ASSETS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Inventory – Renewable Energy Certificates	4,801	566	–	–
Other	1,385	361	–	–
	6,186	**927**	**–**	**–**

12. FINANCIAL ASSETS

Financial assets comprise institutional equity partnerships in the United States where the Group did not have the power to govern the financial and operating policies of the entity.

During the year ended 30 June 2008 the Directors determined that the Group had obtained the power to govern the financial and operating policies of these partnerships and hence controls or jointly controls these partnerships. Revaluations of financial assets up until the date of control were determined using a discounted cash flow analysis.

Refer to Note 21 for a summary of institutional equity partnerships that are recorded as liabilities.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at 1 July	–	488,292	–	–
Additions/disposals	–	360,261	–	–
Distributions received from investments[1]	–	(17,854)	–	–
Net revaluation	–	24,246	–	–
Foreign exchange gain/(loss)	–	(14,244)	–	–
Reclassification upon obtaining control[2]	–	(642,363)	–	–
Reclassification upon obtaining joint control[2]	–	(198,338)	–	–
Balance at 30 June	–	–	–	–

1 Includes distributions paid to minority interests.
2 The transfer to cost of acquisition was $642,363,000 for consolidated entities and $198,338,000 for jointly controlled entities.

Refer to Note 21 for further information in relation to the accounting treatment and Note 33 for fair values of net assets/liabilities acquired.

13. DERIVATIVE FINANCIAL INSTRUMENTS – ASSETS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
At fair value:				
Foreign currency forward contracts – cash flow hedges	5,105	6,650	5,105	6,650
Interest rate swaps – cash flow hedges	–	26,722	–	–
	5,105	33,372	5,105	6,650
Non-current				
At fair value:				
Foreign currency forward contracts – cash flow hedges	3,717	3,177	3,717	3,177
Interest rate swaps – cash flow hedges	–	88,891	–	–
	3,717	92,068	3,717	3,177

Refer to Note 38 for further information.

14. PROPERTY, PLANT AND EQUIPMENT

	Consolidated		
	Assets under construction $'000	Plant & Equipment at cost $'000	Total $'000
At 1 July 2007 (Restated)			
Cost or fair value	238,860	1,012,197	1,251,057
Accumulated depreciation	–	(53,761)	(53,761)
Net book value	**238,860**	**958,436**	**1,197,296**
Year ended 30 June 2008 (Restated)			
Opening net book value	238,860	958,436	1,197,296
Additions	259,441	443,122	702,563
Transfers	(111,341)	111,341	–
Acquisitions through business combinations	173,223	3,139,836	3,313,059
Depreciation expense	–	(124,975)	(124,975)
Net foreign currency exchange differences	(879)	(199,069)	(199,948)
Closing net book value	**559,304**	**4,328,691**	**4,887,995**
At 30 June 2008 (Restated)			
Cost or fair value	559,304	4,503,824	5,063,128
Accumulated depreciation	–	(175,133)	(175,133)
Net book value	**559,304**	**4,328,691**	**4,887,995**
Year ended 30 June 2009			
Opening net book value	559,304	4,328,691	4,887,995
Additions	331,135	29,441	360,576
Transfers	(313,079)	313,079	–
Acquisitions through business combinations	–	134,143	134,143
Disposals	(256,831)	(2,370,712)	(2,627,842)
Depreciation expense	–	(180,804)	(180,804)
Net foreign currency exchange differences	39,251	782,595	822,145
Closing net book value	**359,780**	**3,036,433**	**3,396,213**
At 30 June 2009			
Cost or fair value	359,780	3,286,428	3,646,208
Accumulated depreciation	–	(249,995)	(249,995)
Net book value	**359,780**	**3,036,433**	**3,396,213**

The Group has certain assets with net book value of $56,336,000 which are accounted for under finance leases (2008: $55,583,000). Refer Note 19 and Note 31.

Assets under construction are deemed to be qualifying assets. Borrowing costs that are directly attributable to the construction of a qualifying asset are capitalised as part of the cost of that asset.

The parent entity does not have property, plant and equipment.

15. GOODWILL

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000 (Restated)	2009 $'000	2008 $'000
Gross carrying amount				
Balance at beginning of financial year	48,291	32,637	–	–
Additional amounts recognised from business combinations occurring during the period (Note 33)	6,469	16,458	–	–
Disposals	(34,150)	–	–	–
Net foreign currency exchange differences	6,845	(804)	–	–
Balance at end of financial year	**27,455**	**48,291**	**–**	**–**

(a) Provisional allocation of goodwill to cash-generating units
In accordance with AASB 3 *Business Combinations* an exercise to confirm the allocation of the purchase price paid for each of the acquisitions of Langwedel, Leddin, Calau, Seehausen and BBPOP will take place within a 12 month period from acquisition. This could result in a revision to the amount of goodwill and intangible assets recorded. As a result, at reporting date goodwill has not yet been allocated to a cash generating unit.

(b) Amounts reclassified following a purchase price reallocation exercise
Goodwill was provisionally recognised in relation to acquisitions during the year ended 30 June 2008 and has been reclassified as follows:

Acquisition	Goodwill $'000	Intangible asset $'000	Deferred tax liability $'000	Resulting Goodwill $'000
Valdeconejos	(43,904)	43,904	–	–
Enersis portfolio	(290,813)	290,813	–	–
Almeria portfolio	(117,416)	117,416	–	–
Capital	(50,151)	50,151	(15,045)	15,045
Hiddestorf	(590)	590	(177)	177
US Wind Farms	(139,987)	139,987	–	–
Apfelbaum portfolio	(4,119)	4,119	(1,236)	1,236
	(646,980)	**646,980**	**(16,458)**	**16,458**

The balance at the beginning of 2008 of $32,637,000 has been restated by $47,885,000 to reflect the reclassification of goodwill to intangible assets following the change in accounting treatment of US assets during the year ended 30 June 2008 and the subsequent purchase price allocation exercise.

Additionally, certain joint ventures during the year ended 30 June 2008, gave rise to goodwill. The provisional amount of goodwill, $49,023,000, has been reclassified to intangible assets.

Furthermore, as a result of a purchase price allocation exercise, an additional $8,387,000 was reclassified from goodwill to intangible assets.

15. GOODWILL (CONTINUED)

(c) Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to country of operation.

A segment-level summary of the goodwill allocation is presented below.

	Consolidated	
	2009 $'000	2008 $'000
Australia	15,136	15,045
Germany	7,927	5,750
United States	4,392	–
Spain	–	27,496
	27,455	**48,291**

The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering the life of the wind farm. A high proportion of the Group's revenues are contracted at fixed prices under power purchase agreements.

(d) Key assumptions for value-in-use calculations

The Group makes assumptions in calculating the value-in-use of its CGUs including assumptions around expected wind speeds. In performing these calculations for each CGU, the Group has applied pre-tax discount rates in the range of 8% – 10% (2008: 9% – 10%).The discount rates used reflect specific risks relating to the relevant countries in which they operate.

In determining future cash flows, the Group has used Long-term Mean Energy Production estimates ('P50') to reflect the expected performance of the assets throughout the budget period. The Long-term Mean Energy Production is estimated by independent technical consultants on behalf of the Group for each wind farm.

For wind farms with power purchase agreements, future growth rates are based on CPI in the relevant jurisdiction. For wind farms subject to market prices, future growth rates are based on long term industry price expectations.

16. INTANGIBLE ASSETS

	Consolidated		
	Framework agreement $'000	Project-related agreements and licences $'000	Total $'000
At 1 July 2007 (Restated)			
Cost	4,800	254,818	259,618
Accumulated amortisation and impairment	(3,152)	(5,763)	(8,915)
Net book value	**1,648**	**249,055**	**250,703**
Year ended 30 June 2008 (Restated)			
Opening net book value	1,648	249,055	250,703
Additions	–	535	535
Adjustments due to purchase price allocation exercise	–	725,185	725,185
Amortisation expense (i)	(1,367)	(18,394)	(19,761)
Net foreign currency exchange differences	–	8,115	8,115
Closing net book value	**281**	**964,496**	**964,777**
At 30 June 2008 (Restated)			
Cost	4,800	988,316	993,116
Accumulated amortisation and impairment	(4,519)	(23,820)	(28,339)
Net book value	**281**	**964,496**	**964,777**
Year ended 30 June 2009			
Opening net book value	281	964,496	964,777
Additions	–	22,484	22,484
Acquisitions through business combinations (ii)	–	31,891	31,891
Disposals	–	(776,126)	(776,126)
Amortisation expense (i)	(281)	(19,748)	(20,029)
Net foreign currency exchange differences	–	178,708	178,708
Closing net book value	**–**	**401,705**	**401,705**
At 30 June 2009			
Cost	4,800	427,331	432,131
Accumulated amortisation and impairment	(4,800)	(25,626)	(30,426)
Net book value	**–**	**401,705**	**401,705**

16. INTANGIBLE ASSETS (CONTINUED)

	Parent Entity		
	Framework agreement $'000	Project-related agreements and licences $'000	Total $'000
At 1 July 2007 (Restated)			
Cost	4,800	–	4,800
Accumulated amortisation and impairment	(3,152)	–	(3,152)
Net book value	**1,648**	**–**	**1,648**
Year ended 30 June 2008 (Restated)			
Opening net book value	1,648	–	1,648
Amortisation expense (i)	(1,367)	–	(1,367)
Closing net book value	**281**	**–**	**281**
At 30 June 2008 (Restated)			
Cost	4,800	–	4,800
Accumulated amortisation and impairment	(4,519)	–	(4,519)
Net book value	**281**	**–**	**281**
Year ended 30 June 2009			
Opening net book value	281	–	281
Amortisation expense (i)	(281)	–	(281)
Closing net book value	**–**	**–**	**–**
At 30 June 2009			
Cost	4,800	–	4,800
Accumulated amortisation and impairment	(4,800)	–	(4,800)
Net book value	**–**	**–**	**–**

Project-Related Agreements and Licences

Project-related agreements and licences include the following items:

- Licences, permits and approvals to develop and operate a wind farm, including governmental authorisations, land rights and environmental consents;
- Interconnection rights, and
- Power purchase agreements.

Project-related agreements and licences are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of licences over their estimated useful lives, which are based on the lease term of the related wind farm.

Framework Agreements

Costs incurred with respect to entering into framework agreements, which provide a pre-emptive right to acquire assets (subject to certain conditions being met), have been amortised. To the extent that an agreement relates to a specific asset(s), the related costs are amortised as an ancillary cost of acquisition. Where an agreement does not relate to a specific asset, the costs are amortised over the period of the agreements, which vary from 15 months to 3 years.

(i) Amortisation expense is included in the line item Depreciation and Amortisation Expense in the income statement.

(ii) Includes $24,671,000 relating to uplift on minority interest (refer Note 21).

17. TRADE AND OTHER PAYABLES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Trade payables	66,322	246,078	8,960	15,883
Amounts due to related parties (Note 35)	978	34,965	124	–
Interest payable	72	3,356	3,858	1,193
Goods and services tax payable	1,474	2,006	–	2,083
Deferred income	7,299	3,357	–	–
Other taxes	6,405	4,673	–	–
Other (i)	1,360	1,957	–	471
	83,910	296,392	12,942	19,630
Non-current				
Amounts due to related parties (Note 35)	246	17,196	–	–
	246	17,196	–	–

(i) Includes an accrual for annual leave. The entire obligation for annual leave is presented as current, since the Group does not have an unconditional right to defer settlement.

Risk exposure

Information about the Group's and the parent entity's exposure to foreign exchange risk is provided in Note 38.

18. PROVISIONS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Employee benefits	2,885	–	–	–
	2,885	–	–	–
Non-current				
Employee benefits – long-service leave	193	–	–	–
	193	–	–	–

19. BORROWINGS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
Secured				
At amortised cost:				
Loans from related parties (refer Note 35)	–	–	1,108,766	1,177,253
Global Facility (i)	77,806	114,576	–	–
Portugal Enersis Facility	–	60,772	–	–
	77,806	**175,348**	**–**	**–**
Finance lease liabilities (ii)	2,897	2,573	–	–
	80,703	**177,921**	**1,108,766**	**1,177,253**
Non-current				
Secured				
At amortised cost:				
Global Facility (i)	1,538,262	2,173,472	–	–
Portugal Enersis Facility	–	1,150,808	–	–
Capitalised loan costs	(18,791)	(30,147)	–	–
	1,519,471	**3,294,133**	**–**	**–**
Finance lease liabilities (ii)	48,165	48,171	–	–
	1,567,636	**3,342,304**	**–**	**–**

(i) Debt facilities at 30 June 2009

The Group reduced its debt facilities significantly during the year ended 2009 following the sale of its Spanish and Portuguese wind farms.

The Group's debt facility (the Global Facility) has no asset level security, however each borrower under the Global Facility is a guarantor of the facilities. In addition, lenders have first ranking security over the issued share capital of, or other ownership interest in:

- the borrowers other than IEL, and
- the direct subsidiaries of the borrowers, which are holding entities of each wind farm in Infigen's portfolio.

Drawings under the Global Facility are in multiple currencies to match the underlying currencies of Infigen's investments and provide a natural foreign currency hedge in relation to the debt servicing of amounts drawn under the Global Facility. The base currency of the Global Facility is the Euro.

The Global Facility has a 15 year term and has been provided by Banco Espirito Santo de Investimento, S.A. (Espírito Santo Investment), Millennium investment banking (Banco Millennium BCP Investimento, S.A.), Bank of Scotland (HBOS), Dexia Credit Local, KFW IPEX Bank GmbH, The Governor and Company of the Bank of Ireland, Cooperative Centrale Raiffeisen Boerenleenbank B.A.(RABO Bank), DEPFA Bank PLC, KBC Bank N.V., Natixis Bank, The Royal Bank of Scotland, Commonwealth Bank of Australia, IKB Deutsche Industriebank AG, Westpac Banking Corporation, Societe Generale Bank, Banco Santander S.A., Hypovereinsbank Unicredit Group.

19. BORROWINGS (CONTINUED)

The total value of funds that have been drawn down by currency, exchanged at the year end rate, are presented in the following table:

	Current Balance (Local curr '000)	Current Balance (AUD '000)
Australian Dollars	637,929	637,929
Euro – Debt	197,740	343,532
Euro – Finance Lease	29,192	51,062
US Dollars	515,808	634,607
Gross Debt		**1,667,130**
Less Capitalised Loan Costs		(18,791)
Total Debt		**1,648,339**

The Group pays interest each six months based on Euribor (Euro drawings), BBSY (Australian Dollar) or LIBOR (other currencies), plus a margin. The current average margin the Group pays on its borrowings is 92 basis points. It is the Group's policy to use financial instruments to fix the interest rate for a portion of the loan. Repayments under the facilities are due each six months until the end of the term. From 31 December 2010, these repayments comprise net cash flows from those group companies that remain in the Global Facility. From 1 July 2010 the facility terms provide that these net cash flows be applied to repay amounts outstanding under the Global Facility.

(ii) Finance lease liabilities

Refer Note 31.

20. DERIVATIVE FINANCIAL INSTRUMENTS – LIABILITIES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Current				
At fair value:				
Foreign currency forward contracts – cash flow hedges	2,550	78	2,549	78
Interest rate swaps – cash flow hedges	56,781	8,996	–	–
	59,331	**9,074**	**2,549**	**78**
Non-current				
At fair value:				
Foreign currency forward contracts – cash flow hedges	2,023	75	2,023	75
Interest rate swaps – cash flow hedges	71,561	15,218	–	–
	73,584	**15,293**	**2,023**	**75**

Refer to Note 38 for further information.

21. INSTITUTIONAL EQUITY PARTNERSHIPS CLASSIFIED AS LIABILITIES

Nature of institutional equity partnerships

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

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

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

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

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

Recognition of institutional equity partnerships

The Group either controls or jointly controls the strategic and operating decisions of institutional equity partnerships. Notes 32 and 39 provide further details of controlled and jointly controlled partnerships.

Classification of institutional equity partnerships

Class B and Class A members' investments in institutional equity partnership structures are classified as liabilities in the financial statements as the partnerships have limited lives and the allocation of income earned is governed by contractual agreements over the life of the investment. Whilst classified as liabilities it is important to note:

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

21. INSTITUTIONAL EQUITY PARTNERSHIPS CLASSIFIED AS LIABILITIES (CONTINUED)

The following table includes the components of institutional equity partnerships classified as liabilities: Class A member liabilities; minority interests relating to Class B members and deferred revenue.

	Class A members		Class B members		Total	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Class A and Class B liabilities:						
At 1 July	**969,402**	**149,901**	**71,155**	**–**	**1,040,557**	**149,901**
Institutional liabilities acquired on consolidation of US wind farm investments	–	1,003,486	–	84,351	–	1,087,837
Distributions	(3,125)	–	(20,175)	(10,032)	(23,300)	(10,032)
Value of benefits provided – production tax credits (Class A)	(111,217)	(52,824)	–	–	(111,217)	(52,824)
Value of benefits provided – tax losses (Class A)[1]	(134,333)	(75,571)	–	–	(134,333)	(75,571)
Allocation of return on outstanding balance (Class A)	82,298	39,522	–	–	82,298	39,522
Movement in residual interest (Class A)	16,094	5,108	–	–	16,094	5,108
Minority interest (Class B)	–	–	6,195	4,303	6,195	4,303
Uplift on minority interest (Class B) resulting from purchase price allocation	–	–	24,971	–	24,971	–
Foreign exchange (gain)/loss	196,923	(100,220)	13,894	(7,467)	210,817	(107,687)
At 30 June	**1,016,042**	**969,402**	**96,040**	**71,155**	**1,112,082**	**1,040,557**
Deferred revenue:						
At 1 July					**265,762**	**55,628**
Resulting from business combinations during the period					–	147,565
Benefits deferred during the period					158,732	88,228
Foreign exchange (gain)/loss					30,486	(25,659)
At 30 June					**454,980**	**265,762**
					1,567,062	**1,306,319**

1 This comprises the following:

	2009 $'000	2008 $'000
Total Taxable Income/Loss before accelerated tax depreciation	61,842	29,496
Accelerated tax depreciation	(196,175)	(105,067)
Tax loss	**(134,333)**	**(75,571)**

22. CAPITALISED BORROWING COSTS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Borrowing costs capitalised during the financial year	12,441	22,844	–	–
Weighted average capitalisation rate on funds borrowed generally	6.2%	7.1%	–	–

Where borrowing costs are directly attributable to the construction of a qualifying asset, they are capitalised as part of the cost of that asset.

23. CONTRIBUTED EQUITY

	Consolidated		Parent Entity	
	2009 No'000	2008 $'000	2009 No'000	2008 $'000
Fully paid stapled securities/shares				
Balance as at 1 July 2007	673,071	810,325	673,071	4,470
Capital distribution	–	(103,552)	–	–
Distribution reinvestment plan (i)	20,042	29,062	20,042	3
Alinta scheme of arrangement (ii)	130,148	211,057	130,148	21
Security purchase plan (iii)	26,935	46,281	26,935	5
Institutional placement (iv)	4,350	7,830	4,350	1
Capital Wind Farm acquisition (v)	14,055	24,480	14,055	2
Transaction costs arising on security issue	–	(11,073)	–	(1)
Balance as at 30 June 2008	**868,601**	**1,014,410**	**868,601**	**4,501**
Attributable to:				
Equity holders of the parent		4,501		4,501
Equity holders of the other stapled securities (minority interests)		1,009,909		–
		1,014,410		**4,501**
Balance as at 1 July 2008	868,601	1,014,410	868,601	4,501
Capital distribution	–	(101,144)	–	–
Distribution reinvestment plan (i)	8,398	9,745	8,398	1
Securities bought back on market and cancelled (vi)	(68,822)	(60,898)	(68,822)	(6)
Balance as at 30 June 2009	**808,177**	**862,113**	**808,177**	**4,496**
Attributable to:				
Equity holders of the parent		4,496		4,496
Equity holders of the other stapled securities (minority interests)		857,617		–
		862,113		**4,496**

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

23. CONTRIBUTED EQUITY (CONTINUED)

(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 average price of Infigen 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, Infigen issued 8,398,000 stapled securities at a price of $1.16 per security in relation to the payment of the final distribution for the year ended 30 June 2008.

(ii) 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, Infigen issued 128,755,000 stapled securities at a price of $1.62 net of transaction costs of $9.5 million to Alinta shareholders.

On 4 September 2007 a further 1,393,000 stapled securities were issued at a price of $1.65 per security to fund Infigen's share of payments to option holders in Alinta Limited as foreshadowed in the Scheme Booklet resulting in a total of $211 million gross proceeds from both stapled security issuances during the year.

(iii) 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, Infigen issued 26,935,000 stapled securities on 24 October 2007 at a price of $1.72 per security.

(iv) Institutional placement

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

In addition to the institutional placement, Babcock & Brown Limited (B&B) agreed that it would subscribe for 4,350,000 stapled securities at the same price as the institutional placement conditional upon the approval of 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.

(v) Capital wind farm acquisition

On 20 December 2007, Infigen issued 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 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.

24. RESERVES

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Foreign currency translation	25,718	(43,006)	–	–
Hedging	(122,145)	28,526	2,266	5,919
Acquisition	(53,472)	(49,442)	–	–
Share-based payment	1,071	–	–	–
	(148,828)	**(63,922)**	**2,266**	**5,919**
Attributable to:				
Equity holders of the parent	(128,264)	(42,287)	2,266	5,919
Equity holders of the other stapled securities (minority interests)	(20,564)	(21,635)	–	–
	(148,828)	**(63,922)**	**2,266**	**5,919**
Foreign currency translation reserve				
Balance at beginning of financial year	(43,006)	(26,009)	–	–
Movement increasing/(decreasing) recognised:				
Translation of foreign operations	99,174	(29,491)	–	–
Forward exchange contracts	(5,369)	3,160	–	–
Deferred tax reversal	(25,081)	9,334	–	–
Balance at end of financial year	**25,718**	**(43,006)**	**–**	**–**

Exchange differences arising on translation of foreign controlled entities are taken to the foreign currency translation reserve, as described in Note 1(n). The reserve is recognised in profit and loss when the net investment is disposed of.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Hedging reserve				
Balance at beginning of financial year	28,526	12,396	5,919	3,705
Movement increasing/(decreasing) recognised:				
Forward exchange contracts	–	1,106	(2,680)	4,902
Interest rate swaps	(183,792)	22,155	–	–
Deferred tax arising on hedges	33,121	(7,131)	(973)	(2,688)
Balance at end of financial year	**(122,145)**	**28,526**	**2,266**	**5,919**

The hedging reserve is used to record movements on a hedging instrument in a cash flow hedge that are recognised directly in equity, as described in Note 1(k). Amounts are recognised in profit and loss when the associated hedged transaction settles.

24. RESERVES (CONTINUED)

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Acquisition reserve				
Balance at beginning of financial year (i)	(49,442)	(49,442)	–	–
Acquisition of minority interest of subsidiary (ii)	(4,030)	–	–	–
Balance at end of financial year	**(53,472)**	**(49,442)**	**–**	**–**

(i) Prior to the acquisition of the remaining 25% of Walkaway Wind Power Pty Limited ('WWP'), IEL owned 75% of the share capital of WWP and consolidated accordingly. Therefore, the acquisition of the remaining 25% did not result in a change of control but was an acquisition of the minority shareholders.

(ii) In May and June 2009, Infigen Energy acquired various minority interests relating to entities over which Infigen Energy already exerted control. Therefore, the acquisition of these minority interests did not result in a change of control but was an acquisition of the minority shareholders.

These transactions are treated as transactions between owners of the Group. Additional goodwill is recognised only to the extent that it represents goodwill that was attributable to the minority interest at the acquisition date but is now attributable to the parent entity. No such goodwill was recognised in relation to WWP and the other minority interest acquisitions. The difference between the purchase consideration and the amount, by which the minority interest is adjusted, has been recognised in the acquisition reserve. In relation to the various minority interests that have been purchased during the year ended 30 June 2009, $4,030,000 has been recognised in the acquisition reserve.

These minority interests form part of a group of assets that Infigen Energy has agreed to acquire from the Babcock & Brown group for $23,400,000. As of 30 June 2009, the Group has paid $3,224,000 in relation to these minority interests. A further amount of $6,019,000 has been paid in relation to other assets (refer Note 33).

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Share-based payment reserve				
Balance at beginning of financial year	–	–	–	–
Share-based payments expense[1]	1,071	–	–	–
Balance at end of financial year	**1,071**	**–**	**–**	**–**

1 The share-based payments reserve is used to recognise the fair value of performance rights and options issued to employees but not exercised. Refer Note 28 for further detail.

25. RETAINED EARNINGS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Balance at beginning of financial year	9,594	(8,326)	(28,450)	(22,039)
Net profit/(loss) attributable to stapled security holders	189,494	17,920	(35,365)	(6,411)
Balance at end of financial year	**199,088**	**9,594**	**(63,815)**	**(28,450)**
Attributable to:				
Equity holders of the parent	177,867	(1,066)	(63,815)	(28,450)
Equity holders of the other stapled securities (minority interests)	21,221	10,660	–	–
	199,088	**9,594**	**(63,815)**	**(28,450)**

26. EARNINGS PER SECURITY/SHARE

	Consolidated	
	2009 Cents per security	2008 Cents per security
Basic and diluted earnings per stapled security/parent entity share:		
Parent entity share		
From continuing operations attributable to the parent entity share holders	(7.9)	(0.8)
From discontinued operations	30.5	2.9
Total basic and diluted earnings per share attributable to the parent entity share holders	**22.6**	**2.1**
Stapled security		
From continuing operations attributable to the stapled security holders	(8.2)	(0.7)
From discontinued operations	30.5	2.9
Total basic and diluted earnings per share attributable to the stapled security holders	**22.3**	**2.2**

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

	2009 $'000	2008 $'000
Earnings attributable to the parent entity share holders		
From continuing operations	(67,399)	(6,766)
From discontinued operations	259,052	23,987
Total earnings attributable to the parent entity share holders	**191,653**	**17,221**
Earnings attributable to the stapled security holders		
From continuing operations	(69,558)	(6,067)
From discontinued operations	259,052	23,987
Total earnings attributable to the stapled securityholders	**189,494**	**17,920**

	2009 No'000	2008 No'000
Weighted average number of securities/shares for the purposes of basic and diluted earnings per security/share	849,877	818,301

27. DISTRIBUTIONS PAID

	2009		2008	
	Cents per security	Total $'000	Cents per security	Total $'000
Recognised amounts 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 2008 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.

No franking credits have been generated by the parent entity.

28. SHARE-BASED PAYMENTS

(a) Employee option plan

The establishment of the Performance Rights and Options Plan ('PR&O') was approved by shareholders at the April 2009 Extraordinary General Meeting. The PR&O Plan is designed to deliver to executives an appropriate long-term equity participation in Infigen, and in doing so, align the longer term interest 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. Participation in the plan is at the Board's discretion and no individual has a contractual right to participate in the plan or to receive any guaranteed benefits.

The main difference between an option and a performance right is that an exercise price as determined by the Board is required to be paid by the executive to exercise a vested option, whereas a performance right has a nil exercise price and vests once conditions have been met.

28. SHARE-BASED PAYMENTS (CONTINUED)

Executives receive 50% of an award in the form of performance rights and 50% in the form of options. Performance rights and options are awarded in two tranches of equal value. The measures used to determine performance and the subsequent vesting of performance rights and options are Total Shareholder Return (TSR) (Tranche 1) and an Operational Performance condition (Tranche 2).

The TSR condition measures the growth in the price of securities plus cash distributions notionally reinvested in securities. The Operational Performance condition will be determined by an earnings before interest, taxes, depreciation and amortisation (EBITDA) test.

In order for the Tranche 1 performance rights and options to vest, the TSR of Infigen will be compared to companies in the S&P/ASX 200 (excluding financial services and the materials/resources sector).

The Operational Performance condition will test the ratio of EBITDA to Capital Base, with the annual target being a specified percentage increase in the ratio 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 proportionally consolidated basis to reflect Infigen's economic interest in all investments. The annual Operational Performance target for each financial year will be established by the Board.

The Tranche 1 TSR performance condition will be measured over a 3 year period from 1 January 2009 to 31 December 2011. The Tranche 2 Operational Performance condition will be measured over a 3 year period from 1 July 2008 to 30 June 2011.

Any performance rights or options that do not vest following the measurement of performance against the TSR and Operational Performance conditions will be subject to a single retest 4 years after the commencement of the relevant performance period (i.e. 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 based on the retest after 4 years will then lapse. Once vested, the options remain exercisable until 31 December 2013. Performance rights and options are granted under the PR&O Plan for no consideration.

Each vested performance right and each vested option that is exercised will translate into one Stapled Security. Any Stapled Securities issued under the PR&O Plan will rank equally with those traded on the ASX at the time of issue.

Performance rights and options do not attract dividends, distributions or voting rights until they vest (and in the case of options, are exercised) and Stapled Securities are allocated.

The exercise price of options is based on the weighted average price at which the company's shares are traded on the Australian Securities Exchange during the week up to and including the date of the grant.

Set out below are summaries of **performance rights** and **options** that have been granted under the plan:

Consolidated and parent entity – 2009

Deemed Grant Date	Expiry date	Exercise price	Balance at start of the year	Granted during the year	Balance at end of the year	Vested and exercisable at end of the year
Performance Rights						
27 Mar 2009	N/A	N/A	–	3,714,720	3,714,720	–
Total			**–**	**3,714,720**	**3,714,720**	**–**
Weighted average exercise price			–	–	–	–
Options						
27 Mar 2009	31 Dec 2013	$0.897	–	16,868,935	16,868,935	–
Total			**–**	**16,868,935**	**16,868,935**	**–**
Weighted average exercise price			–	$0.897	$0.897	

Performance rights and options were awarded in two tranches of equal value (Tranche 1 and Tranche 2). None were exercised or forfeited during the year ended 30 June 2009.

During the periods covered by the above tables, no performance rights or options expired and no performance rights or options vested or became exercisable.

28. SHARE-BASED PAYMENTS (CONTINUED)

Fair value of performance rights and options granted

The assessed fair values at grant date of performance rights granted in Tranche 1 and Tranche 2 during the year ended 30 June 2009 were $0.543 and $0.708, respectively. The assessed fair values at grant date of options granted in Tranche 1 and Tranche 2 during the year ended 30 June 2009 were $0.207 and $0.211, respectively. The first grant date for the performance rights and options under the PR&O Plan was deemed to be 27 March 2009. There are no comparative values for the year ended 30 June 2008.

The fair values of performance rights and options at grant date are independently determined using a Monte-Carlo simulation model that takes into account the exercise price, the term of the performance right or option, the impact of dilution, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk free interest rate for the term of the performance right or option.

The model inputs for performance rights and options granted during the year ended 30 June 2009 included:

(a) Performance rights and options are granted for no consideration and vest in accordance with the TSR condition and the Operational Performance condition outlined above for Tranche 1 and Tranche 2, respectively. Performance rights have a nil exercise price and vest automatically. Vested options are exercisable until 31 December 2013.
(b) Exercise price for options: $0.897 (2008 – n/a)
(c) Grant date: 27 March 2009 (2008 – n/a)
(d) Expiry date of options: 31 December 2013 (2008 – n/a)
(e) Share price at grant date: $0.86 (2008 – n/a)
(f) Expected price volatility of the company's shares: 49.00% (2008 – n/a)
(g) Expected dividend yield: 8.60% (2008 – n/a)
(h) Risk-free interest rate: 3.96% (2008 – n/a)

The expected price volatility is based on the actual volatility of Infigen's daily closing share price for the periods from 29 March 2006 to 27 March 2009, from 29 March 2007 to 27 March 2009, and from 31 March 2008 to 27 March 2009.

Where performance rights and options are issued to employees of subsidiaries within the Group, the expense in relation to these performance rights and options is recognised by the relevant entity with the corresponding increase in stapled securities.

(b) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Performance rights and options issues under the PR&O Plan	1,071	–	–	–
	1,071	–	–	–

29. COMMITMENTS FOR EXPENDITURE

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Capital expenditure commitments				
Not later than 1 year	89,162	509,186	–	–
Later than 1 year and not later than 5 years	–	8,400	–	–
	89,162	**517,586**	**–**	**–**

Capital expenditure commitments relate to the construction of wind farms.

(b) Lease commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 31 to the financial statements.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(c) Other expenditure commitments				
Other				
Not later than 1 year	5,823	3,556	–	–
Later than 1 year and not later than 5 years	24,526	14,250	–	–
Later than 5 years	63,254	45,852	–	–
	93,603	**63,658**	**–**	**–**

Other expenditure commitments include commitments relating to operations and maintenance arrangements and connection agreements.

30. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Contingent liabilities				
Letters of credit	28,538	45,140	–	–
Guarantees	48,863	84,505	–	–
	77,401	**129,645**	**–**	**–**

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

Framework agreements

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

As at 30 June 2009, in accordance with a specific review of these arrangements and subsequent changes and amendments, the Group is no longer under an obligation to acquire assets under the Gamesa Framework Agreement. Further, as a result of changes and amendments associated with the arrangements under the Plambeck Framework Agreement, this agreement terminated on 30 June 2009.

31. LEASES
Finance leases
Leasing arrangements
Finance leases relate to wind turbine generators at the Eifel wind farm and have a term of 14 years with an option to purchase at the end of the term.

Finance lease liabilities

	Minimum future lease payments			
	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Commitments in relation to finance leases are payable as follows:				
Not later than 1 year	5,961	5,549	–	–
Later than 1 year and not later than 5 years	23,579	22,198	–	–
Later than five years	28,068	32,028	–	–
Minimum future lease payments[1]	57,608	59,775	–	–
Less future finance charges	(6,546)	(9,031)	–	–
Present value of minimum lease payments	51,062	50,744	–	–
Included in the financial statements as:				
Current borrowings (Note 19)	2,897	2,573	–	–
Non-current borrowings (Note 19)	48,165	48,171	–	–
	51,062	50,744	–	–

1 Minimum future lease payments include the aggregate of all lease payments and any guaranteed residual.

Operating leases
The Group leases land for its wind farms under non-cancellable operating leases expiring within 20 to 55 years. The leases have varying terms, escalation clauses and renewal rights.

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Not later than 1 year	9,148	9,024	–	–
Later than 1 year and not later than 5 years	36,910	40,038	–	–
Later than 5 years	175,408	260,028	–	–
	221,467	309,090	–	–

32. SUBSIDIARIES

Name of entity	Country of incorporation	Ownership interest** 2009 %	2008 %
Parent entity			
Infigen Energy Limited*	Australia		
Other stapled entities			
Infigen Energy (Bermuda) Limited	Bermuda		
Infigen Energy Trust	Australia		
Subsidiaries of Infigen			
Allegheny Ridge Wind Farm LLC	USA	100%	100%
Aragonne Wind LLC	USA	100%	95%
Babcock & Brown Cedar Creek LLC	USA	100%	100%
Bluarc Management Group LLC	USA	100%	–
B&B Blue Canyon LLC	USA	100%	100%
B&B Caprock LLC	USA	80%	80%
B&B Combine Hills LLC	USA	100%	100%
B&B Kumeyaay LLC	USA	100%	100%
B&B Sweetwater 1 LLC	USA	100%	100%
B&B Sweetwater 2 LLC	USA	100%	100%
B&B Sweetwater 3 LLC	USA	100%	100%
B&B Wind Park Jersey LLC	USA	100%	100%
BBWP Europe Pty Limited*	Australia	100%	100%
BBWP Europe 2 Pty Limited*	Australia	100%	100%
BBWP Europe 3 Pty Limited*	Australia	100%	100%
BBWP Europe 4 Pty Limited*	Australia	100%	100%
BBWP Europe 5 Pty Limited*	Australia	100%	100%
BBWP Europe Holdings 2 SARL	Luxembourg	100%	100%
BBWP Europe Holdings Malta II Limited	Malta	100%[4]	100%
BBWP Europe Holdings Lux SARL	Luxembourg	–[2]	100%
BBWP Germany Holdings SARL	Luxembourg	100%	–
BBWP Gesa Holdings SARL	Luxembourg	100%	–
BBWP Nor Holdings SARL	Luxembourg	100%	–
BBWP Europe KG Holdings II Lux SARL	Luxembourg	100%	100%
BBWP Spain Holdings Lux SARL	Luxembourg	–[2]	100%
BBWP Germany Holdings Pty Limited*	Australia	100%	100%
BBWP Germany Holdings 2 Pty Limited*	Australia	100%	100%
BBWP Germany Holdings 3 Pty Limited*	Australia	100%	100%
BBWP Holdings (Bermuda) Limited	Bermuda	100%	100%
BBWP (US) Pty Limited*	Australia	100%	100%
BBWP (US) 2 Pty Limited*	Australia	100%	100%
Babcock & Brown Riva Holdings SARL	Luxembourg	–	50%
Babcock & Brown Wind Partners (Spain) S.L.	Spain	–[5]	100%
B & B Wind Portfolio I LLC	USA	100%	100%
Babcock & Brown Wind Portfolio Holdings I LLC	USA	100%[1]	100%[1]
Bluarc Personnel LLC	USA	100%	–
Buena Vista Energy LLC	USA	100%	100%

32. SUBSIDIARIES (CONTINUED)

Name of entity	Country of incorporation	Ownership interest** 2009 %	Ownership interest** 2008 %
Capital Wind Farm Holdings Pty Limited*	Australia	100%	100%
Capital Wind Farm (BB) Trust*	Australia	100%	100%
Caprock Wind LLC	USA	100%[1]	100%[1]
CCWE Holdings LLC	USA	67%[1]	67%[1]
Crescent Ridge Holdings LLC	USA	75%[1]	75%[1]
Crescent Ridge LLC	USA	75%[1]	75%[1]
CS CWF Trust*	Australia	100%	100%
CS Walkaway Pty Limited*	Australia	100%	100%
CS Walkaway Trust	Australia	100%	100%
Infigen Energy US Asset Management LLC	USA	100%	–
Infigen Energy Verwaltungs GmbH	Germany	100%	–
Infigen Energy (Niederrhein) Limited	UK	100%	100%
Infigen Energy (Eifel) Ltd	UK	100%	100%
Infigen Energy GmbH	Germany	100%	–
Infigen Energy France SAS	France	100%	100%
Infigen Energy US LLC	USA	100%	100%
Infigen Energy T Services Pty Limited*	Australia	100%	–
Infigen Energy Custodian Services Pty Limited*	Australia	100%	–
Infigen Energy Development Holdings Pty Ltd*	Australia	100%	–
Infigen Energy Development Pty Ltd*	Australia	100%	–
Infigen Energy Services Holdings Pty Limited*	Australia	100%	–
Infigen Energy Services Pty Limited*	Australia	100%	–
Infigen Energy RE Limited*	Australia	100%	–
Infigen Energy Investments Pty Limited*	Australia	100%	100%
Infigen Energy US Partnership*	USA	100%	100%
Infigen Energy US Corporation	USA	100%	100%
Infigen Energy Finance (Australia) Pty Limited*	Australia	100%	100%
Infigen Energy Finance (Germany) Pty Limited*	Australia	100%	100%
Infigen Energy Finance (Lux) SARL	Luxembourg	100%	100%
Infigen Energy (Malta) Limited	Malta	100%	100%
Global Wind Partners UK Ltd	UK	–[2]	100%
GWP Europe Pty Limited*	Australia	100%	100%
GWP Europe 2 Pty Limited*	Australia	100%	100%
GWP Walkaway Pty Limited*	Australia	100%	100%
GSG LLC	USA	100%	100%
Kumeyaay Holdings LLC	USA	100%[1]	100%[1]
Kumeyaay Wind LLC	USA	100%[1]	100%[1]
Lake Bonney Wind Power Pty Limited*	Australia	100%	100%
Lake Bonney 2 Holdings Pty Limited*	Australia	100%	100%
Lake Bonney Wind Power 2 Pty Limited*	Australia	100%	100%
Lake Bonney Wind Power 3 Pty Limited*	Australia	100%	100%
Lake Bonney Holdings Pty Limited*	Australia	100%	100%
Mendota Hills LLC	USA	100%	100%

32. SUBSIDIARIES (CONTINUED)

Name of entity	Country of incorporation	Ownership interest** 2009 %	2008 %
NPP LB2 LLC*	USA	100%	100%
NPP Projects I LLC*	USA	100%	100%
NPP Projects V LLC*	USA	100%	100%
NPP Walkaway Pty Limited*	Australia	100%	100%
NPP Walkaway Trust*	Australia	100%	100%
Olivento S.L.	Spain	–[2]	100%
Pebble Consultoria e Investimento Sociedade Unipessoal Lda	Portugal	–[3]	50%
Renewable Power Ventures Pty Limited*	Australia	100%	100%
RPV Investment Trust	Australia	100%	100%
Sistemas Energeticos El Carrascal S.A.	Spain	–[2]	100%
Sistemas Energeticos El Chaparral S.A.	Spain	–[2]	100%
Sistemas Energeticos El Cerradilla S.A.	Spain	–[2]	100%
Sistemas Energeticos Lamata S.A.	Spain	–[2]	100%
Sistemas Energeticos Montes de Conjuro S.A.U.	Spain	–[2]	100%
Sistemas Energeticos Abadia S.A.U.	Spain	–[2]	100%
Windfarm Seehausen GmbH	Germany	100%	–
Societe d'Exploitation du Parc Eolien de Fond Du Moulin SARL	France	100%	100%
Societe d'Exploitation du Parc Eolien de Mont Felix SARL	France	100%	100%
Societe d'Exploitation du Parc Eolien Le Marquay SARL	France	100%	100%
Societe d'Exploitation du Parc Eolien Le Chemin Vert SARL	France	100%	100%
Societe d'Exploitation du Parc Eolien Les Trentes SARL	France	100%	100%
Societe d'Exploitation du Parc Eolien Sole de Bellevue SARL	France	100%	100%
Sonnenberg Windpark GmbH & Co KG	Germany	100%	100%
Windpark Sonnenberg GmbH & Co KG	Germany	–[6]	100%
Walkaway Wind Power Pty Limited	Australia	100%	100%
Walkaway (BB) Pty Limited	Australia	100%	100%
Walkaway (BB) Trust	Australia	100%	100%
Windpark Eifel GmbH & Co KG	Germany	100%	100%
Windpark Hiddestorf GmbH & Co KG	Germany	100%	100%
Windpark Kaarst GmbH & Co KG	Germany	100%	100%
Windpark Niederrhein GmbH & Co KG	Germany	100%	99%
Windpark Calau GmbH & Co. KG	Germany	100%	–
Windpark Langwedel GmbH & Co. KG	Germany	100%	–
Windpark Leddin GmbH & Co. KG	Germany	100%	–
Windfarm Coswig GmbH	Germany	100%	100%
Windfarm Eschweiler GmbH	Germany	100%	100%

* Denotes a member of the IEL tax consolidated group.
** The proportion of ownership interest is equal to the proportion of voting power held.
1 Class B Member interest
2 Disposed of 8 January 2009
3 Disposed of 14 November 2008
4 Entity is in the process of liquidation
5 Entity was liquidated effective December 2008
6 Entity was merged into Windpark Sonnenberg GmbH & Co KG effective December 2008.

Shares in subsidiaries are carried at cost.

33. ACQUISITION OF BUSINESSES

Year ended 30 June 2009

(i) Seehausen

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

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

The fair value of net assets acquired, $559,000, are provided in the table below.

The acquired business contributed revenues of $1,444,000 and net profit of $450,000 to the Group for the period from acquisition to 30 June 2009. If the acquisition had occurred on 1 July 2008, revenue of $1,444,000 and net profit of $450,000 would have been contributed to the Group.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		970
Net assets/(liabilities) acquired		
Cash	516	516
Plant and equipment	17,123	17,123
Intangibles	–	1,370
Payables	(120)	(120)
Interest bearing liabilities	(17,919)	(17,919)
Other liabilities	–	(411)
	(400)	559
Goodwill		411

(ii) Plambeck Portfolio

In May 2009, BBWP Europe KG Holdings 2 Lux Sarl, a subsidiary of IEL, purchased 100% of the share capital of each of Windpark Calau GmbH & Co. KG, Windpark Langwedel GmbH & Co. KG Windpark Leddin GmbH & Co. KG.

The purchase price was approximately $3,480,000, including associated costs.

The fair value of net assets acquired, $1,814,000, are provided in the table below.

The acquired businesses contributed revenues of $6,034,000 and net loss of $416,000 to the Group for the period from acquisition to 30 June 2009. If the acquisition had occurred on 1 July 2008, revenue of $11,255,000 and net loss of $725,000 would have been contributed to the Group.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including associated costs		3,480
Net assets/(liabilities) acquired		
Cash	3,676	3,676
Receivables	8,165	8,165
Plant and equipment	116,396	116,396
Other assets	933	933
Intangibles	–	5,550
Payables	(7,082)	(7,082)
Interest bearing liabilities	(124,070)	(124,070)
Other liabilities	(89)	(1,754)
	(2,071)	1,814
Goodwill		1,666

33. ACQUISITION OF BUSINESSES (CONTINUED)

(iii) Babcock & Brown Power Operating Partners LLC (BBPOP)

In June 2009, Infigen Energy US Asset Management LLC, a subsidiary of IEL, purchased 100% of the share capital of BBPOP. BBPOP forms part of a group of assets that IEL, or subsidiaries of IEL, have agreed to acquire from Babcock & Brown Limited.

The total purchase price for this group of assets, which includes certain minority interests relating to entities that IEL already controls and a pipeline of development projects in Australia and New Zealand, is $23,400,000.

As of 30 June 2009, the Group had purchased certain minority interests and BBPOP. Of the $23,400,000 total purchase price, $9,244,000 (including $2,011,000 held in escrow) had been paid as of 30 June 2009. Of this, $3,224,000 has been allocated to the minority interest acquisitions (refer Note 24) and the remainder, $4,008,000, to BBPOP. Future payments will also be allocated to these acquisitions, hence the table below contains provisional amounts.

The fair value of net assets acquired to date, $1,627,000, is provided in the table below.

The acquired business contributed revenues of $152,000 and net loss of $1,697,000 to the Group for the period from acquisition to 30 June 2009. If the acquisition had occurred on 1 July 2008, revenue of $8,740,000 and net loss of $2,667,000 would have been contributed to the Group.

	Carrying value $'000	Fair value $'000
Purchase consideration		
Cash, including funds held in escrow and associated costs		6,019
Net assets/(liabilities) acquired		
Cash	1,414	1,414
Receivables	515	515
Plant and equipment	624	624
Other assets	194	194
Other liabilities	(1,120)	(1,120)
	1,627	1,627
Goodwill (provisional)		4,392

33. ACQUISITION OF BUSINESSES (CONTINUED)
Year ended 30 June 2008
(i) Valdeconejos

In August 2007, Olivento S.L., a former subsidiary of IEL, purchased approximately 97% of the share capital of Sistemas Energeticos Abadia SA that operates the Valdeconejos wind farm.

The purchase price was approximately $58,166,000, including associated costs.

The fair values of net assets acquired, $58,673,000, are provided in the table below.

The acquired business contributed revenues of $9,199,000 and net profit of $1,712,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $9,768,000 and net profit of $1,970,000 would have been contributed to the Group.

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

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

33. ACQUISITION OF BUSINESSES (CONTINUED)
(ii) Enersis Portfolio
In December 2007, BBWP Holdings (Bermuda) Limited, a former subsidiary of IEL, purchased 50% of the share capital of Babcock & Brown Riva Holdings SARL that operates the Enersis wind farm portfolio.

The purchase price was approximately $239,155,000, including associated costs.

The fair values of net assets acquired, $385,142,000, are provided in the table above.

The acquired businesses contributed revenues of $123,363,000 and net profit of $22,512,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $192,940,000 and net profit of $25,741,000 would have been contributed to the Group.

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

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

33. ACQUISITION OF BUSINESSES (CONTINUED)

(iii) Almeria Portfolio

In December 2007, Olivento S.L., a former subsidiary of IEL, purchased 100% of the share capital of the following four entities that comprise the Almeria Portfolio of wind farms:

- Sistemas Energeticos La Cerradilla SA
- Sistemas Energeticos El Carrascal SA
- Sistemas Energeticos La Mata SA
- Sistemas Energeticos El Chaparral SA

The purchase price was approximately $117,713,000 including associated costs.

The fair value of net assets acquired, $117,713,000 are provided in the table below.

The acquired businesses contributed revenues of $nil and net loss of $512,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $nil and net loss of $528,000 would have been contributed to the Group.

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

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

33. ACQUISITION OF BUSINESSES (CONTINUED)

(iv) Capital Wind Farm

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

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

The fair value of net assets acquired, $31,036,000, are provided in the table below.

The acquired business contributed revenues of $nil and net loss of $220,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $nil and net loss of $1,851,000 would have been contributed to the Group.

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

Following the allocation of the purchase price, $50,151,000 of provisional goodwill has been transferred to intangible assets ($50,151,000) and deferred tax liabilities ($15,045,000), resulting in a goodwill balance of $15,045,000. These intangible assets are amortised and a prior period adjustment has been recorded (refer Note 1).

33. ACQUISITION OF BUSINESSES (CONTINUED)

(v) Hiddestorf

In December 2007, BBWP Germany Holdings Pty Limited, a subsidiary of IEL, purchased 100% of the share capital of Hiddestorf GmbH & Co KG that operates the Hiddestorf wind farm.

The purchase price was approximately $363,000 including associated costs.

The fair value of net assets acquired, $186,000, are provided in the table below.

The acquired business contributed revenues of $397,000 and net loss of $179,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $713,000 and net loss of $379,000 would have been contributed to the Group.

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

Following the allocation of the purchase price, $590,000 of provisional goodwill has been transferred to intangible assets ($590,000) and deferred tax liabilities ($177,000), resulting in a goodwill balance of $177,000. These intangible assets are amortised and a prior period adjustment has been recorded (refer Note 1).

33. ACQUISITION OF BUSINESSES (CONTINUED)

(vi) US Wind Farms

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

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

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

The fair value of net assets acquired, $642,363,000 are provided in the table below.

The acquired businesses contributed revenues of $88,829,000 and net profit of $28,080,000 to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $133,994,000 and net loss of $24,015,000 would have been contributed to the Group. Furthermore, EBITDA of $96,598,000 would have been contributed to the Group had the acquisition taken place on 1 July 2007.

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

Following the allocation of the purchase price, $139,987,000 of provisional goodwill has been transferred to intangible assets ($162,397,000) and to institutional equity partnerships classified as liabilities ($22,410,000). These intangible assets are amortised and a prior period adjustment has been recorded (refer Note 1).

33. ACQUISITION OF BUSINESSES (CONTINUED)

(vii) Apfelbaum Portfolio

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

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

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

The fair value of net assets acquired, $1,911,000, are provided in the table below.

The acquired businesses contributed revenues of $nil and net profit of $nil to the Group for the period from acquisition to 30 June 2008. If the acquisition had occurred on 1 July 2007, revenue of $2,422,000 and net profit of $427,000 would have been contributed to the Group.

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

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

34. SEGMENT INFORMATION

Pending the adoption of AASB 8, *Operating Segments*, and AASB 2007-3, *Amendments to Australian Accounting Standards arising from AASB 8* (refer Note 1(ae)), the Group operates in one business segment, the generation of electricity from wind energy.

The wind farms that generate this electricity are located in Australia, Germany, France and the United States. Wind farms in Portugal and Spain represent discontinued operations as they were disposed of in FY 2009. Infigen reports its primary segment information on a geographical basis.

Segment revenues

30 June 2009	Revenue from the sale of energy and products $'000	Revenue from lease of plant and equipment $'000	Compensation revenue $'000	Revenue from continuing operations $'000	Revenue from discontinued operations $'000	Total revenue $'000
Portugal	–	–	–	–	66,413	66,413
Spain	–	–	–	–	69,865	69,865
Australia	27,114	46,203	320	73,637	–	73,637
Germany	19,788	–	2,931	22,719	–	22,719
US	42,093	186,485	–	228,578	–	228,578
France	12,025	–	–	12,025	–	12,025
	101,020	**232,688**	**3,251**	**336,959**	**136,278**	**473,237**

30 June 2008 (Restated)	Revenue from the sale of energy and products $'000	Revenue from lease of plant and equipment $'000	Compensation revenue $'000	Revenue from continuing operations $'000	Revenue from discontinued operations $'000	Total revenue $'000
Portugal	–	–	–	–	123,363	123,363
Spain	–	–	–	–	74,757	74,757
Australia	24,483	45,252	–	69,735	–	69,735
Germany	14,323	–	19	14,342	–	14,342
US	34,105	92,712	–	126,817	–	126,817
France	5,467	–	–	5,467	–	5,467
	78,378	**137,964**	**19**	**216,361**	**198,120**	**414,481**

34. SEGMENT INFORMATION (CONTINUED)

Segment results

	Australia $'000	US $'000	Germany $'000	France $'000	Total $'000
30 June 2009	5,344	(27,385)[1]	(5,372)	(2,939)	(30,352)
Unallocated[2]					(71,527)
Profit from continuing operations before income tax benefit					(101,879)
Income tax benefit from continuing operations					35,767
Profit for the period from continuing operations after income tax benefit					(66,112)
Profit for the period from discontinued operations (Note 5) before income tax expense					274,893
Income tax expense from discontinued operations					(15,841)
Profit for the period from discontinued operations after income tax expense					**259,052**
Net profit for the period					**192,940**

1 Includes the net loss relating to institutional equity partnerships of $17,769,000.
2 Includes costs associated with the termination of management agreements. Refer Note 4.

	Australia $'000	US $'000	Germany $'000	France $'000	Total $'000
30 June 2008 (Restated)	3,692	(2,305)	(700)	(239)	449
Revaluation of US wind farm investments					24,246
Unallocated					(17,368)
Profit from continuing operations before income tax expense					7,327
Income tax expense from continuing operations					(790)
Profit for the period from continuing operations after income tax expense					6,537
Profit for the period from discontinued operations (Note 5) before income tax expense					38,263
Income tax expense from discontinued operations					(14,276)
Profit for the period from discontinued operations after income tax expense					**23,987**
Net profit for the period					**30,524**

Segment assets and liabilities

	Assets		Liabilities	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Australia	1,382,508	946,541	724,030	819,148
Germany	329,473	208,544	331,081	145,065
France	153,680	128,753	113,809	89,600
USA	2,513,094	2,166,844	2,279,030	1,875,689
Total of all continuing segments	**4,378,755**	**3,450,682**	**3,447,950**	**2,929,502**
Unallocated	29,026	79,673	39,655	24,740
Eliminations	–	–	–	–
Discontinued operations	–	3,055,937	–	2,505,625
Consolidated	**4,407,781**	**6,586,292**	**3,487,605**	**5,459,867**

34. SEGMENT INFORMATION (CONTINUED)
Other segment information

	Australia	Germany	France	US	Total Continuing Operations	Discontinued Operations	Unallocated	Consolidated
	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000	2009 $'000
Acquisition of segment assets:								
Property, plant & equipment	247,328	936	14,292	1,995	264,551	96,025	–	360,576
Depreciation and amortisation of segment assets	(26,344)	(8,913)	(4,734)	(117,701)	(157,692)	(42,860)	(281)	(200,833)

	Australia	Germany	France	US	Total Continuing Operations	Discontinued Operations	Unallocated	Consolidated
	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)	2009 $'000 (Restated)
Acquisition of segment assets:								
Property, plant & equipment	135,228	3,709	68,516	391,770	599,223	103,340	–	702,563
Depreciation and amortisation of segment assets	(18,804)	(6,096)	(1,914)	(55,957)	(82,771)	(60,598)	(1,367)	(144,736)

35. 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 32 to the financial statements.

(b) Key management personnel disclosures
Details of key management personnel remuneration are disclosed in Note 7 to the financial statements.

(c) Other related party transactions
Parent Entity transactions with members of the consolidated group
During the financial year, various subsidiaries received management services from IEL. The total value of the services received was $6,195,000 (2008: $18,763,000).

IEL has entered into tax sharing and tax funding agreements. Refer to Note 6.

IEL has receivables from various subsidiaries of $702,196,000 (2008: $1,012,434,000). Refer Note 9.

IEL has payables to various related parties of $124,000 (2008: nil). Refer Note 17.

IEL has borrowings from various subsidiaries of $1,108,766 (2008: $1,177,253,000). Refer Note 19.

IEL recorded interest income of $53,000 (2008: $6,614,000) on the interest bearing portion of its receivables from subsidiaries.

IEL recorded interest expense of $2,637,207 (2008: $6,716,000) on the interest bearing portion of its borrowings from subsidiaries.

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.

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 9. Payables to related parties are disclosed in Note 17. Transactions were made on normal commercial terms and conditions and under normal market rates.

35. RELATED PARTY DISCLOSURES (CONTINUED)

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, prior to the acquisition of the Responsible Entity, 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, IEL incurred $4,331,000 (2008: $14,788,000), IET incurred $59,000 (2008: $2,468,000) and IEBL incurred $430,000 (2008: $3,231,000).

Under the management agreement between IEL and BBWPM, BBWPM had been entitled to an amount per annum in respect of expenses. During the year ended 30 June 2009, prior to the termination of the management agreements, IEL incurred $5,550,000 (2008: $8,725,000), representing management expenses incurred by BBWPM in the performance of its duties.

Under a management agreement between Olivento S.L. and each of Babcock & Brown Limited and Babcock & Brown S.L., approximately $895,000 (2008: $834,000) was paid during the year ended 30 June 2009 for the management of the Spanish Wind farms.

Related party operational payments

The Group paid $720,000 (2008: $507,000) to Renerco A.G. under Technical Management Agreements during the year ended 30 June 2009 for the operational management of German wind farms

The Group paid approximately $5,747,000 (2008: $2,033,000) to a subsidiary of Babcock & Brown Limited under certain project and fiscal administration agreements during the year ended 30 June 2009 in relation to the US wind farms in which the Group has an interest. During the year ended 30 June 2009, the Group acquired the subsidiary of Babcock & Brown Limited that provides the project and fiscal administration services to these US wind farms.

Transactions with related parties

During the year ended 30 June 2009, the Group entered into arrangements to purchase certain assets from Babcock & Brown. These included the US asset management business, as well as Babcock & Brown's Australian and New Zealand development pipeline of wind farm projects and various minority interests relating to wind farm entities in which the Group already had a controlling interest. The combined purchase price for this group of assets was $23,400,000.

During the year ended 30 June 2009, the Group purchased the US asset management business and certain minority interests. Subsequent to 30 June 2009, the Group acquired the remaining minority interests and the Australian and New Zealand development pipeline of wind farm projects (refer Note 36).

In respect of this group of assets, an amount of $7,232,000 was paid to Babcock & Brown during the year ended 30 June 2009.

During the year ended 30 June 2009 Infigen received $13,355,000 from Babcock & Brown in relation to a rebate of framework incentive fees that had been previously charged.

During the year ended 30 June 2009 Infigen paid a subsidiary of Babcock & Brown Limited a total of $14,831,000 in development premiums relating to the development of wind farms in Australia.

35. RELATED PARTY DISCLOSURES (CONTINUED)

Share holdings of related parties

During the year, the Babcock & Brown Group disposed of its holdings of the Group's stapled securities. The Group paid distributions of $11,365,228 (2008: $11,862,000) to the Babcock & Brown Group.

Related party balances

At the year end the Group owed an amount of $1,251,000 to various related parties.

(d) Parent entities

The parent entity in the Group is IEL.

The ultimate Australian parent entity is IEL.

The ultimate parent entity is IEL.

36. 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 1,000MW 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.

37. NOTES TO THE CASH FLOW STATEMENT

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(a) Reconciliation of cash and cash equivalents For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the cash flow statement is reconciled to the related items in the balance sheet as follows:				
Cash and cash equivalents	409,334	208,505	270,263	47,294
	409,334	**208,505**	**270,263**	**47,294**
(b) Businesses acquired During the financial year, 8 businesses (2007: 4) were acquired. Details of the acquisitions are as follows:				
Consideration				
Cash and cash equivalents paid	10,469	421,582	–	486
Value of investments in institutional equity partnerships	–	642,363	–	–
Consideration settled through the issue of stapled securities	–	24,480	–	–
Cash and cash equivalents deferred until a future period	–	18,563	–	–
	10,469	**1,106,988**	**–**	**486**
Fair value of net assets acquired				
Cash	5,606	74,486	–	–
Receivables and other current assets	8,680	144,942	–	–
Property, plant and equipment	134,143	3,313,059	–	–
Intangibles	6,920	669,390	–	–
Other assets	1,127	21,381	–	–
Payables	(7,202)	(107,620)	–	–
Interest bearing liabilities	(141,989)	(1,642,021)	–	–
Institutional equity partnerships classified as liabilities	–	(1,013,934)	–	–
Other liabilities	(3,285)	(222,659)	–	–
Net assets/(liabilities) acquired	**4,000**	**1,237,024**	**–**	**–**
Minority interest	–	(146,494)	–	–
	4,000	**1,090,530**	**–**	**–**
Goodwill	**6,469**	**16,458**	**–**	**486**
Net cash outflow on acquisition				
Total consideration	10,469	1,106,988	–	486
Less: value of investments in institutional equity partnerships	–	(642,363)	–	–
Less: cash and cash equivalent balances acquired	(5,606)	(74,486)	–	–
Less: consideration still to be paid	–	(18,563)	–	–
Less: consideration settled through issue of stapled securities	–	(24,480)	–	–
Less: cash balances received on recognition of joint controlled entities	–	(8,746)	–	–
Add: payment for minority interests (Note 24)	3,224	–	–	–
Add: prior year and future acquisition costs paid	20,569	14,617	(996)	–
Cash paid for investments in controlled entities	**28,656**	**352,967**	**(996)**	**486**

37. NOTES TO THE CASH FLOW STATEMENT (CONTINUED)

	Consolidated		Parent Entity	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
(c) Non-cash financing and investing activities				
Distribution reinvestment plan (Note 27)	9,745	29,062	–	–
Acquisition of Capital Wind Farm (Note 23)	–	24,480	–	–
Institutional equity partnerships in the US over which control/joint control gained[1]	–	840,701	–	–
	9,745	894,243	–	–

1 Refer to Note 21 for more information relating to institutional equity partnerships.

(d) Restricted cash balances

As at balance date, $17,226,000 (2008: $13,435,000) of cash is held in escrow in relation to payments retained by the Group under turbine supply and wind farm construction contracts, as well as the decommissioning of certain sites.

38. 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, payables and interest bearing debt.

Risk management is carried out by a central treasury department (Group Treasury) under policies approved by the Boards 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.

(a) Market risks

(i) Interest rate risks

The Group's income and operating cash flows are exposed to interest rate risk as it borrows funds at floating interest rates. The risk is managed by fixing a portion of the floating rate borrowings, by use of interest rate swap contracts. During 2009 and 2008, the Group's borrowings at variable rates were denominated in Australian Dollars, US Dollars and Euros.

A high percentage of the face value of debt in each of the relevant currencies is hedged using interest rate swaps. The table below shows a breakdown of the Group's interest rate debt and swap positions.

In undertaking this strategy the Group is willing to forgo a percentage of the potential economic benefit that would arise in a falling interest rate environment, to protect itself from downside risks of increasing interest rates and to secure a greater level of predictability for cash flows.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Interest rate swap contracts – designated as cash flow hedges

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. The fair value of interest rate swaps are based on market values of equivalent instruments at the reporting date and are disclosed below. The average interest rate is based on the outstanding balances at the start of the financial year.

The following tables detail the notional principal amounts and remaining terms of interest rate swap contracts outstanding as at reporting date:

	Average contracted fixed interest rate		Notional principal amount		Fair value	
Outstanding pay fixed Interest rate swaps	2009 %	2008 %	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Fixed swap – Australia Dollar	6.74	6.70	621,829	557,531	(35,166)	24,757
Fixed swap – Euro	4.81	4.32	295,671	2,046,392	(28,179)	90,748
Fixed swap – US Dollar	5.28	5.28	541,339	456,858	(64,997)	(24,105)
			1,458,839	**3,060,781**	**(128,342)**	**91,400**

Bank debt as at balance date

The table below details the total amount of debt the Group holds as at 30 June 2009.

The debt is denominated in AUD, USD and EUR.

The debt is re-priced every 6 months.

AUD debt is priced using the 6 month BBSW rate plus the defined facility margin.

EUR debt is priced using the 6 month Euribor rate plus the defined facility margin.

USD debt is priced using the 6 month Libor rate plus the defined facility margin.

The table below shows the total debt and breakdown of fixed and floating debt

The average 6 month fixed and floating rate debt detailed in the table below is not inclusive of the facility margin.

The current average facility margin is 92 points.

	Floating Debt		Debt principal amount	
Floating rate debt	2009 %	2008 %	2009 $'000	2008 $'000
AUD debt	3.73	8.01	16,100	11,292
EUR debt	2.87	5.12	47,862	295,342
USD debt	1.95	3.13	93,268	132,213
			157,230	**438,847**

	Fixed Debt		Debt principal amount		% of Debt Hedged	
Fixed rate debt	2009 %	2008 %	2009 $'000	2008 $'000	2009 $'000	2008 $'000
AUD debt	6.74	6.70	621,829	557,531	97%	98%
EUR debt	4.81	4.32	295,671	2,046,392	86%	87%
USD debt	5.28	5.28	541,339	456,858	86%	78%
			1,458,839	**3,060,781**		
Total Debt	**5.48**	**4.86**	**1,616,069**	**3,499,628**	**90%**	**88%**

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

The table below shows the maturity profile of the interest rate swaps as of 30 June 2009 and 30 June 2008.

2009	Fair value AUD$'000	Undiscounted fair value AUD$'000	Up to 12 months AUD$'000	1 to 5 years AUD$'000	After 5 years AUD$'000
AUD swaps	(35,166)	(40,491)	(20,162)	(15,314)	(5,015)
EUR swaps	(28,179)	(30,820)	(10,310)	(17,181)	(3,329)
USD swaps	(64,997)	(72,671)	(23,019)	(35,561)	(14,091)
	(128,342)	**(143,982)**			

2008	Fair value AUD$'000	Undiscounted fair value AUD$'000	Up to 12 months AUD$'000	1 to 5 years AUD$'000	After 5 years AUD$'000
AUD swaps	24,757	31,036	7,458	18,281	5,297
EUR swaps	90,748	131,366	20,506	45,444	65,416
USD swaps	(24,105)	(29,386)	(9,414)	(16,116)	(3,856)
	91,400	**133,016**			

The gain or loss from remeasuring the hedging instruments at fair value is deferred in equity in the hedging reserve, to the extent that the hedge is effective, and reclassified into profit and loss when the hedged interest expense is recognised. The ineffective portion is recognised in the income statement immediately. In the year ended 30 June 2009, a net loss of $12,258,000 was recorded (2008: $2,803,000 profit) and included in finance cost.

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 across the 3 currencies to which the Group is exposed to floating rate debt: AUD, EUR, and USD. 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.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated

2009 AUD $'000			AUD +100 bps	AUD –100 bps	EUR +100 bps	EUR –100 bps	USD +100 bps	USD –100 bps
Impact on income statement								
Cash	AUD	312,679	3,126	(3,126)	–	–	–	–
	EUR	35,052	–	–	351	(351)	–	–
	USD	61,603	–	–	–	–	616	(616)
		409,334						
Borrowings	AUD	637,929	(161)	161	–	–	–	–
	EUR	343,533	–	–	(479)	479		
	USD	634,607	–	–	–	–	(936)	936
Finance Lease	EUR	51,062	–	–	–	–	–	–
Cap Loan Cost	AUD	(18,791)	–	–	–	–	–	–
		1,648,339						
Derivatives – interest rate swaps								
	AUD	621,829	4,624	(4,624)	–	–	–	–
	EUR	295,671	–	–	–	–	–	–
	USD	541,339	–	–	–	–	–	–
		1,458,839						
Total income statement			**7,589**	**(7,589)**	**(128)**	**128**	**(320)**	**320**
Impact on hedge reserve								
Derivatives – interest rate swaps								
	AUD	621,829	33,397	(33,397)	–	–	–	–
	EUR	295,671	–	–	21,171	(21,171)	–	–
	USD	541,339	–	–	–	–	39,148	(39,148)
Total hedge reserve		**1,458,839**	**33,397**	**(33,397)**	**21,171**	**(21,171)**	**39,148**	**(39,148)**
Total impact on equity			**40,986**	**(40,986)**	**21,043**	**(21,043)**	**38,828**	**(38,828)**

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated

2008 AUD $'000			AUD +100 bps	AUD –100 bps	EUR +100 bps	EUR –100 bps	USD +100 bps	USD –100 bps
Impact on income statement								
Cash	AUD	42,293	423	(423)	–	–	–	–
	EUR	119,917	–	–	1,199	(1,199)	–	–
	USD	46,295	–	–	–	–	463	(463)
		208,505						
Borrowings	AUD	568,823	(113)	113	–	–	–	–
	EUR	2,341,734	–	–	(2,953)	2,953		
	USD	589,071	–	–	–	–	(1,302)	1,302
Finance Lease	EUR	50,744	–	–	–	–	–	–
Cap Loan cost	AUD	(30,147)	–	–	–	–	–	–
		3,520,225						
Derivatives – interest rate swaps								
	AUD	557,531	4,745	(4,745)	–	–	–	–
	EUR	2,046,392	–	–	7,486	(7,486)	–	–
	USD	456,858	–	–	–	–	–	–
		3,060,781						
Total income statement			**5,055**	**(5,055)**	**5,732**	**(5,732)**	**(839)**	**839**
Impact on hedge reserve								
Derivatives – interest rate swaps								
	AUD	557,531	33,382	(33,382)	–	–	–	–
	EUR	2,046,392	–	–	135,825	(135,825)	–	–
	USD	456,858	–	–	–	–	34,323	(34,323)
Total hedge reserve		**3,060,781**	**33,382**	**(33,382)**	**135,825**	**(135,825)**	**34,323**	**(34,323)**
Total impact on equity			**38,437**	**(38,437)**	**141,557**	**(141,557)**	**33,484**	**(33,484)**

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

The impact on net profit is largely due to the Group's exposure to interest rates on its non-hedged variable rate borrowings. The impact on hedge reserve is due to the effective portion of the change in fair value of derivatives that are designated as cash flow hedges.

Parent Entity

2009 AUD $'000			AUD +100 bps	AUD –100 bps	EUR +100 bps	EUR –100 bps	USD +100 bps	USD –100 bps
Impact on income statement								
Cash	AUD	266,269	2,663	(2,663)				
	EUR	400			4	(4)		
	USD	3,594					36	(36)
		270,263						

2008 AUD $'000			AUD +100 bps	AUD –100 bps	EUR +100 bps	EUR –100 bps	USD +100 bps	USD –100 bps
Impact on income statement								
Cash	AUD	16,087	161	(161)				
	EUR	15,324			153	(153)		
	USD	15,883					159	(159)
		47,294						

(ii) Foreign currency risks

The Group has wind farm operations in Australia, USA and Europe.

The Group generates AUD, USD & EUR revenue from these operations. The Group and the parent entity are exposed to a decline in value of EUR and USD versus the AUD, decreasing the value of AUD equivalent revenue from its European and US wind farm operations.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency and net investments in foreign operations. The risk is measured using sensitivity analysis and cash flow forecasting.

The Group aims to ensure that the majority of the its expenses are denominated in the same currency as the associated revenues. For example, under the Group's Global Facility the matching principle is used by drawing down debt in the currency of the cash flows that the underlying operation generates. Consequently, only the net cash flows of an operation are exposed to currency fluctuations.

Consistent with the Group's treasury guidelines regarding preservation of capital the Group utilises forward foreign exchange contracts to hedge the returns of net investment from its European and US operations.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Forward foreign exchange contracts

The Group and the Parent entered into contracts to hedge its exposures relating to its net investments in overseas entities to reduce the potential for exchange rate movements to impact on investment returns for periods of up to 3 years.

The following table details the forward foreign currency contracts outstanding as at the reporting date:

	Average exchange rate		Foreign currency		Contract value		Fair value	
Outstanding contracts	2009	2008	2009 FC'000	2008 FC'000	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Sell EUR buy AUD	–	0.5765	–	105,600	–	183,172	–	3,094
Sell USD buy AUD	0.7463	0.8377	76,500	80,750	102,509	96,396	4,249	6,580
					102,509	**279,568**	**4,249**	**9,674**

As at the reporting date the aggregate amount of unrealised gains under forward foreign exchange contracts relating to anticipated future transactions is $4,249,000 (2008: $9,674,000). All amounts relating to the forward foreign exchange contracts were recognised in the income statement.

The cash flows are expected to occur at various dates between one month and 3 years. At balance date, the details of outstanding contracts are:

	Sold Euro		Average exchange rate	
Buy AUD	2009	2008	2009	2008
0-1 year	–	89,677	–	0.5843
1-2 years	–	61,804	–	0.5695
2-3 years	–	31,691	–	0.5680
	–	**183,172**		

	Sold USD		Average exchange rate	
Buy AUD	2009	2008	2009	2008
0-1 year	62,744	43,870	0.7570	0.8263
1-2 years	16,071	36,455	0.8711	0.8366
2-3 years	23,694	16,071	0.6331	0.8711
	102,509	**96,396**		

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group's balance sheet exposure to foreign currency risk at the reporting date was as follows.

The below table represents the EUR and USD assets and liabilities the group holds in AUD functional currency entities.

Consolidated

	2009		2008	
Foreign Currency '000	EUR	USD	EUR	USD
Cash	425	2,998	37,427	15,328
Trade receivable	1,512	4	2,275	–
Prepaid Investment	–	–	849	295
Net investment in foreign operations	172,475	271,467	408,136	246,045
Trade payables	(943)	–	(2,949)	(8)
Bank loans	(144,885)	(57,900)	(161,928)	(58,271)
Forward exchange contracts – sell foreign currency (cash flow hedges)	–	(76,500)	(105,591)	(80,750)
Total Exposure Foreign Currency '000	**28,584**	**140,069**	**178,219**	**122,639**

Parent Entity

	2009		2008	
Foreign Currency '000	EUR	USD	EUR	USD
Cash	230	2,921	9,349	15,297
Trade receivable	114	–	1,469	–
Prepaid Investment	–	–	361	(13)
Net investment in foreign operations	(71,894)	(79,423)	231,018	(79,907)
Trade payables	(270)	–	(2,001)	(8)
Bank loans	–	–	–	–
Forward exchange contracts – sell foreign currency (cash flow hedges)	–	(76,500)	(105,591)	(80,750)
Total Exposure Foreign Currency '000	**(71,820)**	**(153,002)**	**134,605**	**(145,381)**

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

The following table details the Groups' pre-tax sensitivity to a 10% change in the AUD against the USD and the EUR, with all other variables held constant, as at the reporting date, for its unhedged foreign exchange exposure.

A sensitivity of 10% has been selected as this is considered reasonable given the current level of exchange rates and the volatility observed on an historic basis and market expectations for future movement.

Consolidated

AUD $'000	AUD/EUR + 10%	AUD/EUR -10%	AUD/USD + 10%	AUD/USD -10%
2009				
Income statement	24,998	(24,998)	6,754	(6,754)
FCTR (Foreign currency translation reserve)	(29,964)	29,964	(23,987)	23,987
2008				
Income statement	20,378	(20,378)	4,429	(4,429)
FCTR (Foreign currency translation reserve)	(49,589)	49,589	(17,163)	17,163

Parent Entity

AUD $'000	AUD/EUR + 10%	AUD/EUR -10%	AUD/USD + 10%	AUD/USD -10%
2009				
Income statement	(7)	7	(292)	292
FCTR (Foreign currency translation reserve)	7,189	(7,189)	15,592	(15,592)
2008				
Income statement	(1,504)	1,504	(1,586)	1,586
FCTR (Foreign currency translation reserve)	(20,558)	20,558	16,681	(16,681)

(iii) Electricity and Renewable Energy Certificate (REC) price risks

The Group has wind farm operations in Australia, USA and Europe and sells electricity and RECs to utility companies in each of the regions it operates.

The financial risk to the Group is that a decrease in the electricity or REC price reduces revenue earned.

To mitigate the financial risks of electricity and REC prices falling, the Group has entered into power purchase agreements and fixed tariff agreements to fix the sale price of the electricity and RECs it produces. As of 30 June 2009 the Group is exposed to market electricity prices for 159MW of Australian Lake Bonney 2 wind production, and 177MW of US wind production. It is also exposed to REC price movements in Australia and US.

In undertaking this strategy of fixing a percentage of its wind electricity sales, the Group is willing to forgo a percentage of the potential economic benefit that would arise in an increasing electricity price environment, to protect itself from downside risks of decreasing electricity prices and secure a greater level of predictability of cash flows.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Sensitivity

The following table details the Group's pre-tax sensitivity to a 10% change in the electricity and REC price, with all other variables held constant as at the reporting date, for its unhedged exposure to the electricity market.

A sensitivity of 10% has been selected as this is considered, reasonable given the current level of electricity and REC prices and the volatility observed on an historic basis and market expectations for future movement.

Consolidated

AUD $'000	Electricity /REC Price +10%	Electricity/REC Price +10%
2009		
Income statement	5,383	(5,383)
2008		
Income statement	8,043	(8,043)

Changes in electricity and REC prices would have no effect on net profit of the parent entity.

(b) Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Group. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks, as well as credit exposures to customer. The Group exposure is continuously monitored and the aggregate value of transactions are spread amongst creditworthy counterparties.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. Infigen as a wind generator sells electricity to large utility companies that operate in the regions it has wind farms. The utility companies are situated in Australia, France, Germany, and in many different states of USA. No one utility company represents a significant portion of the total accounts receivable balance. Infigen does not asses the credit rating of the utility companies it sells electricity to, due to the limited risk each utility company poses to the overall accounts receivable balance.

The credit risk on liquid funds and derivative financial instruments is limited because the counterparties are banks with credit-ratings assigned by international credit-rating agencies as above investment grade. The carrying amount of financial assets recorded in the financial statements, represents the Group's maximum exposure to credit risk.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated

$'000	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2009				
Bank deposits	409,334	–	–	Minimum credit rating – 'A' grade (S&P)
Interest receivable	27	–	–	Minimum credit rating – 'A' grade (S&P)
Derivative – Forward FX	8,822	–	–	Minimum credit rating – 'A' grade (S&P)
Trade receivables	35,275	229	–	Spread geographically with large utility companies
Other current receivables	2,356	–	–	Miscellaneous receivables
Amounts due from related parties	1,616	–	–	Receivables from joint venture partners
GST, VAT and other tax receivables	8,909	–	–	National and regional governments
2008				
Bank deposits	208,505	–	–	Minimum credit rating – 'A' grade (S&P)
Interest receivable	63	–	–	Minimum credit rating – 'A' grade (S&P)
Derivative – Interest rate swap	91,400	–	–	Minimum credit rating – 'A' grade (S&P)
Derivative – Forward FX	9,674	–	–	Minimum credit rating – 'A' grade (S&P)
Trade receivables	68,077	2,337	–	Spread geographically with large utility companies
Government grants	34,313	–	–	Due from Portugal Govt.
Other receivables	10,532	–	–	Due from B&B Subsidiaries
GST, VAT and other tax receivables	78,891	–	–	National and regional governments

Parent Entity

$'000	Within credit terms $'000	Past due but not impaired $'000	Impaired $'000	Description
2009				
Bank deposits	270,263	–	–	Minimum credit rating – 'A' grade (S&P)
Derivative – Forward FX	8,822	–	–	Minimum credit rating – 'A' grade (S&P)
Amounts due from related parties	2,848	–	–	Due from members of the consolidated group
Interest receivable	872	–	–	Due from members of the consolidated group
GST, VAT and other tax receivables	2	–	–	The Australian Government
2008				
Bank deposits	47,294	–	–	Minimum credit rating – 'A' grade (S&P)
Derivative – Forward FX	9,674	–	–	Minimum credit rating – 'A' grade (S&P)
Interest receivable	1,221	–	–	Due from members of the consolidated group
Amounts due from related parties	37,352	–	–	Due from members of the consolidated group

(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 set out the Group's and parent entity'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.

The tables include forecast contractual repayments under the Global Facility. From 31 December 2010, these repayments comprise net cash flows from those group companies that remain in the Global Facility. From 1 July 2010 the facility terms provide that these net cash flows be applied to repay amounts outstanding under the Global Facility.

For interest rate swaps, the cash flows have been estimated using forward interest rates applicable at the reporting date.

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

Consolidated

	Up to 12 months $'000	1 to 5 years $'000	After 5 years $'000	Total contractual cash flows $'000
2009				
Global Facility Debt	75,870	636,133	964,031	1,676,034
Gross finance lease	6,039	23,627	28,069	57,735
Interest rate swap payable	53,491	68,057	22,434	143,982
Forward foreign exchange payable	60,189	38,071	–	98,260
Forward foreign exchange (receivable)	(62,744)	(39,765)	–	(102,509)
Current payables	84,016	–	–	84,016

	Up to 12 months $'000	1 to 5 years $'000	After 5 years $'000	Total contractual cash flows $'000
2008				
Gross loan commitments	169,332	925,891	2,404,405	3,499,628
Gross finance lease	5,550	22,197	32,028	59,775
Interest rate swap payable	9,541	16,790	7,606	33,937
Interest rate swap (receivable)	(27,963)	(63,821)	(74,027)	(165,811)
Forward foreign exchange payable	123,519	133,396	–	256,915
Forward foreign exchange (receivable)	(133,547)	(146,021)	–	(279,568)
Current payables	296,392	–	–	296,392
Related party payable	–	17,196	–	17,196

Parent Entity

	Up to 12 months $'000	1 to 5 years $'000	After 5 years $'000	Total contractual cash flows $'000
2009				
Forward foreign exchange payable	60,189	38,071	–	98,260
Forward foreign exchange (receivable)	(62,744)	(39,765)	–	(102,509)
Intercompany loans payable	1,098,080	–	–	1,098,080
Intercompany loans (receivable)	(699,348)	–	–	(699,348)
Current payables	12,942	–	–	12,942

	Up to 12 months $'000	1 to 5 years $'000	After 5 years $'000	Total contractual cash flows $'000
2008				
Forward foreign exchange payable	123,519	133,396	–	256,915
Forward foreign exchange (receivable)	(133,547)	(146,021)	–	(279,568)
Intercompany loans payable	1,178,446	–	–	1,178,446
Intercompany loans (receivable)	(1,035,849)	–	–	(1,035,849)
Current payables	19,630	–	–	19,630

38. FINANCIAL RISK MANAGEMENT (CONTINUED)

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 capital structure of the Group consists of total corporate facilities as listed in Note 19, and equity, comprising issued capital, reserves and retained earnings as listed in Notes 23, 24 and 25.

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.

The Group has to maintain certain ratios in regard to compliance with its banking facility.

These two ratios are:

Leverage Ratio – Debt/EBITDA

Cash Flow Cover Ratio – EBITDA/Scheduled interest and principal repayments.

During the year these ratios have been complied with.

Fair value estimation

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

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 reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

Derivative contracts classified as held for trading are fair valued by comparing the contracted rate to the current market rate for a contract with the same remaining period to maturity.

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives and investments in unlisted subsidiaries) is determined using valuation techniques. The Group 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 fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

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 Group for similar financial instruments.

39. INTERESTS IN JOINT VENTURES

Interests in the following institutional equity partnerships in the US are accounted for in the consolidated financial statements as joint venture partnerships and are proportionately consolidated based on Infigen's Class B interest.

Institutional equity partnership	Related wind farms	Class B Interest held by Infigen (30 June 2008 and 2009)
Sweetwater Wind 1 LLC	Sweetwater 1	50%
Sweetwater Wind 2 LLC	Sweetwater 2	50%
Sweetwater Wind 3 LLC	Sweetwater 3	50%
Blue Canyon Windpower LLC	Blue Canyon	50%
Eurus Combine Hills 1 LLC	Combine Hills	50%
Sweetwater Wind 4-5 Holdings LLC[1]	Sweetwater 4, Sweetwater 5	53%
JB Wind Holdings LLC[1]	Jersey Atlantic, Bear Creek	59%

1 Joint control was gained over these institutional equity partnerships during the year ended 30 June 2008

Further information relating to these institutional equity partnerships is set out below:

Share of institutional equity partnerships' assets and liabilities

	2009 $'000	2008 $'000
Current assets	18,517	15,533
Non-current assets	638,802	562,110
Total assets	**657,319**	**577,643**
Current liabilities	11,027	10,324
Non-current liabilities	481,445	404,508
Total liabilities	**492,472**	**414,832**
Net assets	**164,847**	**162,811**

Share of institutional equity partnerships' revenues, expenses and results

	2009 $'000	2008 $'000
Revenues	96,535	60,765
Expenses	(97,823)	(60,040)
Profit/(loss) before tax	**(1,288)**	**725**

Share of institutional equity partnerships' commitments and contingent liabilities

The following information is included within the information contained in Notes 29 and 30.

	2009 $'000	2008 $'000
Commitments	43,535	37,306
Contingent liabilities	2,812	184

Directors' Declaration

In the opinion of the Directors of Infigen Energy Limited ('IEL') (formerly Babcock & Brown Wind Partners Limited):

(a) the financial statements and notes set out on pages 68 to 153 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 Company'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 Company will be able to pay its debts as and when they become due and payable.

The Directors have been given 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 pursuant to section 295(5) of the *Corporations Act 2001*.

On behalf of the Directors of IEL:

Douglas Clemson
Director

Miles George
Director

Sydney, 7 September 2009

PricewaterhouseCoopers
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Independent auditor's report to the members of Infigen Energy Limited

Report on the financial report

We have audited the accompanying financial report of Infigen Energy Limited (the company), 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 Limited and the Infigen Energy Group (the consolidated entity). The consolidated entity comprises the company 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 company 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.

Liability limited by a scheme approved under Professional Standards Legislation

Independent auditor's report to the members of Infigen Energy Limited (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 Limited is in accordance with the *Corporations Act 2001*, including:

(i) giving a true and fair view of the company'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 company 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 Limited for the year ended 30 June 2009, complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

A J Wilson
Partner

Darren Ross
Partner

Sydney
7 September 2009

PERFORMANCE RIGHTS AND OPTIONS PLAN (PR&O): FY09 OPERATIONAL PERFORMANCE TARGET

As outlined in the Directors' Report on page 59, the vesting of the FY09 Tranche 2 performance rights and Tranche 2 options that have been awarded to senior executives, is subject to an Operational Performance condition. The Operational Performance condition is 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 ratio of EBITDA to Capital Base, with the annual target being a specified percentage increase in the ratio 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 Infigen's economic interest in all investments.

As illustrated in the table below, the FY09 annual target required an increase in the ratio of EBITDA to Capital Base of 6.59%. The increase in the ratio achieved over the period was 0.31%, resulting in an absolute shortfall of 6.28%. As the Operational Performance condition is a cumulative hurdle, the shortfall incurred in FY09 will be carried forward to FY10.

The FY08 figures provided below are inclusive of the results of the Spanish and Portuguese operations. These operations were sold during FY09 and hence the FY09 figures provided below exclude the FY09 results of the Spanish and Portuguese operations.

Operational Performance Measure		FY08	FY09
EBITDA/Capital Base	%	**9.19**	**9.22**
Movement in ratio	%		**0.31**
Target	%		**6.59**
Achieved vs Target	%		**(6.28)**
Calculation inputs			
EBITDA	**AUD '000**	**348,508**	**198,835**
Net Debt	AUD '000	2,906,531	1,243,807
Equity	AUD '000	884,480	912,373
Capital Base	**AUD '000**	**3,791,011**	**2,156,180**

The table below provides an explanation of how the inputs to the above calculations have been derived.

Notes to calculation inputs		FY08			FY09		
AUD '000	FY08 Pre-Restatements[1]	Adj. for Economic Interest[2] & Adj. for movement in Equity[3]	FY08 Adjusted	FY08 Adjusted & Translated at FY09 exchange rates[4]	FY09 Reported	Adj. for Economic Interest & non-recurring items[5]	FY09
Revenue	414,481	9,400	423,881		336,959	(21,114)	315,845
Expenses	(125,170)	(1,900)	(127,070)		(117,886)	876	(117,010)
EBITDA	**289,311**	**7,500**	**296,811**	**348,508**	**219,073**	**(20,238)**	**198,835**
Borrowings	3,520,225	(605,790)	2,914,435	3,130,585	1,648,339	–	1,648,339
Cash Balance	(208,505)	19,206	(189,299)	(224,054)	(409,334)	4,802	(404,532)
Net Debt	**3,311,720**	**(586,584)**	**2,725,136**	**2,906,531**	**1,239,005**	**4,802**	**1,243,807**
Retained Earnings	18,898	–	18,898		199,088	–	199,088
Contributed Equity	1,014,410	–	1,014,410		862,113	–	862,113
Reserves	(64,429)	(84,399)	(148,828)		(148,828)	–	(148,828)
Equity	**968,879**	**(84,399)**	**884,480**	**884,480**	**912,373**	**–**	**912,373**
Capital Base				**3,791,011**			**2,156,180**

1 See Note 1a of FY09 Annual Financial Report
2 See slide 49 of FY08 Results Presentation for detailed breakdown of EBITDA adjustment; See Note 19 of FY09 Annual Financial Report for borrowings related to Portugal Enersis Facility. The cash balance adjustment of $19,206,000 relates to Portuguese and US Minority Interests
3 FY08 Reserves have been adjusted to reflect the FY09 Reserves figure in order to mitigate inconsistencies in the Capital Base relating to movements in foreign exchange and interest rates from FY08 to FY09
4 Translated at the following rates:

		FY08	FY09
AUD/EUR:	EBITDA	0.61	0.53
	Net Debt	0.61	0.58
AUD/USD:	EBITDA	0.90	0.72
	Net Debt	0.96	0.81

5 Relates to economic interest in German wind farms and to US Minority Interest - see slides 36 & 37 of FY09 Results Presentation; and to Base Fees – see Note 4 of FY09 Annual Financial Report

GAMESA FRAMEWORK AGREEMENT

Infigen Energy Limited (IEL) entered into a Framework Agreement, dated 13 September 2005, with Babcock & Brown (UK) Holdings Limited, a UK subsidiary of Babcock & Brown (B&B UK), pursuant to which IEL acquired certain rights and obligations in relation to the acquisition of wind farms in Spain which corresponded to rights and obligations which B&B UK had with Gamesa Energía SAU. The Framework Agreement with B&B (UK) expired on 31 December 2008.

PLAMBECK FRAMEWORK AGREEMENT

IFN entered into a Framework Agreement, dated 29 March 2006, with Plambeck Neue Energien AG (Plambeck). Under the Framework Agreement, IFN secured the rights and obligations to acquire a portfolio of wind farms in Germany. IFN's rights and obligations under the Framework Agreement do not extend beyond 30 June 2009.

IMPORTANT ASPECTS OF THE US ASSETS

LLC Project Agreements – Change of Control Provisions

The limited liability company agreements (each a Project LLC Agreement) of the various Project LLCs for the US Assets provide for two levels of membership interests: Class A and Class B. The Class B Members serve as the managing members of the company.

The managing members have control over and manage the affairs of the Project LLC, but the consent of the Class A Members is required for certain material actions to be taken by the Project LLC (such as the incurrence of debt, sale of material assets, mergers, acquisitions, sale of the Project LLC or other similar actions). Transfers of membership interests are permitted subject to (a) a right of first bid procedure for the benefit of non-transferring members, (b) a prohibition against transfers to certain disqualified transferees (such as competitors of the Project LLC), (c) prior to the Reallocation Date, transfers of Class B interests require consent of a designated super-majority of the Class A interests, and (d) Class A interests may be transferred after ten years if the Reallocation Date has not been reached and distributions have failed to exceed the sum of the Class B Members' capital contributions.

A change of control in a member of a Project LLC must comply with the foregoing transfer restrictions, except that an event causing a change of control of a member's ultimate parent company does not constitute a change of control. The relevant Project LLC Agreements provide that a change purported to be made in breach of these provisions is void and that specific performance in respect of those clauses can be sought. In addition, breach of these provisions may give rise to a claim of damages.

BACK TO BACK GUARANTEES REGARDING COVENANTS IN THE PROJECT LLC AGREEMENTS

In addition, each of IEL and, in certain instances, Infigen Energy RE Limited (IERL) in its capacity as Responsible Entity of IET (together, the Guarantors) have entered into guarantees (the Back-to-Back Guarantees) in favour of Babcock & Brown International Pty Ltd and/or Babcock & Brown LP (the Beneficiaries).

The Back-to-Back Guarantees support downstream guarantees which have been given by the Beneficiaries to support the obligations of the Investment LLCs which are Class B Members of Project LLCs (that own and operate wind farm projects in the United States) in favour of the Class A Members of those Project LLCs.

BERMUDA LAW ISSUES

Incorporation: Infigen Energy (Bermuda) Limited (IEBL) is incorporated in Bermuda.

Takeovers: Unlike IEL and IET, IEBL is not subject to the sections in Chapter 6 of the Corporations Act dealing with the acquisition of shares (including substantial holdings and takeovers). Bermuda company law does not have a takeover code which effectively means that a takeover of IEBL will be regulated under Australian takeover law. However, Section 103 of the Bermuda Companies Act provides that where an offer is made for shares of a company and, within four months of the offer the holders of not less than 90% of the shares which are the subject of such offer accept, the offeror may by notice require the non-tendering shareholders to transfer their shares on the terms of the offer. Dissenting shareholders may apply to the court within one month of the notice, objecting to the transfer. The test is one of fairness to the body of the shareholders and not to individuals, and the burden is on the dissentient shareholder to prove unfairness, not merely that the scheme is open to criticism.

STAPLED SECURITIES

Each Stapled Security is made up of one IEL share, one IET unit and one IEBL share which, under each of the Constitutions and Bye-Laws respectively, are stapled together and cannot be traded or dealt with separately. In accordance with its requirements in respect of listed stapled securities, ASX reserves the right to remove any or all of IEL, IEBL and IET from the Official List if, while the stapling arrangements apply, the securities in one of these entities ceases to be stapled to the securities in the other entities or one of these entities issues securities which are not then stapled to the relevant securities in the other entities.

INCENTIVE FEES

The principal fees previously payable by IFN to BBWPM, as Manager, comprised a base and incentive fee. With respect to the incentive fee, in certain circumstances BBWPM may have been entitled to receive an incentive fee related to the performance of IFN. This fee was paid half yearly in respect of a financial half year.

No incentive fee was payable in the financial year ended 30 June 2009.

FURTHER INVESTOR INFORMATION

Further information required by the Australian Securities Exchange and not shown elsewhere in this Report is as detailed below. The information is current as at 30 September 2009.

NUMBER OF STAPLED SECURITIES AND HOLDERS

One share in each of IEL and IEBL, and one unit in IET, have been stapled together to form a single IFN stapled security. The total number of IFN stapled securities on issue as at 30 September 2009 is 802,460,585 and the number of holders of these stapled securities is 28,859.

SUBSTANTIAL SECURITYHOLDERS

The names of substantial IFN securityholders who have notified IFN in accordance with section 671B of the Corporations Act 2001 are set out below.

		IFN Stapled Securities	
Substantial IFN Securityholder	Date of Notice	Number	%
The Children's Investment Fund (UK) LLP	29 May 2009	122,786,428	15.00
Kairos Fund Limited	3 October 2009	73,050,000	9.10

VOTING RIGHTS

It is generally expected that General Meetings of shareholders of IEL, shareholders of IEBL, and unitholders of IET will be held concurrently where proposed resolutions relate to all three IFN entities. At these General Meetings of IEL, IEBL and IET the voting rights outlined below will apply.

Voting rights in relation to General Meetings of IEL and IEBL:

- on a show of hands, each shareholder of IEL and IEBL who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a shareholder has one vote; and
- on a poll, each shareholder of IEL and IEBL who is present in person has one vote for each share they hold. Also each person present as a proxy, attorney or duly appointed corporate representative of a shareholder, has one vote for each share held by the shareholder that the person represents.

Voting rights in relation to General Meetings of IET:

- on a show of hands, each unitholder who is present in person and each other person who is present as a proxy, attorney or duly appointed corporate representative of a unitholder has one vote; and
- on a poll, each unitholder who is present in person has one vote for each one dollar of the value of the units in the Trust held by the unitholder. Also, each person present as proxy, attorney or duly appointed corporate representative of a unitholder has one vote for each one dollar of the value of the units in the Trust held by the unitholder that the person represents.

ON-MARKET BUY-BACK

On 16 September 2008, Infigen announced that it intended to undertake an on-market buy-back of up to 10% of its securities over the following 12 months. On 26 November 2008, Infigen securityholders voted in favour of a resolution giving authorisation to Infigen to conduct an on-market buy-back of up to an additional 20% of Infigen stapled securities. This brought the potential buy-back to 30% of Infigen's outstanding stapled securities.

At 30 September 2009, Infigen had bought back 74,538,121 securities (8.5% of issued capital).

STAPLED SECURITIES THAT ARE RESTRICTED OR SUBJECT TO VOLUNTARY ESCROW

There are currently no IFN stapled securities which are restricted or subject to voluntary escrow.

USE OF CASH

Throughout the 2009 financial year, IFN used the cash (and assets in a form readily convertible to cash) that it held at 28 October 2005 (the date IFN listed on the Australian Securities Exchange) in a way consistent with its business objectives, as outlined in the financial statements and Notes.

Additional Investor Information

DISTRIBUTION OF IFN STAPLED SECURITIES

Category	Holders	Securities
1 – 1,000	11,536	5,757,957
1,001 – 5,000	12,596	32,721,340
5,001 – 10,000	2,522	18,624,370
10,001 – 100,000	2,059	47,352,581
100,001 – and over	146	698,004,337
Total	**28,859**	**802,460,585**

The number of securityholders holding less than a marketable parcel of IFN stapled securities is 3,294.

TWENTY LARGEST SECURITYHOLDERS

As at 30 September 2009, the top 20 largest Infigen securityholders are as follows:

		IFN Stapled Securities	
	IFN Securityholder	Number	%
1	HSBC Custody Nominees (Australia) Limited	192,779,984	24.02
2	National Nominees Limited	118,526,316	14.77
3	HSBC Custody Nominees (Australia) Limited - A/C 3	95,984,003	11.96
4	JP Morgan Nominees Australia Limited	53,423,942	6.66
5	HSBC Custody Nominees (Australia) Limited-GSCO ECA	46,306,147	5.77
6	ANZ Nominees Limited <Cash Income A/C>	32,675,752	4.07
7	Citicorp Nominees Pty Limited	28,519,960	3.55
8	UBS Wealth Management Australia Nominees Pty Ltd	12,983,142	1.62
9	UBS Nominees Pty Ltd	12,923,152	1.61
10	NPP Projects II LLC	8,618,210	1.07
11	Cogent Nominees Pty Limited <SMP Accounts>	7,270,336	0.91
12	AMP Life Limited	6,741,014	0.84
13	Sandhurst Trustees Ltd <JM Asset Management A/C>	5,571,495	0.69
14	Cornish Group Investments Pty Ltd <Cornish Group Investments A/C>	5,000,000	0.62
15	RBC Dexia Investor Services Australia Nominees Pty Ltd <Piselect A/C>	4,883,605	0.61
16	Queensland Investment Corporation	4,809,704	0.60
17	RBC Dexia Investor Services Australia Nominees Pty Limited <GSJBW A/C>	3,645,407	0.45
18	HSBC Custody Nominees (Australia) Limited - A/C 2	2,884,679	0.36
19	Citicorp Nominees Pty Limited <Cwlth Small Co Fd 9 A/C>	2,487,728	0.31
20	CS Fourth Nominees Pty Ltd <Unpaid A/C>	2,450,270	0.31
	Total	**648,484,846**	**80.81**

Additional Investor Information

KEY ASX ANNOUNCEMENTS
2008 (July – December)

Announcements released as Babcock & Brown Wind Partners (BBW)

28 July
BBW signs supply agreement for Sydney Water Desalination Plant

21 August
Sale of Spanish portfolio and update on strategic initiative

26 August
BBW announces proposed Board changes

28 August
Financial results for 12 months to 30 June 2008

16 September
BBW announces on-market buy-back

17 September
Summary of FY08 final distribution and DRP participation

20 October
Appointment of New Independent Director

29 October
Regulatory consents received for Spanish asset sale

17 November
Sale of interest in Enersis portfolio

21 November
BBW Corporate Governance Changes

26 November
2008 Annual General Meeting and AGM results

26 November
Proposal to internalise BBW management

27 November
BBW confirms appointment of independent Chairman

8 December
Resignation of Alternate Director

15 December
Spanish portfolio sale date agreed

18 December
Termination of Management & Advisory Agreements and internalisation of BBW management

24 December
Internalisation Document Executed

31 December
BBW internalisation finalised

2009

2 January
Managing Director appointment

9 January
Financial close for Spanish portfolio sale

30 January
Lake Bonney Wind Farm expansion

24 February
BBW offer to acquire wind energy assets

24 February
BBW 2009 Interim Results and Presentation

13 March
BBW response to B&B voluntary administration

17 March
Payment of FY09 interim distribution

27 March
Notice of Extraordinary General Meeting / Proxy Form

28 April
In principle agreement for acquisition of wind energy assets

29 April
Extraordinary General Meeting presentation / EGM Results / Name change and updated Constitutions / Board changes

Announcements released as Infigen Energy (IFN)

8 May
Updated Investor Pack & Model

16 June
Infigen announces Board Changes

24 June
Acquisition of wind energy assets

25 June
Grant of Performance Rights and Options

1 July
Transition to independence completed

21 July
Completion of acquisition of Australian and NZ assets

11 August
Completion of unmarketable parcel sale facility

17 August
Infigen to commence sale process for US business

17 August
Infigen provides details of its Australian development pipeline

27 August
Result Presentation for 12 months ending 30 June 2009

Dates shown are when announcements were made to the Australian Securities Exchange.

The above list does not include all announcements made to the ASX, such as Change in Substantial Shareholder Notices, Change in Director's Interests Notices the sale and cancellation of securities through the on-market buy-back program. A comprehensive list and full details of all publications can be found on the IFN website, www.infigenenergy.com

Glossary

ASX	Australian Securities Exchange Limited (ABN 98 008 624 691)
BBW	Babcock & Brown Wind Partners
B&B	Babcock & Brown Limited
CAPACITY	The maximum power that a wind turbine can safely produce or handle
CAPACITY FACTOR	A measure of the productivity of a wind turbine, calculated by the amount of power that a wind turbine produces over a set time period, divided by the amount of power that would have been produced if the turbine had been running at full capacity during that same time interval
CCGT	Combined Cycle Gas Turbine
CCS	Carbon Capture and Storage
CLASS A MEMBERS	Holders of Class A interests in a Project LLC
CLASS A MEMBERSHIP INTERESTS	The interests held by Class A Members
CLASS B MEMBERS	Holders of Class B interests in a Project LLC
CLASS B MEMBERSHIP INTERESTS	The interests held by Class B Members
CO2	Carbon Dioxide
CPRS	Carbon Pollution Reduction Scheme – a 'cap-and-trade' emissions trading scheme proposed to begin in Australia in 2011
DISTRIBUTIONS	Distributions of cash made by IFN to securityholders in respect of their stapled securities
DRP	Distribution Reinvestment Plan
EBITDA	Earnings before interest, taxes, depreciation and amortisation
EEG	German Act of 2004 granting priority to renewable energy resources
ETS	Emissions Trading Scheme
EURO OR €	Euro, the currency of the European Monetary Union
FINANCIAL YEAR	A period of 12 months starting on 1 July and ending on 30 June in the next calendar year
GAMESA	Gamesa Energía SA, a company based in Spain
GHG	Greenhouse Gases
GRID	Also termed transmission system, the network of power lines and associated equipment required to deliver electricity from generators to consumers
GW	GigaWatt. One billion Watts of electricity
GWEC	Global Wind Energy Council
GWh	GigaWatt hour
HENRY HUB	Pricing point for natural gas futures contracts traded on the New York Mercantile Exchange

Glossary

HIN	Holder Identification Number
IEA	International Energy Agency
IEBL	Infigen Energy (Bermuda) Limited (ARBN 116 360 715)
IEL	Infigen Energy Limited (ABN 39 105 051 616)
IERL	Infigen Energy RE Limited (ACN 113 813 997) (AFSL 290 710), the responsible entity of IET
IET	Infigen Energy Trust (ARSN 116 244 118)
INDEPENDENT AUDITOR	PricewaterhouseCoopers
INFIGEN	Infigen Energy, comprising IEL, IEBL and IERL as responsible entity of IET and, where the the context permits, includes their subsidiaries from time to time
INSTALLED CAPACITY	The amount of capacity installed at a wind farm
IPP	Independent Power Producer
KW	KiloWatt. One thousand Watts of electricity
KWh	KiloWatt hour. A unit of energy of work equal to 1,000 Watt-hours
LARGE HYDRO	Capacity of 10MW and above
LONG TERM MEAN ENERGY PRODUCTION	The best estimate of energy production in a year where there is a 50% probability that a given level of energy production will be exceeded in any year. This may also be referred to as P50
MRET	Mandatory Renewable Energy Target established by the Australian Government of Australia in 2001
MW	MegaWatt. Equal to 1,000 kiloWatts or one million Watts
MWh	MegaWatt hour
P50	See Long Term Mean Energy Production
PPA	Power Purchase Agreement
PRACTICAL COMPLETION	The date on which construction has been completed in accordance with the respective delivery contract(s), typically including all regulatory requirements
PRE-COMMISSIONING	Operation of the wind farm prior to practical completion, during which all aspects are tested for performance against specified criteria
PROJECT LLC	Limited liability companies which each own a wind farm in the US and in which Infigen has acquired indirect Class B Member interests
PROJECT LLC AGREEMENT	A limited liability company agreement between the members of a Project LLC
PTC	Production Tax Credit: the result of the US Energy Policy Act of 1992, a tax credit that applies to wholesale electrical generators of wind energy facilities based upon the amount of energy generated in a year
REALLOCATION DATE	The date on which tax benefits and cash distributions are shared between the Class A Member and the Class B Members, being a date which occurs when the Class A Members' target return has been achieved, as further described in a Project LLC Agreement as the flip date

Glossary

REC	Renewable Energy Certificate
RET	Expanded national Renewable Energy Target (RET) passed by Commonwealth Parliament on 20th August 2009
RPS	Renewables Portfolio Standard: a policy set by federal or state governments that a percentage of the electricity supplied by electricity generators be derived from a renewable source
SECURITYHOLDER	The registered holder of a stapled security
SMALL HYDRO	Capacity less than 10MW
SOLAR CSP	Concentrating Solar Power
SOLAR PV	Solar Photovoltaic
STAPLED SECURITY	One unit in IET, one ordinary share in IEL and one ordinary share in IEBL, stapled together such that the unit and those shares cannot be traded or dealt with separately
TARIFF	Rates paid for electricity per kiloWatt hour consumed or generated
UNIT	An ordinary unit in IET
UNITHOLDER	The registered holder of a Unit
US03/04	Refers to a portfolio of US wind farms including Sweetwater 1 & 2, Caprock, Blue Canyon, Combine Hills with a total capacity of approximately 324MW. Infigen's Class B Member interest in the portfolio amounts to approximately 186.1MW
US05	Refers to a portfolio of US wind farms including Sweetwater 3, Kumeyaay, Bear Creek, Jersey Atlantic and Crescent Ridge with a total capacity of approximately 271MW. BBW's Class B Member interest in the portfolio amounts to approximately 177.0MW
US06	Refers to a portfolio of US wind farms including Buena Vista, Aragonne Mesa, Mendota, Allegheny Ridge I and GSG with a total capacity of approximately 339.7MW. Infigen's Class B Member interest in the portfolio amounts to approximately 335.2MW
US07	Refers to a portfolio of US wind farms including Sweetwater 4 & 5 and Cedar Creek with a total capacity of approximately 621.8MW. Infigen's Class B Member interest in the portfolio amounts to approximately 370.6MW
VESTAS	Vestas Wind Systems A/S, a company incorporated in Denmark
VESTAS-AUSTRALIA	Vestas-Australian Wind Technology Pty Ltd (ABN 80 089 653 878), a subsidiary of Vestas
WATT	The base unit of power. A measure of the rate at which work is being done. (746 W = one horsepower)
WATTHOUR (WH)	The electrical energy unit of measure equal to one Watt of power supplied to, or taken from, an electric circuit steadily for one hour
WIND RESOURCE	A reference to the quality of energy potentially available from the wind in a particular place
WTG	Wind turbine generator

Corporate Directory

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ANNUAL GENERAL MEETING
Infigen Energy's Annual General Meeting will be held in the Marble Room of the Radisson Plaza Hotel, 27 O'Connell Street, Sydney, NSW, Australia on 25 November 2009.

ABOUT INFIGEN AND THIS ANNUAL REPORT
Each stapled security in Infigen Energy (**ASX: IFN**) comprises one Share of Infigen Energy Limited (ACN 105 051 616) (**IEL**), an Australian public company, one Unit of Infigen Energy Trust (**IET**), an Australian registered managed investment scheme whose responsible entity is Infigen Energy RE Limited, and one Share of Infigen Energy (Bermuda) Limited (**IEBL**).

All amounts expressed in dollars ($) in this Annual Report are Australian dollars, unless otherwise specified.

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