

INFIGEN ENERGY GROUP

APPENDIX 4E

Preliminary Final Report for the year ended 30 June 2009

Name of entity:	Infigen Energy (ASX: IFN), a stapled entity comprising Infigen Energy Limited (ABN 39 105 051 616), Infigen Energy (Bermuda) Limited (ARBN 116 360 715), and the Infigen Energy Trust (ARSN 116 244 118)
ABN:	As Above
	<i>Change of Name</i> At the extraordinary general meeting held on 29 April 2009, security holders approved a change to the name of the stapled entity from Babcock & Brown Wind Partners to Infigen Energy.

Details of the reporting period

Current Period:	1 July 2008 - 30 June 2009
Previous Corresponding Period:	1 July 2007 - 30 June 2008

Results for announcement to the market

	% Movement	2009 A\$'000	2008 A\$'000
2.1 Revenues from ordinary activities	56%	336,959	216,361
2.2 Profit from ordinary activities after tax attributable to members	957%	189,494	17,920
2.3 Profit for the period attributable to members	957%	189,494	17,920

2.4 Distributions	Amount per security	Franked amount per security
Final distribution	4.50 cents	-
Interim distribution	4.50 cents	-
2.5 Record date for determining entitlement to the Final Distribution	30 June 2009	
2.6 Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood:	Refer to section 14	

3. Income Statement with notes

Refer to the Income Statements in the attached financial statements.

4. Balance Sheet with notes

Refer to the Balance Sheets in the attached financial statements.

5. Cash Flows Statements with notes

Refer to the Cash Flows Statements in the attached financial statements.

6. Details of distributions

	Record Date	Payment Date
FY09 Interim Distribution	31 December 2008	18 March 2009
FY09 Final Distribution	30 June 2009	17 September 2009

IFN anticipates that it will pay a final distribution of 4.50 cents per stapled security on 17 September 2009. In March 2009, IFN paid an interim distribution of 4.50 cents per stapled security. The distribution that was paid on 18 March 2009 and the distribution that will be paid on 17 September 2009 will be fully tax deferred.

7. Details of distribution reinvestment plan

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

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

8. Statement of retained earnings showing movements

Refer to the attached financial statements (Note 25, Retained Earnings)

9. Net tangible asset backing per unit

	Current Period	Previous Period
Net tangible asset backing per stapled security	0.58 cents	0.14 cents

10. Control gained or lost over entities during the period

10.1 Name of entity (or group of entities) over which control was gained or lost	<p>Control Gained</p> <ol style="list-style-type: none"> 1. Windfarm Seehausen GmbH 2. Infigen Energy RE Limited (formerly Babcock & Brown Wind Partners Services Limited), the responsible entity for the Infigen Energy Trust 3. Windpark Langwedel GmbH & Co KG 4. Windpark Calau GmbH & Co KG 5. Windpark Leddin GmbH & Co KG 6. Babcock & Brown Power Operating Partners LLC <p>Control Lost</p> <ol style="list-style-type: none"> 7. Pebble Consultoria e Investimento Sociedade Unipessoal Lda 8. Olivento S.L.
10.2 Date control was gained or lost	<p>Control Gained</p> <ol style="list-style-type: none"> 1. September 2008 2. December 2008 3. April 2009 4. April 2009 5. April 2009 6. June 2009 <p>Control Lost</p> <ol style="list-style-type: none"> 7. November 2008 8. January 2009
10.3 Consolidated profit after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the date in the current period on which control was acquired or up to the date in the current period on which control was lost	<p>Control Gained</p> <ol style="list-style-type: none"> 1. \$450,000 2. Nil 3. \$(440,000) 4. \$162,000 5. \$46,000 6. Nil <p>Control Lost</p> <ol style="list-style-type: none"> 7. 6,792,000 8. (11,976,000)
10.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) for the whole of the previous corresponding period	Not applicable

11. Details of associates and joint venture entities

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

12. Other significant information

Refer to the attached financial statements and commentary on results.

13. Accounting standards used by foreign entities

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

14. Commentary on results

During the year, Infigen terminated the management agreements, which had previously been entered into with Babcock & Brown, for a cost of \$40 million plus associated costs. Additionally, in association with the termination of management agreements, Infigen acquired the responsible entity for Infigen Energy Trust from Babcock & Brown. Following the termination of the management agreements, Infigen has undergone a program to transition to an internally managed operating business that is focused on growth opportunities as a renewable energy developer, owner and operator.

During the year ended 30 June 2009, Infigen disposed of its wind farm portfolios in Spain and Portugal. The FY2009 results are classified into continuing and discontinued operations. Infigen's disposed Spanish and Portuguese assets are classified as discontinued operations, with all remaining assets classified as continuing operations. During FY09, Infigen 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 farm projects that were purchased in FY08.

Net profit for the year was \$192.9 million. This includes 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 management agreements and transition-related expenses of \$62.4 million. The profit from discontinued operations includes the net gain on sale of Infigen's Spanish and Portuguese assets.

The following table provides a first and second half analysis of the 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	H2 09	FY09
	\$'000	\$'000	\$'000
Revenue	150,970	185,989	336,959
Income from institutional equity partnerships	38,378	48,439	86,817
Other income	11,204	11,743	22,947
Operating expenses	(54,668)	(63,218)	(117,886)
Depreciation and amortisation expense	(73,746)	(84,226)	(157,973)
Interest expense	(47,106)	(60,190)	(107,295)
Finance costs relating to institutional equity partnerships	(46,429)	(58,158)	(104,587)
Other finance costs	(28,468)	29,960	1,492
Sub-total	(49,864)	10,339	(39,526)
Significant non-recurring items	(49,319)	(13,035)	(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

Infigen has confirmed that the combined interim and final distributions for FY09 of 9.0 cents will be fully tax deferred and that the FY09 final distribution of 4.5 cents will be paid on 17 September 2009.

Subsequent to the year end, in July 2009, Infigen reached financial close on the acquisition of wind energy project development assets in Australia and New Zealand. These assets are primarily 50% interests in development opportunities comprising more than 1000MW in six Australian states and in New Zealand, with a number of the projects located close to Infigen's existing Australian wind farms. The development opportunities have the potential to be delivered in the next five years. Since the year end, Infigen has also commenced a sale process of its remaining European assets in Germany and France and has initiated a sale process in relation to its US business. Potential sales of assets in Europe or in the US will only take place to the extent that achievable sale prices exceed the benefits of holding these assets.

14. Commentary on results (cont.)

Infigen's immediate strategic priorities are:

- Focus on growth markets where we have a competitive advantage;
- Conduct effective European and US sales processes;
- Execute Australian development pipeline;
- Continue implementation of direct operational control strategy;
- Maximise benefits of long positions in energy and REC markets; and
- Deploy capital to maximise risk-adjusted returns.

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

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

16. Qualification of audit / review

Not applicable.

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	11	-	24,246	-	-
Income from institutional equity partnerships	3	86,818	40,167	-	-
Other income	3	49,651	28,457	36,260	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	(37,197)	(2,924)
Income tax benefit / (expense)	5	35,767	(790)	17,288	(3,487)
(Loss) / profit from continuing operations		(66,112)	6,537	(19,909)	(6,411)
Profit / (loss) from discontinued operations		259,052	23,987	(15,456)	-
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)	22	(7.9)	0.6		
Diluted (cents per security)	22	(7.9)	0.6		
Earnings per share of the parent based on earnings attributable to the equity holders of the parent:					
Basic (cents per security)	22	22.6	2.1		
Diluted (cents per security)	22	22.6	2.1		

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

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

Balance sheets as at 30 June 2009

	Note	Consolidated		Parent Entity	
		2009 \$'000	2008 \$'000 (Restated) ¹	2009 \$'000	2008 \$'000
Current assets					
Cash and cash equivalents		409,334	208,505	270,263	47,294
Trade and other receivables	8	48,412	194,213	3,722	38,573
Prepayments	9	14,509	29,792	-	1,458
Other current assets	10	6,186	927	-	-
Derivative financial instruments	12	5,105	33,372	5,105	6,650
Total current assets		483,546	466,809	279,090	93,975
Non-current assets					
Receivables	8	-	38,651	699,348	1,012,434
Prepayments	9	6,803	15,158	-	4,404
Investment in associates		-	271	-	-
Derivative financial instruments	12	3,717	92,068	3,717	3,177
Property, plant and equipment		3,396,213	4,887,995	-	-
Deferred tax assets	5	88,342	72,272	54,558	23,261
Goodwill		22,518	48,291	-	-
Intangible assets		396,767	964,777	-	281
Shares in controlled entities	28	-	-	35,404	41,474
Total non-current assets		3,914,360	6,119,483	793,027	1,085,031
Total assets		4,397,906	6,586,292	1,072,117	1,179,006
Current liabilities					
Trade and other payables	13	83,910	296,392	12,942	19,630
Borrowings	15	80,703	177,921	1,108,766	1,177,253
Derivative financial instruments	16	59,331	9,074	2,549	78
Current tax payables	5	2,043	6,346	-	-
Provisions	14	2,885	-	-	-
Total current liabilities		228,872	489,733	1,124,257	1,196,961
Non-current liabilities					
Payables	13	246	17,196	-	-
Borrowings	15	1,567,636	3,342,304	-	-
Derivative financial instruments	16	73,584	15,293	2,023	75
Provisions	14	193	-	-	-
Deferred tax liabilities	5	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	17	1,567,062	1,306,319	-	-
Total liabilities		3,487,605	5,459,867	1,129,170	1,197,036
Net assets / (liabilities)		910,301	1,126,425	(57,053)	(18,030)
Equity holders of the parent					
Contributed equity	19	4,496	4,501	4,496	4,501
Reserves	20	(138,139)	(42,287)	2,266	5,919
Retained earnings	21	177,867	(1,066)	(63,815)	(28,450)
		44,224	(38,852)	(57,053)	(18,030)
Equity holders of the other stapled entities (minority interests)					
Contributed equity	19	857,617	1,009,909	-	-
Reserves	20	(20,564)	(21,635)	-	-
Retained earnings	21	21,221	10,660	-	-
		858,274	998,934	-	-
Other minority interests		7,803	166,343	-	-
Total equity		910,301	1,126,425	(57,053)	(18,030)

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

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

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

	Note	Consolidated		Parent Entity	
		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	20	(150,671)	16,129	(3,652)	2,214
Exchange differences on translation of foreign operations and movement in fair value of net investment hedges	20	58,849	(16,996)	-	-
Net (expense) / income recognised directly in equity		(91,822)	(867)	(3,652)	2,214
Net profit / (loss) for the year		192,940	30,524	(35,365)	(6,411)
Total recognised income and expense for the year		101,118	29,657	(39,017)	(4,197)
Transactions with equity holders in their capacity as equity holders:					
Contributions of equity, net of transaction costs	19	9,745	283,157	(6)	31
Purchase of securities – on market buyback		(60,898)	-	-	-
Minority interest on acquisition of subsidiary		-	146,636	-	-
Disposal of minority interest on sale of subsidiary		(161,986)	-	-	-
Recognition of share-based payments under Securities issued as consideration for purchase of subsidiaries	24	1,071	-	-	-
	19	-	24,480	-	-
Distributions paid	23	(101,144)	(103,552)	-	-
Distribution to minority interest		-	(1,009)	-	-
Acquisition of minority interests of subsidiaries	20	(4,030)	-	-	-
Total equity at the end of the year		910,301	1,126,425	(57,053)	(18,030)
Total recognised income and expenses for the year is attributable to:					
Equity holders of the parent		99,831	15,847	(39,017)	(4,197)
Equity holders of the other stapled entities		(2,159)	699	-	-
Other minority interests		3,446	13,111	-	-
		101,118	29,657	(39,017)	(4,197)

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

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

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		201,745	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		29,288	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		(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	19	-	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	577,197	233,243
Repayment of borrowings to related parties		-	(57,095)	(808,672)	(7,471)
Distributions paid to security holders		(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		409,334	208,505	270,263	47,294

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

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

Notes to the financial statements for the year ended 30 June 2009

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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.

1. Summary of accounting policies (cont'd)

(a) Basis of preparation (cont'd)

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 (cont'd)

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 (cont'd)

Effect of Restatements: Balance Sheet as at 30 June 2008

	30 Jun 2008 \$'000	Purchase price allocation \$'000	30 Jun 2008 \$'000 (Restated)
Current assets			
Cash and cash equivalents	208,505	-	208,505
Trade and other receivables	194,213	-	194,213
Prepayments	29,792	-	29,792
Other current assets	927	-	927
Derivative financial instruments	33,372	-	33,372
Total current assets	466,809	-	466,809
Non-current assets			
Receivables	38,651	-	38,651
Prepayments	15,158	-	15,158
Investment in associates	271	-	271
Derivative financial instruments	92,068	-	92,068
Property, plant and equipment	4,887,995	-	4,887,995
Deferred tax assets	72,272	-	72,272
Goodwill	752,681	(704,390)	48,291
Intangible assets	249,525	715,252	964,777
Total non-current assets	6,108,621	10,862	6,119,483
Total assets	6,575,430	10,862	6,586,292
Current liabilities			
Trade and other payables	296,392	-	296,392
Borrowings	177,921	-	177,921
Derivative financial instruments	9,074	-	9,074
Current tax payables	6,346	-	6,346
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 (cont'd)

(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)).

1. Summary of accounting policies (cont'd)

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.

(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.

1. Summary of accounting policies (cont'd)

(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 (cont'd)

(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
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Other

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

1. Summary of accounting policies (cont'd)

(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.

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.

1. Summary of accounting policies (cont'd)

(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 (cont'd)

(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.

1. Summary of accounting policies (cont'd)

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.

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 5.

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.

1. Summary of accounting policies (cont'd)

(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.

(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.

1. Summary of accounting policies (cont'd)

(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.

(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.

1. Summary of accounting policies (cont'd)

(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.

(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.

1. Summary of accounting policies (cont'd)

(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.

1. Summary of accounting policies (cont'd)

(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.

(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.

1. Summary of accounting policies (cont'd)

(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 24.

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.

(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.

1. Summary of accounting policies (cont'd)

(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 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]

1. Summary of accounting policies (cont'd)

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

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

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*

1. Summary of accounting policies (cont'd)

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 AASB 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.

(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.

1. Summary of accounting policies (cont'd)

(ag) Critical accounting estimates and judgements

Estimates and judgements 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

From continuing operations

Revenue from the sale of energy and products
Revenue from lease of plant and equipment¹
Compensation for revenues lost as a result of O&M providers not meeting contracted turbine availability targets
Revenue from the rendering of services

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000 (Restated)	2009 \$'000	2008 \$'000
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				
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

From continuing operations:

Income from institutional equity partnerships

Value of benefits provided – production tax credits (Class A)²
Value of benefits provided – tax losses (Class A)²
Benefits deferred during the period²

Other

Interest income
Foreign exchange gains
Fair value gains on financial instruments
Other income

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000 (Restated)	2009 \$'000	2008 \$'000
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	-	-
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	9,429	833
	49,651	28,457	36,260	23,811

² Refer Note 17 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 ¹	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				
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 30 for further details

² Refer Note 17 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. Income taxes and deferred taxes

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000 (Restated)	2009 \$'000	2008 \$'000
(a) Income tax expense				
<i>Income tax expense/ (benefit) comprises:</i>				
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)	-
	<u>(19,926)</u>	<u>15,066</u>	<u>(17,288)</u>	<u>3,487</u>
 <i>Income tax expense/ (benefit) is attributable to:</i>				
Profit from continuing operations	(35,767)	790	(17,288)	3,487
Profit from discontinued operations	15,841	14,276	-	-
Aggregate income tax expense	<u>(19,926)</u>	<u>15,066</u>	<u>(17,288)</u>	<u>3,487</u>
 <i>Deferred income tax (benefit) / expense included in income tax (benefit) / expense comprises:</i>				
Decrease / (increase) in deferred tax assets	(38,790)	235	(17,904)	(298)
(Decrease) / increase in deferred tax liabilities	8,362	11,245	860	858
	<u>(30,428)</u>	<u>11,480</u>	<u>(17,044)</u>	<u>560</u>

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	(37,197)	(2,924)
Profit/ (loss) from discontinued operations before income tax expense	274,893	38,263	(15,456)	-
	<u>173,014</u>	<u>45,590</u>	<u>(52,653)</u>	<u>(2,924)</u>
 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	<u>(19,926)</u>	<u>15,066</u>	<u>(17,288)</u>	<u>3,487</u>

5. Income taxes and deferred taxes (cont'd)

	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 23.

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.

	Consolidated		Parent Entity	
	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	-	-

5. Income taxes and deferred (cont'd)

Taxable and deductible temporary differences arise from the following:

	Consolidated				Closing balance
	Opening balance	Charged to income	Charged to Equity	Acquisitions/disposals	
	(Restated)				
2009	\$'000	\$'000	\$'000	\$'000	\$'000
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)

5. Income taxes and deferred (cont'd)

	Consolidated				
	Opening balance	Charged to income	Charged to Equity	Acquisitions/ disposals	Closing balance (Restated)
2008	\$'000	\$'000	\$'000	\$'000	\$'000
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)

	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	59,286	23,261
	88,342	72,272	59,286	23,261

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
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	-

6. 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 Dutailis	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

6. Key management personnel remuneration (cont'd)

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 Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
M George	27 Mar 2009	-	N/A	-	1,112,925	1,112,925	-
G Dutailis	27 Mar 2009	-	N/A	-	578,721	578,721	-
G Dover	27 Mar 2009	-	N/A	-	578,721	578,721	-
D Richardson	27 Mar 2009	-	N/A	-	152,248	152,248	-

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

	Grant date	Expiry date	Exercise price	Balance at start of the year Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
M George	27 Mar 2009	31 Dec 2013	\$0.897	-	5,053,908	5,053,908	-
G Dutailis	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.

6. Key management personnel remuneration (cont'd)

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 Dutailis	607,820	34,000	-	641,820
G Dover	10,000	-	-	10,000
D Richardson	8,530	534	-	9,064

6. Key management personnel remuneration (cont'd)

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 Dutailis	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.

7. Remuneration of auditors

	Consolidated		Parent Entity	
	2009 \$	2008 \$	2009 \$	2008 \$
PricewaterhouseCoopers: Audit services				
<i>Audit and review of the financial report</i>	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				
<i>Other assurance related services</i>				
Due diligence services	487,212	373,400	416,640	-
Total remuneration for non-audit services	487,212	373,400	416,640	-

8. 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 30)	1,616	10,532	1,233	37,352
Goods & Services Tax and other tax receivables	8,909	78,891	2	-
Other receivables	2,356	34,313	1,615	-
	48,412	194,213	3,722	38,573
Non-current				
Other receivables	-	38,651	-	-
Amounts due from related parties (Note 30)	-	-	699,348	1,012,434
	-	38,651	699,348	1,012,434

8. Trade and other receivables (cont'd)

(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 32 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 32.

(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 32 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

9. Prepayments

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'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

10. Other current assets

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

11. 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 17 for a summary of institutional equity partnerships that are recorded as liabilities.

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Financial Assets - Institutional equity partnerships				
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 17 for further information in relation to the accounting treatment.

12. 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 32 for further information.

13. 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 30)	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 30)	246	17,196	-	-
	246	17,196	-	-

(i) A component of Current - Other includes accruals for annual leave. The entire obligation 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 32.

14. 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	-	-	-

15. Borrowings

	Consolidated		Parent Entity	
	2009 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
Current				
<i>Secured</i>				
At amortised cost:				
Loans from related parties ¹	-	-	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				
<i>Secured</i>				
At amortised cost:				
Global Facility (i)	1,538,262	2,173,472	-	-
Portugal Enersis Facility	-	1,150,808	-	-
Capitalised loan costs	(20,353)	(30,147)	-	-
	1,517,909	3,294,133	-	-
Finance lease liabilities (ii)	48,165	48,171	-	-
	1,566,074	3,342,304	-	-

¹ Further information relating to loans from related parties is set out in Note 30.

15. Borrowings (cont.)

(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

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		(23,997)
Total Debt		1,643,133

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 27.

16. 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 32 for further information.

17. 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 28 and 33 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.

17 Institutional equity partnerships classified as liabilities (cont.)

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)	-	-	33,082	4,303	33,082	4,303
Foreign exchange (gain)/loss	196,923	(100,220)	11,978	(7,467)	208,901	(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)

18. 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.

19. Contributed equity

	Consolidated		Parent Entity	
	No'000	\$'000	No'000	\$'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	-
	<u>1,014,410</u>	<u>4,501</u>

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	-
	<u>862,113</u>	<u>4,496</u>

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.

19. Contributed equity (cont.)

(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.

20. Reserves

	Consolidated		Parent Entity	
	2009	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Foreign currency translation	15,843	(43,006)	-	-
Hedging	(122,145)	28,525	2,266	5,919
Acquisition	(53,472)	(49,442)	-	-
Share-based payment	1,071	-	-	-
	(158,703)	(63,922)	2,266	5,919
Attributable to:				
Equity holders of the parent	(138,139)	(42,287)	2,266	5,919
Equity holders of the other stapled securities (minority interests)	(20,564)	(21,635)	-	-
	(158,703)	(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	89,299	(29,491)	-	-
Forward exchange contracts	(5,369)	3,160	-	-
Deferred tax reversal	(25,081)	9,334	-	-
Balance at end of financial year	15,843	(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	2008	2009	2008
	\$'000	\$'000	\$'000	\$'000
Hedging reserve				
Balance at beginning of financial year	28,525	12,396	5,919	3,705
Movement increasing / (decreasing) recognised:				
Forward exchange contracts	-	1,106	(2,680)	4,902
Interest rate swaps	(183,791)	22,154	-	-
Deferred tax arising on hedges	33,121	(7,131)	(973)	(2,688)
Balance at end of financial year	(122,145)	28,525	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.

20. Reserves (cont'd)

	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 \$4,008,000 has been paid in relation to other assets.

	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.

21. 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)

22. Earnings per security/ share

	Consolidated	
	2009 Cents per security	2008 Cents per security
Basic and diluted earnings per stapled security/ parent entity share:		
<i>Parent entity share</i>		
From continuing operations attributable to the parent entity share holders	(7.9)	0.6
From discontinued operations	30.5	1.5
Total basic and diluted earnings per share attributable to the parent entity share holders	22.6	2.1
<i>Stapled security</i>		
From continuing operations attributable to the stapled security holders	(8.2)	0.7
From discontinued operations	30.5	1.5
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)	4,620
From discontinued operations	259,052	12,601
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)	5,319
From discontinued operations	259,052	12,601
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

23. Distributions paid

	2009		2008	
	Cents per security	Total \$'000	Cents per security	Total \$'000
<u>Recognised amounts</u>				
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
		<u>101,144</u>		<u>103,552</u>
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
		<u>101,144</u>		<u>103,552</u>

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.

24. 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.

24. Share-based payments (cont.)

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.

24. Share-based payments (cont.)

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 Number	Granted during the year Number	Balance at end of the year Number	Vested and exercisable at end of the year Number
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.

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.

24. Share-based payments (cont.)

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	-	-	-

25. 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 27 to the financial statements.

	Consolidated		Parent Entity	
	2008 \$'000	2008 \$'000	2009 \$'000	2008 \$'000
(c) Other expenditure commitments				
<u>Other</u>				
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.

26. 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.

27. 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 15)	2,897	2,573	-	-
Non-current borrowings (Note 15)	48,165	48,171	-	-
	51,062	50,744	-	-

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

27. Leases (cont.)

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	-	-

28. 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%	-

28. Subsidiaries (cont.)

Name of entity	Country of incorporation	Ownership interest	
		2009 %	2008 %
Buena Vista Energy LLC	USA	100%	100%
* 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%
* 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%

28. Subsidiaries (cont.)

Name of entity	Country of incorporation	Ownership interest**	
		2009 %	2008 %
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 Conjuero 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.

29. 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	Revenue from lease of plant and equipment	Compensation revenue	Revenue from continuing operations	Revenue from discontinued operations	Total revenue
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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	Revenue from lease of plant and equipment	Compensation revenue	Revenue from continuing operations	Revenue from discontinued operations	Total revenue
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'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

29. Segment information (cont'd)

Segment results

30 June 2009

Australia	US	Germany	France	Total
\$'000	\$'000	\$'000	\$'000	\$'000
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 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				<u>192,940</u>

¹Includes 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

30 June 2008 (Restated)

Australia	US	Germany	France	Total
\$'000	\$'000	\$'000	\$'000	\$'000
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 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				<u>30,524</u>

29. Segment information (cont'd)

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	2,503,219	2,166,844	2,279,030	1,875,689
Total of all continuing segments	4,368,880	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	4,397,906	6,586,292	3,487,605	5,459,867

29. Segment information (cont'd)

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	96,024	-	360,575
	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
		2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)	2008 \$'000 (Restated)
	Revaluation of US wind farm investments	-	-	-	24,246	24,246	-	-	24,246
	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)

30. 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 28 to the financial statements.

(b) Key management personnel disclosures

Details of key management personnel remuneration are disclosed in Note 6 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 5.

IEL has receivables from various subsidiaries of \$702,196,000 (2008: \$1,012,434,000). Refer Note 98

IEL has payable to various related parties of \$124,000 (2008: nil). Refer Note 13.

IEL has borrowings from various subsidiaries of \$1,108,766 (2008: \$1,177,253,000). Refer Note 15.

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 8. Payables to related parties are disclosed in Note 15. Transactions were made on normal commercial terms and conditions and under normal market rates.

30. Related party disclosures (cont'd)

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.

30. Related party disclosures (cont'd)

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 31).

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.

30. Related party disclosures (cont'd)

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.

31. Subsequent events

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

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

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

Infigen agreed to purchase a group of assets from Babcock & Brown for a total consideration of \$23,400,000. The aforementioned assets represent a component of the group of assets that also includes the US asset management business and various minority interests that Infigen purchased during the financial year ended 30 June 2009.

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.

32. 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.

32. Financial risk management (cont'd)

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:

Outstanding pay fixed Interest rate swaps	Average contracted fixed interest rate		Notional principal amount		Fair value	
	2009	2008	2009	2008	2009	2008
	%	%	\$'000	\$'000	\$'000	\$'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 rate debt	Floating Debt		Debt principal amount			
	2009	2008	2009	2008		
	%	%	\$'000	\$'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 rate debt	Fixed Debt		Debt principal amount		% of Debt Hedged	
	2009	2008	2009	2008	2009	2008
	%	%	\$'000	\$'000	\$'000	\$'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%

32. Financial risk management (cont'd)

The table below shows the maturity profile of the interest rate swaps as of 30 June 2009 and 30 June 2008.

2009	Fair value	Undiscounted fair value	Up to 12 months	1 to 5 years	After 5 years
	AUD\$'000	AUD\$'000	AUD\$'000	AUD\$'000	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	Undiscounted fair value	Up to 12 months	1 to 5 years	After 5 years
	AUD\$'000	AUD\$'000	AUD\$'000	AUD\$'000	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 AUD 12,258,000 was recorded (2008: AUD 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.

32. Financial risk management (cont'd)

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	(154)
		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	(23,997)	-	-	-	-	-	-
		1,643,134						
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)	782
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)
		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	(38,366)

32. Financial risk management (cont'd)

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)
		3,060,781	33,382	(33,382)	135,825	(135,825)	34,323	(34,323)
Total hedge reserve								
Total impact on equity			38,437	(38,437)	141,557	(141,557)	33,484	(33,484)

32. Financial risk management (cont'd)

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			AUD		EUR		USD	
			+100 bps	-100 bps	+100 bps	-100 bps	+100 bps	-100 bps
2009								
AUD \$'000								
Impact on income statement								
Cash	AUD	266,269	2,663	(2,663)				
	EUR	400			4	(4)		
	USD	3,594					36	(36)
2008								
AUD \$'000								
Impact on income statement								
Cash	AUD	16,087	161	(161)				
	EUR	15,324			153	(153)		
	USD	15,883					159	(159)

(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 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.

32. Financial risk management (cont'd)

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:

Outstanding contracts	Average exchange rate		Foreign currency		Contract value		Fair value	
	2009	2008	2009	2008	2009	2008	2009	2008
			FC'000	FC'000	\$'000	\$'000	\$'000	\$'000
Sell EUR buy AUD	-	0.5765	-	105,600	-	183,172	-	3,093
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	9,673

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: \$9,673,590). 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:

Buy AUD	Sold Euro		Average exchange rate	
	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		

Buy AUD	Sold USD		Average exchange rate	
	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		

32. Financial risk management (cont'd)

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 Foreign Currency '000	2009		2008	
	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 Foreign Currency '000	2009		2008	
	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)

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	AUD/EUR	AUD/USD	AUD/USD
	+ 10%	- 10%	+ 10%	- 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

32. Financial risk management (cont'd)

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.

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.

32. Financial risk management (cont'd)

(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 assess 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.

Consolidated	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	34,901	229	-	Spread geographically with large utility companies
Other Current Receivables	763	-	-	Miscellaneous receivables
Amounts due from related parties	1,615	-	-	Receivables from joint venture partners
GST, VAT and other tax receivables	8,918	-	-	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

32. Financial risk management (cont'd)

Parent Entity	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)
Fee Receivable	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.

32. Financial risk management (cont'd)

**Consolidated
2009**

	Up to 12 months	1 to 5 years	After 5 years	Total contractual cash flows
	\$'000	\$'000	\$'000	\$'000
Global Facility Debt	77,806	636,133	964,031	1,679,970
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

2008

	Up to 12 months	1 to 5 years	After 5 years	Total contractual cash flows
	\$'000	\$'000	\$'000	\$'000
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
2009**

	Up to 12 months	1 to 5 years	After 5 years	Total contractual cash flows
	\$'000	\$'000	\$'000	\$'000
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	-	-	4,951

2008

	Up to 12 months	1 to 5 years	After 5 years	Total contractual cash flows
	\$'000	\$'000	\$'000	\$'000
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

32. Financial risk management (cont'd)

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 15, and equity, comprising issued capital, reserves and retained earnings as listed in Notes 19, 20 and 21.

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.

33. 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%

¹Joint 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 25 and 26.

	2009 \$'000	2008 \$'000
Commitments	43,535	37,306
Contingent liabilities	2,812	184