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ASX Release

25 February 2010

Alinta Energy Group (ASX:AEJ) has today announced its interim results for the half year ended 31 December 2009 and reaffirmed guidance for normalised EBITDA[1] of $288 million for the full year.

Normalised EBITDA for the first half of FY10 was $162 million, which represents a 13% increase over the first half of FY09. The principal driver of the increase was Energy Markets, where the first half performance in 2009 was adversely impacted by the Varanus Island incident. EBITDA for the Energy Markets segment rose by 22.2% to $99 million. The performance of the Power Generation segment was marginally higher in the first half of FY10 – EBITDA rose by 3% to $72 million.

NPAT declined from $18 million in the first half of FY09 to a loss of $261 million. NPAT fell principally due to an impairment charge in the first half of $198 million. The key components of the impairment were the Alinta Sales cash generating unit (CGU) and the Redbank CGU. The impairment takes into account the impact of the NWS Settlement.

Mr Ross Rolfe, CEO of Alinta Energy Group, said: "Normalised EBITDA for the first half was in line with expectations and accordingly full year guidance remains unchanged at $288 million. As previously noted to the market, the restructure of our senior debt facility, the resolution of the North West Shelf Gas Dispute and the settlement with the Babcock & Brown International Group, which is expected to reach financial close today, are critical steps forward for Alinta Energy. We now have time to focus on further deleveraging and to that end we have commenced work with Macquarie Capital Advisors and UBS as our joint advisors. We expect today to appoint Minerva Advisory Partners to work with us on the task at hand and look forward to updating the market on this in due course."

ENDS

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About Alinta Energy Group

Alinta Energy Group (ASX: AEJ) is an integrated energy company, operating power generation businesses as well as providing gas and electricity to commercial, industrial and retail customers across Australia.

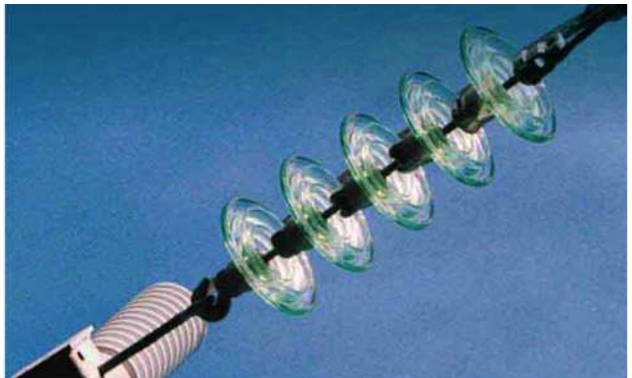
[1] Normalised EBITDA excludes: the impact of the North West Shelf gas price settlement, non operating release of provision, restructuring costs and other non operating expenses

2010 Interim Results

Alinta Energy Limited

25 February, 2010





Agenda

- Introduction
- Financial Overview
- Impairment
- Looking Forward
- Appendix
  - Alinta Finance Syndicated Facility Restructure
  - BBIG Settlement

Financial Overview

Normalised EBITDA

- **Power Generation** – wholesale prices remained subdued in the first half resulting in EBITDA for the segment coming in broadly in line with last year's first half
- **Energy Markets –** improved by over 20%: the first half of FY09 was adversely impacted by the Varanus Island incident
- **Guidance –** maintained at $288 million

Half year ending	1H 10	1H 09[1]	Change
Revenue from ordinary activities	**768**	**831**	**-7.6%**
EBITDA	63	139	-54.7%
Segmental EBITDA			
Power Generation	72	70	2.9%
Energy Markets	99	81	22.2%
Corporate & Unallocated	-10	-10	0.0%
Other[2]	1	2	-50.0%
Normalised EBITDA	**162**	**143**	**13.3%**
Net Finance Costs	-98	-171	42.7%
Depreciation and Amortisation	-92	-85	-8.2%
Other non operating costs	-268	103	-360.2%
Income Tax	35	28	25.0%
NPAT	**-261**	**18**	**n/a**

1. Adjusted to back out mark to market derivative valuations which is consistent with 1H10 comparative. Previously reported EBITDA for 1H09 was $139.4 million.
2. Oakey power station – equity accounted for 50% interest held.

Impairment

- Impairment charge $198m
  - Alinta at $175M
  - Redbank at $20M
  - Bairnsdale at $3M
- Impairment is determined by comparing written down value against the ‘value in use’ for each CGU
  - Value in use is determined by NPV of the long term cash flows of the respective CGUs
  - In discounting the cash flows of the CGUs, the characteristics of each business segment are considered in the WACC. The discount rate for each of the following assets classes were:
    - Merchant 12.39%
    - PPA 11.96%
    - Retail 13.72%
    - The cost of debt utilised was 8.7%
- Impairment charges for 1H2010 have considered the impact of the NWS settlement and the consequential changes to other contracts.
- Impairment has also been considered against the background of an uncertain Carbon regime and will be continue to be regularly reassessed and particularly once Carbon legislation is passed.

Looking forward

- The restructure of the senior debt facility and BBIG settlement were vital steps forward; however, there is still work to be done to delever the business
- Macquarie Capital Advisors and UBS have been appointed to assist the company in assessing the range of deleveraging options
- Protecting shareholders will be a key objective

Appendix

1. Alinta Finance Syndicated Facility Restructure
2. BBIG Settlement

Alinta Finance Syndicated Facility Restructure

Alinta Energy

Alinta Finance Syndicated Facility comprehensively restructured at the end of 2009 with completion announced on January 22.

- **Tenor extension** – until 30 September 2012
- **Financial covenants (ICR And EBITDAF)** – financial covenants set by reference to 5-year budget plan and forecasts.

	Previous Facility			Current Facility		
	End	Margin	$'000	**End**	**Margin***	**$'000**
Tranche A	6/11	2.25	1,600	9/12	1.45	1,600
Tranche B	6/13	2.25	960	9/12	1.45	960
Working Capital		2.25	60	9/12	1.45	60
Backpayment Facility				7/11	6.00	70
ST Liquidity Facility				10/10	6.00	30
Total			**2,620**			**2,720**
LCF			80			80
Total			**2,700**			**2,800**

* Excludes 1% margin PIK (3.25% - 2.25%) rising to 2% in March 2011 should BBPFA not reduce debt by $250M, and the establishment fee for the BSF of $5M.

BBIG Settlement

All Resolutions relating to settlement passed at the EGM on 22 February – final settlement due on 25 February

•The key terms of the agreement relating to the extinguishment of the debt and fees owing to the Babcock & Brown International Group are:

- Cash: $33 million;
- Securities: 80.73 million AEJ securities to be issued BBIG; and
- AEJ interest in Oakey Power Station: to be sold or transferred to BBIG.

•The advantages to AEJ include:

- ➢ Settlement of debt and fees owing to BBIG at a significant discount to face value: approximately 75% discount
- ➢ Creation of a simplified debt capital structure
- ➢ Independence from BBIG

Disclaimer Page

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