Alinta Energy

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As responsible entity for
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ASX Release

26 August 2010

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDER ASX LR 4.3A
ALINTA ENERGY APPENDIX 4E FOR THE PERIOD TO 30 JUNE 2010

Alinta Energy Group (ASX:AEJ) has today released the Appendix 4E Preliminary Financial Report for the 12 months ended 30 June 2010. (Please refer to the attached.)

The CEO, Ross Rolfe said: "The FY10 financial year has been challenging for the Group. Key challenges have included managing the outcome of the North West Shelf gas price arbitration, weaker than expected energy market operating conditions and the continued focus on the Group's capital structure. Notwithstanding these challenges, Alinta delivered FY10 Management EBITDA of $319 million which was consistent with market guidance and the previous corresponding period on a "like for like" basis[1].

Alinta's deleveraging process is well advanced with a range of different options being progressed, including an equity capital markets solution, and whole of business and individual asset sales to trade buyers. Final bids from interested trade buyers are due in September 2010. Concurrently the Group has continued to work with its lenders on other deleveraging options. The Directors expect to be able to update the market once the trade bids have been received and considered and after discussions with the lending group."

Energy Markets contributed $149 million Management EBITDA, performing largely in line with the previous corresponding period on a "like for like" basis. The performance reflected higher gas costs and weaker demand from both gas and electricity commercial and industrial customers due to global economic conditions. This was partly offset by the benefit of two residential gas tariff increases in the Alinta West retail gas business. Performance of the Generation segment, with Management EBITDA of $206 million, was also principally in line with the previous corresponding period on a "like for like" basis.

NPAT declined to a loss of $577 million principally due to a full year impairment charge of $670 million. The key component of the impairment was $525 million for the Alinta West cash generating unit due to significant increases in forecast gas prices in Western Australia, protracted soft gas and electricity demand and a general oversupply of generation capacity in WA resulting in lower than previously forecast electricity prices in the South West Interconnected System.

The Appendix 4E is based on financial reports which are in the process of being audited and are due to be released not later than 30 September 2010.

ENDS

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1 FY10 market guidance adjusted for finance lease charges and asset sales.

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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.

ALINTA ENERGY GROUP
(FORMERLY BABCOCK & BROWN POWER)

APPENDIX 4E

Preliminary Final Report

Name of entity:	**Alinta Energy Group ("AEG") (formerly Babcock & Brown Power), a stapled entity comprising Alinta Energy Limited (formerly Babcock & Brown Power Limited) ABN 67 116 665 608 and the Alinta Energy Trust (formerly Babcock & Brown Power Trust) ARSN 122 375 562**
ABN:	**As Above**

1. Details of the reporting period
(Listing Rule 4.3A 1)

Current Period:	1 July 2009 - 30 June 2010
Previous Corresponding Period:	1 July 2008 - 30 June 2009

2. Results for announcement to the market
(Listing Rule 4.3A 2)

		% Movement	2010 A$'000	2009 A$'000
2.1	Revenues from ordinary activities	-6.9%	1,427,603	1,534,177
2.2	Profit / (Loss) from ordinary activities after tax attributable to members	-244.4%	($577,510)	($167,681)
2.3	Profit / (Loss) for the period attributable to members	-244.4%	($577,510)	($167,681)
2.4	Distributions	**Amount per security**	**Franked amount per security**	
	Current period Final distribution Interim distribution (paid)	 - -	 - -	
	Previous corresponding period Final distribution (paid)	 -	 -	
2.5	Record date for determining entitlement to the final distribution	N/A		
2.6	Provide a brief explanation of any of the figures reported above necessary to enable the figures to be understood: Refer to the discussion in Section 14 of this release.			

3. Income statement
(Listing Rule 4.3A 3)

	Note	2010 $'000	2009 $'000
Revenue	B	1,427,603	1,534,177
Other income	B	374,953	148,681
Net gain on disposal of businesses	D	21,937	94,117
Financing income	B	13,690	28,873
Total income		**1,838,183**	**1,805,848**
Operating expenses	B	(1,261,445)	(1,355,328)
Depreciation and amortisation expense	B	(174,833)	(176,613)
Finance costs	B	(231,362)	(385,522)
Share of profits of associates accounted for using the equity method		1,408	(559)
Management charges	B	(259)	(5,134)
Fair value (loss) on derivatives	B	(72,828)	(68,905)
Transition costs	B	(2,553)	(617)
Impairment loss	B	(669,870)	(56,700)
Total expense from ordinary activities		**(2,411,742)**	**(2,049,378)**
Loss before income tax		**(573,559)**	**(243,530)**
Income tax (expense)/benefit		(3,834)	74,597
Loss for the year		**(577,393)**	**(168,933)**
Profit/(loss) attributable to stapled security holders as:			
Equity holders of the Company – AEL		(572,036)	(166,926)
Equity holders of the Trust – AET (Minority interest)		(5,474)	(755)
		(577,510)	**(167,681)**
Subsidiary company minority interests		117	(1,252)
		(577,393)	**(168,933)**

	Cents	Cents
Earnings per share of the parent based on earnings attributable to the equity holders of the parent		
Basic earnings per share	(76.57)	(23.09)
Diluted earnings per share	(76.57)	(23.09)

4. Balance sheet

(Listing Rule 4.3A 4)

	Note	2010 $'000	2009 $'000
Current assets			
Cash and cash equivalents		105,085	185,316
Trade and other receivables		222,678	227,103
Derivative financial instruments		67,205	18,439
Inventories		42,004	38,724
Other assets		36,992	34,125
		473,964	503,707
Non-current assets classified as held for sale		71,516	-
Total current assets		**545,480**	**503,707**
Non-current assets			
Cash and cash equivalents		-	54,499
Trade and other receivables		61,822	86,925
Investments accounted for using the equity method		-	46,550
Derivative financial instruments		67,078	99,996
Property, plant and equipment		2,156,417	2,144,808
Intangibles		1,298,043	1,998,000
Deferred tax assets		128,538	223,803
Other assets		20,219	22,424
Total non-current assets		**3,732,117**	**4,677,005**
Total assets		**4,277,597**	**5,180,712**
Current liabilities			
Trade and other payables		201,907	252,755
Current tax payables		626	(366)
Derivative financial instruments		5,507	127,887
Borrowings	C	20,621	2,956,270
Employee benefits		26,589	22,947
Provisions		28,965	100,361
		284,215	3,459,854
Liabilities directly associated with non-current assets held for sale		80,735	-
Total current liabilities		**364,950**	**3,459,854**
Non-current liabilities			
Borrowings	C	2,901,662	271,502
Deferred tax liabilities		142,671	207,809
Derivative financial instruments		132,471	8,950
Other payables		516	10,165
Employee benefits		49,842	47,896
Provisions		255,788	223,703
Total non-current liabilities		**3,482,950**	**770,025**
Total liabilities		**3,847,900**	**4,229,879**
Net assets		**429,697**	**950,833**

4. Balance sheet (continued)

	2010 $'000	2009 $'000
Equity holders of the Company – AEL		
Contributed equity	656,224	656,218
Reserves	(72,879)	(123,586)
Accumulated losses	(1,274,356)	(698,921)
	(691,011)	(166,289)
Equity holders of the Trust – AET (Minority interest)		
Contributed equity	1,122,137	1,115,713
Retained profits/(accumulated losses)	(1,429)	4,046
	1,120,708	1,119,759
Total equity holding of Stapled Security holders – AEG	429,697	953,470
Subsidiary company minority interests	-	(2,637)
Total equity	**429,697**	**950,833**

5. Cash flow statement

(Listing Rule 4.3A 5)

	2010 $'000	2009 $'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	1,583,487	1,621,285
Payments to suppliers and employees (inclusive of GST)	(1,553,320)	(1,398,080)
Interest received	6,568	27,853
Interest and other costs of finance paid	(173,509)	(236,961)
Dividends received	2,671	2,583
Income/withholding tax paid	(627)	(9,007)
Net cash inflow/(outflow) from operating activities	**(134,730)**	**7,673**
Cash flows from investing activities		
Payment for property, plant and equipment	(92,313)	(236,360)
Proceeds from sale of property, plant and equipment	7	-
Payment for purchase of subsidiaries (net of cash acquired from subsidiaries, inclusive of GST on transaction costs)	(2,735)	-
Proceeds from sale of subsidiaries (net of cash and cash equivalents disposed of)	18,533	355,872
Net cash inflow/(outflow) from investing activities	**(76,508)**	**119,512**
Cash flows from financing activities		
Proceeds from borrowings	142,691	339,581
Repayment of borrowings	(54,272)	(637,415)
Loans repaid by related party	-	112
Loan establishment costs	(11,859)	(19,302)
Net cash inflow/(outflow) from financing activities	**76,560**	**(317,024)**
Net (decrease)/increase in cash and cash equivalents	**(134,678)**	**(189,839)**
Cash and cash equivalents at the beginning of the year	239,815	429,928
Effect of exchange rate changes on cash and cash equivalents	(52)	(274)
Cash and cash equivalents at the end of the year	**105,085**	**239,815**

Notes to financial information

(Listing Rule 4.3A 3, 4, 5)

Note A – Going concern and impairment

Going concern

The financial information presented in this preliminary financial report has been prepared on the basis that the AEG Group and Alinta Energy Limited are a going concern.

During the year, AEG successfully completed negotiations in respect of several critical business issues including the settlement and restructuring of its finance arrangements with B&B and under the Alinta Finance Syndicated Facility (formerly referred to as 'the BBPF Syndicated Facility') ('SFA') and a settlement with the North West Shelf joint venture (NWS) in relation to the gas supply arbitration. Having reached agreement on these critical issues, the significant uncertainty which existed in respect of these matters at 30 June 2009 has been removed.

The agreement to restructure the SFA, was reached in late December 2009 taking effect on 22 January 2010. Key aspects of the restructure included: provision of additional short term liquidity facilities to finance immediate obligations in respect of the NWS settlement; an extension of the maturity dates on the primary debt tranches; restructuring of interest payment timing and rate obligations; restructured covenants which match the businesses forecast performance; a cash sweep mechanism over agreed liquidity levels; and the grant of a comprehensive security package to the Syndicate. As part of the restructure, AEG also undertook to present a deleveraging plan with the objective of strengthening the Group's capital structure. The facility was reclassified from a current liability to a non-current liability from 22 January 2010.

AEG considers that the level of debt carried by the business remains higher than desirable. Almost all available cash generated in the business after operating costs, is absorbed by debt service under the current SFA which does not allow appropriate capital management or the accumulation over time of sufficient funds to meet its ultimate repayment commitments under the current SFA. It is accordingly necessary to consider other means by which to meet those commitments. Hence the Group has embarked on a deleveraging process which is considering a range of opportunities which may involve asset sales or a range of different capital structure alternatives. The Group has appointed Macquarie Capital Advisers and UBS AG Australian Branch as joint advisers to consider deleveraging opportunities for the business including recapitalisation options. UBS is also acting under a separate mandate as a strategic adviser in relation to potential asset sales. The directors of Alinta Energy Limited have appointed Lazard Pty Ltd to assess the deleveraging proposals with a view to maximising value for all stakeholders. The deleveraging process is supported by the Group's lending syndicate who appreciate that there will need to be a revised capital structure resulting from the deleveraging process. The lenders and their advisors are working constructively with the Group on options to place it on a more robust capital structure for the future. The directors expect to be able to announce a deleveraging transaction in September 2010 with financial completion by the end of calendar year 2010. A deleveraging transaction may result in further impairment to Alinta's cash generating units if such transaction changes the measurement basis to 'fair value less cost to sell' from the existing 'value in use' basis and other changes to the recorded values of assets and liabilities.

Risks exist in the deleveraging process including refinancing and implementation such that in the event that the Group is unable to conclude a suitable deleveraging transaction, it is likely that it would not be able to meet its financial obligations when they fall due. As such there exists significant uncertainty in regards to the Group's ability to continue as a going concern. With an understanding of the status of the deleveraging process and the support of its lenders, the directors are of the opinion that there are reasonable prospects that a suitable deleveraging transaction will be implemented and that the accounts are correctly prepared on the basis that the Group is a going concern.

Note A – Going concern and impairment (continued)

Going concern (continued)

The directors regularly monitor and review the debt facilities, debt profile, the business operations and forecast cash flows which take into account the assumptions including but not limited to the forward pricing of electricity, future gas tariffs, fuel supply costs and maintenance capital expenditure.

As the report has been prepared on a going concern basis, no adjustments have been made relating to the recoverability and classification of the asset carrying amounts or the amounts and classification of liabilities that might be necessary should AEG not continue as a going concern.

Impairment

Included in the 2010 result is $669.9 million worth of impairment recognised against a number of assets. The primary reasons for impairment charges are noted below for each cash generating unit (CGU). Valuations were impacted by an unfavourable gas price arbitration outcome in the Alinta West CGU where the increase was unable to be passed through in full, as well as protracted softer gas and electricity demand and a general over supply of generation capacity in the West Australian and National Electricity Markets. Other impairments were the result of revised operating forecasts for the underlying cash generating units and from re-classifying the Cawse asset to 'held for sale' prior to its disposal in August 2010.

The recoverable amount of the Group's CGUs are determined based on value-in-use calculations. These calculations use cash flow projections based on management approved annual financial budgets and forecasts. Given the uncertainties which exist in relation to the introduction of a carbon price or equivalent abatement policy, impairments were not recognised for the potential detrimental impacts of a such arrangements in future periods on the Groups generation CGUs. The valuations determined under the value in use approach may differ significantly from valuations prepared under a fair value less costs to sell approach.

Following is a description of each CGU in the Alinta Energy Group and where applicable any impairment charges recognised:

(i) Alinta West

The Alinta West CGU comprises AEG's Western Australian retail business, its two Western Australian co-generation units at Wagerup and Pinjarra and its LPG business. These businesses were acquired by the Group in 2007. These businesses are located in the south western region of Western Australia.

The Alinta West CGU recognised an impairment of $525 million for the year to 30 June 2010. (30 June 2009: $50m). The pre-tax discount rates applied in the Alinta West CGU value in use calculations were 13.2% for the retail and LPG sales components and 12.0% for the co-generation components. In the prior year, a weighted average discount rate of 12.8% had been applied to the cashflows of the Alinta West CGU. The Alinta West CGU forms part of the Energy Markets segment.

Cash flow projections of the Alinta West CGU are based upon the five year modelled cash flows which include reasonable market pricing reviews on electricity contracts and tiered tariff increases on gas mass-market revenues. The cost of gas incorporates pricing in existing long-term contracts and management estimates of short-term gas purchases, new contracts and price resets. The terminal year cashflow assumption for the Alinta West CGU includes the impact of gradually increased electricity prices resulting from a form of carbon abatement policy from 2019. Cash flow projections beyond the five year period have been extrapolated using a steady 2 -3% p.a. growth rate (2009: 2.5%).

Note A – Going concern and impairment update (continued)

Impairment (continued)

(i) Alinta West (continued)

The impairment charge of $525 million has been recognised against goodwill carried in the Alinta West CGU. The Alinta West CGU has been impacted by significant increases in forecast gas prices in the immediate term as a result of an unfavourable gas arbitration outcome which it was unable to pass through in full, protracted soft gas and electricity demand and a general oversupply of generation capacity. A reasonably possible increase in the pre-tax discount rate of 25 basis points would result in an additional impairment charge against the Alinta West CGU of $39.0 million. The directors do not consider a detrimental change in any of the other key assumptions to be reasonably possible.

(ii) WA Power

The WA Power CGU comprises AEG's gas fired power station operations at Port Hedland and Newman in North Western Australia which predominantly service the resources industry in that region. The WA Power CGU also includes the Group's 11.8% interest in the Goldfield Gas Pipeline (GGP) which transports gas from the Carnarvon Basin to Kalgoorlie in Western Australia.

The WA Power CGU recognised an impairment of $25 million for the year to 30 June 2010 (2009: Nil). The impairment charge resulted from a revision to re-contracting price assumptions for the assets. The pre-tax discount rate applied in the WA Power CGU value in use calculation was 11.64% (2009: 11.81%). The WA Power CGU forms part of the Generation segment.

Cash flow projections for the WA Power CGU are in accordance with the Group's five year forecasts based upon the contractual provisions of the energy supply and purchase agreements underlying the assets. Cash flow projections beyond the five year period have been extrapolated using a steady 2-3% growth rate (2009: 2-3%) with a terminal value that reflects the useful life of the assets. Holding other assumptions constant, a reasonably possible increase in the pre-tax discount rate of 25 basis points would result in an additional impairment charge against the WA Power assets of $13.7 million. Given the nature of the WA Power assets, the directors do not consider a detrimental change in any of the other key assumptions to be reasonably possible.

(iii) Flinders

The Flinders CGU comprises the operations of the Northern and Playford power stations and the dedicated Leigh Creek coal fields in South Australia. No impairment has been recognised in relation to these assets. In determining the Flinders CGUs value in use, the pre-tax discount rate used was 12.0% (2009: 12.2%). The Flinders CGU forms part of the Generation segment.

(iv) Braemar

The Braemar CGU represents a gas fired power station located amongst the coal seam gas fields in southern Queensland. An impairment charge of $60 million has been recognised against the Braemar CGU for the year to 30 June 2010 (2009: Nil). The impairment charge was primarily a result of downwards revisions to forecast electricity prices in the Queensland market relative to previous analyses. The pre-tax discount rate applied in the Braemar CGU value in use calculation was 12.0% (2009: 12.2%). The Braemar CGU forms part of the Generation segment.

Note A – Going concern and impairment update (continued)

Impairment (continued)

(iv) Braemar (continued)

Cash flow projections for the Braemar CGU are in accordance with the Group's five year forecasts based upon the contractual provisions applicable to the asset and forecast pool prices for the Queensland electricity market. Cash flow projections beyond the five year period have been extrapolated using a steady 2-3% growth rate (2009: 2-3%) with a terminal value that reflects the useful life of the asset. Holding other assumptions constant, a reasonably possible increase in the pre-tax discount rate of 25 basis points would result in an additional impairment charge against the Braemar CGU of $7.7 million. A reasonably possible decrease in forecast Queensland electricity pool prices of 5% would result in an additional impairment charge against the Braemar CGU of $44.9 million. The directors do not consider a detrimental change in any of the other key assumptions to be reasonably possible.

(v) Bairnsdale

The Bairnsdale CGU comprises operations of an open cycle gas fired generator in the East Gippsland region of Victoria. No impairment has been recognised in relation to this asset. In determining the Bairnsdale CGUs value in use, the pre-tax discount rate used was 11.6% (2009: 11.8%). The Bairnsdale CGU forms part of the Generation segment.

(vi) Redbank

The Redbank CGU represents a coal fired power station in the Hunter Valley of New South Wales. An impairment charge of $50 million has been recognised against the Redbank CGU for the year to 30 June 2010 (2009: Nil). The impairment charge was the result of increases in forecast operating costs and a short term reduction in contract revenue rates. The pre-tax discount rate applied in the Redbank CGU value in use calculation was 11.6% (2009: 11.8%). The Redbank CGU forms part of the Generation segment.

Cash flow projections for the Redbank CGU are in accordance with the Group's five year forecasts based upon the contractual provisions applicable to the asset. Cash flow projections beyond the five year period have been extrapolated using a steady 2-3% growth rate (2009: 2-3%) with a terminal value that reflects the useful life of the asset. Holding other assumptions constant, a reasonably possible increase in the pre-tax discount rate of 25 basis points would result in an additional impairment charge against the Redbank CGU of $5.1 million. The directors do not consider a detrimental change in any of the other key assumptions to be reasonably possible.

Note B. Profit/(loss) from operations

	2010 $'000	2009 $'000
Revenue		
Revenue from the sale of energy products	1,402,638	1,425,006
Other revenue	24,965	109,171
	1,427,603	1,534,177
Other income		
Release of provisions	32,421	148,681
Debt forgiveness	345,818	-
Net loss on disposal of property, plant and equipment	(3,286)	-
	374,953	148,681
Financing Income		
Interest income		
Bank deposits	7,217	13,407
Finance lease	6,473	7,001
Dividend income		
Related parties	-	8,465
	13,690	28,873

(Loss)/profit before income tax has been arrived at after charging the following expenses:

	2010 $'000	2009 $'000
Operating expenses:		
Operating costs	1,080,465	1,184,837
Corporate and administrative costs	46,369	47,699
Employee benefit expenses		
Salaries and wages	130,500	119,433
Defined benefit plan	4,111	3,359
	1,261,445	1,355,328
Management charges:		
Manager expense amount	1,127	4,331
Custodian fee	(145)	197
Responsible Entity fees	(723)	606
	259	5,134
Impairment loss		
Intangibles (i)	655,926	56,700
Property, plant and equipment	4,074	-
Finance lease receivable (ii)	9,870	-
	669,870	56,700

Note B. Profit/(loss) from operations (continued)

	2010 $,000	2009 $,000
Depreciation and amortisation		
Depreciation of property, plant and equipment	131,605	120,483
Amortisation of intangible assets	43,120	55,378
Amortisation of other assets	108	752
	174,833	176,613
Finance costs:		
Interest expense – External 3rd parties	214,590	258,317
Interest expense – related parties	-	47,277
Less: Interest expense capitalised	(3,726)	(23,907)
Unwinding of discount on provisions	10,798	25,169
Other borrowing costs	9,700	33,452
Borrowing costs written off	-	45,214
	231,362	385,522
Transitional costs		
Other transitional costs	2,553	617
	2,553	617
Derivative movement		
Fair value gains/(losses) on interest rate derivatives taken to P&L	(65,680)	(1,704)
Fair value (loss)/gain on Redbank PPHA derivative (iii)	(13,629)	(37,523)
Fair value (loss)/gain on other electricity derivatives	6,481	(29,678)
	(72,828)	(68,905)

(i) Impairment charges were recognised against the goodwill and other intangible assets associated with the Alinta West ($525.0 million), Braemar ($55.9 million), Redbank ($50.0 million) and WA Power ($25.0 million) cash generating units. In addition the Braemar cash generating unit recognised an impairment charge of $4.1 million in relation to its property, plant and equipment taking the total Braemar related impairment to $60.0 million. In the 2009 comparative period an impairment of charge of $50.0 million was recognised against the goodwill of the Alinta West cash generating unit and $6.7 million was recognised against software development assets held by the Group's service company.

(ii) The Cawse asset was re-classified to a 'held for sale' asset at balance date. In accordance with the requirements of AASB 5 *Non-current Assets Held for Sale and Discontinued Operations,* it was impaired down to its fair value less costs to sell value. The asset had previously been accounted for as a finance lease.

(iii) The non cash derivative movement reported in the accounts represents an assessment of the present value of the difference between the Energy Australia contract (Redbank PPHA) value and the projected value of the gross revenue Redbank could potentially achieve if they sold electricity on market over the theoretical whole of remaining life of the contract. At no time can and will this derivative instrument calculation impact the cash position or underlying profits generated by the operations of AEG.

Note C. Borrowings

	2010 $'000	2009 $'000
Current		
Secured		
AFA Syndicated Facility Agreement (i)	-	2,541,477
Redbank Credit Facility Agreement (ii)	16,701	13,960
Total secured current borrowings	16,701	2,555,437
Unsecured		
Babcock & Brown Group Facility – related party (iii)	-	397,610
Other borrowings (iv)	3,920	-
Other related party loans (iv)	-	3,223
Total unsecured current borrowings	3,920	400,833
Total current borrowings	20,621	2,956,270
Non-current		
Secured		
AFA Syndicated Facility Agreement (i)	2,649,173	-
Redbank Credit Facility Agreement (ii)	219,559	231,758
Total secured non-current borrowings	2,868,732	231,758
Unsecured		
Other borrowings (iv)	32,930	-
Related parties (v)	-	39,744
Total unsecured non-current borrowings	32,930	39,744
Total non-current borrowings	2,901,662	271,502

(i) AFA Syndicated Facility Agreement

AEG agreed terms to restructure the Alinta Finance Australia Syndicated Facility Agreement (formerly the 'BBPF Syndicated Facility Agreement') on the 22 December 2009. Financial Close in respect to the restructured facility was achieved on 22 January 2010. The borrowings associated with the Syndicated Facility were classified as non-current liabilities from that date. The restructured facility consists of the following six tranches:

- Tranche A: $1,600,000,000 maturing 16 June 2011, but extendable to 30 September 2012
- Tranche B: $960,000,000 maturing 30 September 2012
- Working Capital: $60,000,000 revolving working capital facility maturing 16 June 2011, but extendable to 30 September 2012 at AEG's option
- Letter of Credit: $80,000,000 revolving letter of credit facility maturing 16 June 2011, but extendable to 30 September 2012 at AEG's option
- NWS Price Dispute facility: $70,000,000 maturing 22 July 2011 used to settle the North West Shelf arbitrated outcome
- Liquidity facility: $30,000,000 additional liquidity facility maturing 22 November 2010.

Note C. Borrowings (continued)

(i) AFA Syndicated Facility Agreement (continued)

The amounts outstanding as at 30 June 2010 were $2,552,167,000 for Tranche A & B (30 June 2009: $2,531,477,000), $50,000,000 for Working Capital (30 June 2009: $10,000,000) and $70,000,000 (30 June 2009: nil) for NWS Price Dispute Facility. The effective interest rate on the debt as at 30 June 2010 was 7.82% (30 June 2009: 8.54%).

Letters of Credit amounting to $58,379,000 were outstanding as at 30 June 2010 (30 June 2009: $37,950,000).

The AFA syndicated debt is presented net of $22,995,000 capitalised borrowing costs.

The restructured facilities continue to be guaranteed by Alinta Finance Australia Pty Ltd (AFA) and its subsidiary entities ('AFA Group'). In addition the facilities are secured by an all assets security given by each member of the AFA Group. Each AFA Group entity is also required to use best endeavours to enter into tripartite arrangements with material contract counterparties in connection with the security being provided.

(ii) Redbank Credit Facility Agreement

This facility consists of two tranches.

- Tranche 1, expiring in 2018 has $48,590,000 outstanding as at 30 June 2010 (30 June 2009: $52,944,000).
- Tranche 2, expiring in 2023 has $183,170,000 outstanding as at 30 June 2010 (30 June 2009: $189,074,000).

The effective average interest rate was 8.05% as at 30 June 2010 (30 June 2009: 8.05%).

In addition there is a working capital facility that is drawn to $4,500,000 (30 June 2009: $3,700,000).

In accordance with the terms of the Redbank Credit Facility the working capital facility and liquidity facility are reviewed after five years. This review was concluded on 3 March 2010. Both the working capital and liquidity facility have been extended to 15 November 2010 and are to be reviewed annually thereafter.

(iii) Unsecured Related Party Loan (current) – Babcock & Brown Facility

AEG agreed to settle its outstanding borrowings with the Babcock & Brown Group (B&B) on 2 December 2009. The terms of the settlement were finalised following security holder approval of the settlement terms at an Extraordinary General Meeting of AEG on 22 February 2010. An amount of $70,000,000 remains payable to B&B as at 30 June 2010. The Group will be released from this obligation when either; the Oakey asset is sold to a third party and the proceeds of sale pass to B&B; or by 31 December 2011. Where the Oakey asset is sold, the Group is released from the $70,000,000 obligation regardless of the consideration paid by the acquirer. The Oakey asset is presented as an asset 'held for sale' in the Group balance sheet. As such the $70,000,000 is not disclosed as borrowings on the Group balance sheet. It is disclosed in 'Liabilities directly associated with non-current assets held for sale'.

Note C. Borrowings (continued)

(iv) Other borrowings

This is a loan payable to Prime Infrastructure (formerly “Babcock & Brown Infrastructure”). Prime Infrastructure is not a related party of AEG in the current financial year. At balance date the loan was to be repaid by 2017; it had an effective interest rate of 11.3%.

On 24 August 2010, Alinta EATM entered into an agreement with subsidiaries of Prime Infrastructure (Prime) which allows it to defer indefinitely payment of its otherwise scheduled monthly instalments to Prime. Alinta EATMs requirement to make monthly repayments would be reinstated if the Group conducts a significant recapitalisation. At that point the directors of Alinta EATM would seek parent support in respect of the outstanding obligations. Directors of AEG will consider any such request at the time. As part of the agreement, AEG will pay Prime an amount of approximately $4.7 million upon agreement becoming effective reducing the balance of its financial obligation of $35.9 million. This agreement is subject to the approval of Prime’s lenders.

(v) Unsecured Related Party Loan

This represents the loan payable to Prime Infrastructure (formerly “Babcock & Brown Infrastructure”), which was a related party at that time. At 30 June 2010 Prime Infrastructure is no longer a related party.

Note D. Changes in the composition of the consolidated Group

(a) Disposal of business

Energy Markets

On 31 March 2010, the Group sold its 100% interest in Alinta Energy Markets Pty Ltd (AEM). AEM holds an agreement to supply power to the Sydney Desalination plant (owned by Sydney Water). There is a contingent asset in relation to further proceeds that may be realised up until 31 December 2011 subject to Energy Markets' operating performance.

Tamar Power Project

During the previous financial year AEG sold its interest in the Tamar Power Project to the Tasmanian Government (Aurora Energy Tamar Valley). The asset was under construction at the date of sale and the contract for sale provided for AEG to continue to manage the construction to completion. Whilst AEG was to be paid (and has received) fees for its services, AEG was also entitled, as an incentive, to share in any unspent contingency. Until the contract was complete and all costs and charges discharged, there was uncertainty on the recoverability of this sum. During the 2010 year, the contingent consideration received was $15.6 million.

Financial performance of entities disposed

The results are presented below.

	Tamar Power Project $'000	AEM $'000	Total $'000
Revenue	-	22,163	22,163
Expenses	-	(18,545)	(18,545)
Profit before income tax	-	3,618	3,618
Gain on disposal before income tax	-	6,326	6,326
Profit from discontinued operations before income tax	**-**	**9,944**	**9,944**

Note D. Changes in the composition of the consolidated Group (continued)

(a) Disposal of business (continued)

Details of sale of entities

The following is a summary of the details of the disposal of AEM and Tamar.

	Tamar Power Project $'000	AEM $'000	Total $'000
Net consideration received or receivable	15,611	9,944	25,555
Carry amount of net assets sold	-	(3,618)	(3,618)
Gain on disposal before tax	**15,611**	**6,326**	**21,937**

(b) Acquisition of business

During the year ended 30 June 2010, AEG acquire the following entities.

Name of business acquired in 2010 year	Date of acquisition	Ownership interest in shares/ units %	Cost of acquisition $'000
Neighbourhood Energy (i)	1 October 2009	100	2,950
Alinta Energy Services Limited (ii)	15 December 2009	100	5,000

(i) During the year, the Group acquired the remaining 36% of shares in Neighbourhood Energy Pty Ltd (already a subsidiary of the Group) for $2,950,000 in cash. Following the acquisition of the shares Neighbourhood Energy Pty Ltd became a 100% owned subsidiary of AEG.

(ii) The Group acquired 100% of Babcock & Brown Power Services Limited on 15 December 2009 and renamed the entity Alinta Energy Services Limited ('AES'). AES is the Responsible Entity of Alinta Energy Trust. Details of the purchase consideration, the net assets acquired and goodwill are as follows:

	$'000
Purchase consideration	
Cash	**5,000**

The assets and liabilities recognised as a result of the acquisition are as follows:

	$'000
Cash	5,213
Other receivables	4
Other payables	(222)
Net identifiable assets acquired	4,995
Goodwill acquired on acquisition	5
Net assets	**5,000**

Note E. Segment information

Primary reporting format – business segments

(Listing Rule 4.3A 14.4)

a) Segment performance

The Group's operations are primarily in Australia, with one asset, Glenbrook power station, located in New Zealand. The segment information provided to the CEO for the year ended 30 June 2010 is as follows:

	Energy Markets	Generation		Other	Elimination	Total
	Aust	Aust	NZ	Aust		
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2010						
Revenue from external customers	873,124	546,486	7,349	2,674	(2,030)	1,427,603
Inter-segment revenue (i)	-	526	-	28,068	(28,594)	-
Intra-segment revenue (ii)	392,928	38	2,422	1,817	(397,205)	-
Total segment revenue	**1,266,052**	**547,050**	**9,771**	**32,559**	**(427,829)**	**1,427,603**
Management EBITDA	**149,329**	**196,646**	**9,410**	**(27,802)**	**(8,680)**	**318,903**
30 June 2009						
Revenue from external customers	844,215	642,450	20,379	27,137	(4)	1,534,177
Inter-segment revenue (i)	4,515	18,178	-	4,677	(27,370)	-
Intra-segment revenue (ii)	255,947	668	2,640	-	(259,255)	-
Total segment revenue	**1,104,677**	**661,296**	**23,019**	**31,814**	**(286,629)**	**1,534,177**
Management EBITDA	**120,132**	**185,900**	**11,650**	**(34,769)**	**(4,677)**	**278,236**

The CEO assesses the performance of the operating segments based on a measure of Management EBITDA. This measurement excludes the effects of non-recurring expenditure from the operating segments such as restructuring costs, onerous contract provisions and goodwill impairments, when the impairment is the result of an isolated non-recurring event. The Group's assets and liabilities are reported on a consolidated basis.

(i) Revenue earned between segments is recognised in inter-segment revenue and is eliminated via the elimination column to reconcile to the Group result.

(ii) Intra segment revenue represents revenue earned between divisions within the same segment. This revenue is eliminated via the elimination column to reconcile to the Group result.

Alinta Energy Group (formerly Babcock & Brown Power)

Appendix 4E

30 June 2010

b) Reconciliation of Management view EBITDA to Statutory EBITDA:

	Energy Markets	Generation		Other	Elimination	Total
	Aust	Aust	NZ	Aust		
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2010						
Management EBITDA	**149,329**	**196,646**	**9,410**	**(27,802)**	**(8,680)**	**318,903**
Movement in provisions & other abnormal items	(126,772)	1,043	-	18,712	-	(107,017)
Impairment	(525,000)	(144,870)	-	-	-	(669,870)
Gain/(loss) on disposal of business	6,326	-	-	15,611	-	21,937
Redbank – Long term energy derivative	-	(13,629)	-	-	-	(13,629)
Other mark to market derivative movements	-	6,388	315	(65,853)	-	(59,150)
Non controlling interest and equity accounted investments	-	1,408	-	-	-	1,408
Debt forgiveness	1,085	-	-	344,733	-	345,818
Finance lease adjustment	-	(4,339)	(15,115)	-	-	(19,454)
Management adjustments	**(644,361)**	**(153,999)**	**(14,800)**	**313,203**	**-**	**(499,957)**
Statutory EBITDA	**(495,032)**	**42,647**	**(5,390)**	**285,401**	**(8,680)**	**(181,054)**
Net finance costs						(217,672)
Taxation						(3,834)
Amortisation and depreciation						(174,833)
Net profit after tax per the statement of comprehensive income						**(577,393)**

	Energy Markets	Generation		Other	Elimination	Total
	Aust	Aust	NZ	Aust		
	$'000	$'000	$'000	$'000	$'000	$'000
30 June 2009						
Management EBITDA	**120,132**	**185,900**	**11,650**	**(34,769)**	**(4,677)**	**278,236**
Movements in provisions & other abnormal items	(50,700)	110,494	18,200	-	-	77,994
Impairment charges	(50,000)	-	-	(6,700)	-	(56,700)
Gain on disposal	-	94,118	-	-	-	94,118
Redbank – Long term energy derivative	-	(37,523)	-	-	-	(37,523)
Other mark to market derivative movements	-	(29,678)	-	(1,703)	-	(31,381)
Non controlling interest and equity accounted investments	-	-	-	(559)	-	(559)
External dividend	-	-	-	8,465	-	8,465
Varanus Island impact	(18,000)	-	-	-	-	(18,000)
Finance lease adjustment	-	(4,253)	(12,200)	-	-	(16,453)
Management adjustments	**(118,700)**	**133,158**	**6,000**	**(497)**	**-**	**19,961**
Statutory EBITDA	**1,432**	**319,058**	**17,650**	**(35,266)**	**(4,677)**	**298,197**
Net finance costs						(365,114)
Taxation						74,597
Amortisation and depreciation						(176,613)
Net profit after tax per the statement of comprehensive income						**(168,933)**

6. Details of distributions
(Listing Rule 4.3A 6)

	Record Date	Payment Date
2010 Interim Distribution	N/A	N/A
2010 Final Distribution	N/A	N/A

The Board of Directors of AEG have suspended distributions until it has adequately strengthened its capital structure. Accordingly no distribution for the year ended 30 June 2010 will be paid. No distributions were paid in the prior year.

7. Details of distribution reinvestment plan
(Listing Rule 4.3A 7)

There will be no distributions paid by AEG for the year to 30 June 2010. As a consequence there is no reinvestment plan at this point in time.

8. Statement of retained earnings showing movements
(Listing Rule 4.3A 8)

	2010 **$'000**	**2009** **$'000**
Balance at beginning of financial year	(694,875)	(498,772)
Prior period adjustments	1,889	(4,077)
Net (loss) / profit attributable to stapled security holders	(577,510)	(167,681)
Movement in Defined Benefit Obligation	(5,289)	(24,345)
Balance at end of financial year	**(1,275,785)**	**(694,875)**
Attributable to:		
Equity holders of the Company – AEL	(1,274,356)	(698,921)
Equity holders of the Trust - AET	(1,429)	4,046
	(1,275,785)	**(694,875)**

9. Net tangible asset backing per security
(Listing Rule 4.3A 9)

	Current Period	**Previous Period**
Net tangible assets backing per stapled security	($1.13)	($1.48)
Net assets backing per stapled security	$0.53	$1.31

AEG has negative net tangible assets per security of -$1.13 (2008: -$1.48). This is primarily attributable to the significant amount of goodwill recognised by the Group when it acquired businesses in the 2008 financial year. While the intangibles and goodwill acquired at that time continue to represent future economic value to the Group, they are deducted for the purposes of calculating net tangible assets per security.

Net assets per security at 30 June 2010 was $0.53 (2009: $1.31).

10. Control gained or lost over entities during the period
(Listing Rule 4.3A 10)

10.1 Name of entity (or group of entities) over which control was gained:	10.2 Date control was gained:
Alinta Energy Services Limited (formerly Babcock & Brown Power Services Limited)	15 December 2009

10.3 Profit (loss) after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) from the date of control to the end of the current period	**A$'000** $8

10. Control gained or lost over entities during the period (continued)

10.1 Name of entity (or group of entities) over which control was lost:	10.2 Date control was lost:
Alinta Energy Markets Pty Ltd (formerly BBP Energy Markets Pty Ltd)	30 March 2010

10.3 Profit (loss) after tax from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) since the beginning of the current period up to when control was ceased.	**A$'000** $3,618
10.4 Profit (loss) from ordinary activities and extraordinary items after tax of the controlled entity (or group of entities) disposed for the whole of the previous corresponding period.	**A$'000** $Nil

11. Details of associates and joint venture entities
(Listing Rule 4.3A 11)

11.1 Name of entity (or group of entities) over which significant influence was gained N/A	11.2 Date significant influence ceased. N/A
11.3 Percentage holding in the partnership	N/A
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.	**($000)** N/A
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	**($000)** N/A

12. Other significant information
(Listing Rule 4.3A 12)

All significant information in respect of AEG has been presented in Note A of this release.

13. Accounting standards used by foreign entities
(Listing Rule 4.3A 13)

Not applicable

14. Commentary on results

(Listing Rule 4.3A 14)

Key Points relating to the 12 months ended 30 June 2010

- Management EBITDA of $318.9 million*
- AFA Syndicated debt refinancing
- North West Shelf settlement
- Settlement of outstanding loans and accrued fees with Babcock & Brown
- Deleveraging process
- No distributions in FY10 as part of ongoing capital management program

* Management EBITDA normalises the impact of asset sales, impairment losses, fair value movements in derivatives, interest, depreciation, amortisation and other abnormal items.

Resolution of business critical issues

During the year the Group resolved the following business critical issues and commenced a deleveraging process to secure its long term capital structure:

Restructure of Alinta Finance Syndicated Loan Agreement

On 22 December 2009 a major subsidiary of the Group, Alinta Finance Australia Pty Ltd (AFA) signed an agreement to restructure its Syndicated Loan Agreement. Key features of the restructured loan terms include:

- provision of additional short term facilities to finance immediate settlement obligations associated with the North West Shelf arbitration and settlement outcome;
- extension of the maturity dates of the primary tranches of debt to September 2012 or extendable to that date;
- restructured covenants which match the businesses forecast performance;
- a cash sweep mechanism over agreed liquidity levels;
- the grant of a comprehensive security package to the Syndicate members; and
- obligations to pay certain amounts in limited circumstances where the business outperforms pre-defined benchmarks.

The restructure became effective on 22 January 2010. The AFA borrowings were reclassified as a non current obligation from that point in time.

As part of the AFA loan restructure, the Group committed to produce a deleveraging plan which was provided to the lenders prior to the due date of 20 April 2010. The plan identified several deleveraging alternatives including an equity markets solution as well as whole of business and individual asset sales to trade bidders. In June 2010 the Group informed the market that it had received a number of indicative, non-binding confidential bids for both the whole business and parts of the business. Final bids from interested trade buyers are due in September 2010. Concurrently the Group has continued to work on an equity markets solution and with its lenders on other deleveraging options.

The directors expect to be able to update the market once the trade bids are received and considered and after discussions with the Syndicate members.

In June 2010, AEG sought and received approval from its Syndicate members for the variation of financial covenants for the period to 31 March 2011 as under some trading scenarios, these covenants could come under pressure and frustrate the deleveraging process. AEG has also sought an extension to a $30 million Short Term Liquidity Facility from 22 November 2010 to 30 April 2011 to ensure that the due date for withdrawal was well outside the expected conclusion of the deleveraging process. To date it has not been necessary to draw on this Facility and if the Syndicate members do not consent to the extension then the Facility will be withdrawn on 22 November 2010. There is no default forecast or attaching to the withdrawal of this facility.

14. Commentary on results (continued)

North West Shelf settlement

On 21 January 2010, AEG signed a Deed of Settlement with the North West Shelf joint venture (NWS) members following an arbitrators' decision in respect to the NWS Price Dispute over a material gas contract.

As part of the negotiations, AEG agreed a future price path for gas purchased from the NWS through to the year 2013, providing greater price and volume certainty in the medium term. The Group was also required to make a back payment to the NWS relating to price adjustments in respect of historical gas consumption.

Settlement of outstanding loan and accrued fees payable to Babcock & Brown

On 2 December 2009, AEG signed an agreement with Babcock & Brown International Pty Ltd and various related entities (B&B) to settle the outstanding loan and accrued fee obligations with face value of approximately $453.3 million.

As part of the settlement arrangements AEG has:

- paid B&B a cash amount of $33.0 million;
- agreed to realise AEG's 50% interest in the Oakey Power Station with the proceeds from sale passing through to B&B; and
- issued 80,730,000 AEG securities to B&B (Since sold by B&B)

Security holder approval for this transaction was obtained at an Extraordinary General Meeting of Securityholders on 22 February 2010. Until the sale of its Oakey interest, AEG maintains a nominal liability to B&B of $70 million, to be settled entirely by the Oakey proceeds. The liability is without recourse to other AEG business. Both the Oakey interest and the liability are presented as 'held for sale' items on the Group balance sheet.

Operating performance

Energy Markets

Energy Markets contributed $149.3 million EBITDA to 30 June 2010, not including the back payment resulting from the NWS arbitration settlement.

Energy Market assets comprise mostly of the non generation businesses including;

- gas sales to residential, commercial and large industrial customers;
- electricity sales to commercial and large industrial customers. These sales are underpinned by base load off take from the Pinjarra asset and off take from the Alinta Walkaway Windfarm;
- peak off take units at Wagerup; and
- LPG business with Wesfarmers.

The settlement of the NWS gas price dispute has resulted in higher gas costs to AEG which has adversely impacted margins in the gas business. AEG, where possible, has sought to mitigate this margin impact by passing through the incremental higher costs to its counterparties. As part of this strategy AEG sought, and received, two residential gas tariff increases, which include 22.9% from 1 July 2009 and a further 7% increase from 1 April 2010. Residential customer demand has been marginally higher than the previous year. Demand from commercial and large industrial customers has been weaker in FY2010 largely as a result of global economic conditions.

14. Commentary on results (continued)

The electricity business takes energy produced from the base load Pinjarra units and the Alinta Walkaway Windfarm and then sells this to commercial and large industrial customers. The balance of any uncontracted energy is then sold into the Wholsesale Energy Market (WEM). The WEM has experienced lower prices than expected in FY2010 resulting from excess generation in the Western Australian market, due to a combination of government sponsored low cost coal generation, new entrant plant and reduced demand from commercial and large industrial customers as a result of weaker economic conditions.

During the year Alinta Energy Markets Pty Ltd (AEM) was sold to Infigen for proceeds of approximately $6.0 million, plus working capital. AEM is contracted to supply energy to the Sydney Desalination Plant which is supported by a power purchase agreement to buy output from the Capital Wind Farm (owned by Infigen).

Generation

Generation assets contributed $206.0 million EBITDA to 30 June 2010.

The major contributors to this segment are Flinders, Braemar, Newman, Port Hedland and Redbank.

The Flinders asset has experienced two periods of significant outage in the 2010 financial year being: a delayed return to service (21 days spanning October and November) following a planned major overhaul of Northern unit; and a forced outage (39 days spanning May and June) resulting from the build up and solidification of ash.

Pool prices in South Australia were higher than expected in the 2010 year. This was predominately driven by a record heatwave in November which resulted in prices reaching the market maximum price threshold for periods of time. A combination of plant availability issues and contract positions meant that the business could not take full advantage of higher prices during the heatwave.

The Braemar assets have operationally performed to expectations. Notwithstanding this, the Queensland pool price was significantly lower as a consequence of an oversupplied market (mostly new entrants) and demand weakness was experienced as a result of weaker economic conditions and mild temperatures. The implementation of a new tolling arrangement with Queensland Gas Corporation (QGC) has reduced the exposure to the lower pool price. The arrangement was signed on 11 February 2010 for an initial term until December 2013 with a further 1 year extension at QGC option.

The Western Australian generation units at Newman and Port Hedland performed in line with expectations. The Newman expansion was completed in 2010 which provides an additional nominal 40MW using a Rolls Royce Trent machine. Experiences on maintenance costs were lower than expected.

The Redbank asset, situated in NSW Hunter Valley experienced a number of performance issues which have been the subject of remedial actions to restore operating performance and reliability. AEG announced to the market on 11 February that a major comprehensive independent engineering review has been commissioned with the aim of determining the most appropriate measures to rectify plant performance. The report is expected in September 2010.

Impairment

Included in the 2010 result is $669.9 million worth of impairment recognised against a number of assets. The primary reasons for impairment charges are noted below for each cash generating unit (CGU). Valuations were impacted by an unfavourable gas price arbitration outcome in the Alinta West CGU where the increase was unable to be passed through in full, as well as protracted softer gas and electricity demand and a general over supply of generation capacity in the West Australian and National Electricity Markets. Other impairments were the result of revised operating forecasts for the underlying cash generating units and from re-classifying the Cawse asset to ‘held for sale’ prior to its disposal in August 2010.

14. Commentary on results (continued)

Corporate outlook

Despite the achievements of the Group noted above, the balance sheet of the Group remains substantially over-levered. In February 2010 AEG appointed Macquarie Capital Advisers and UBS AG Australian Branch as joint advisers to consider deleveraging opportunities for the business including recapitalisation options. UBS is also acting under a separate mandate as a strategic adviser in relation to potential asset sales. In April 2010, the directors of Alinta Energy Limited appointed Lazard Pty Ltd to assess the deleveraging proposals with a view to maximising total enterprise value for all stakeholders.

The deleveraging process is well advanced with a range of different options being progressed. The process has the support of the AFA Syndicate members who are working with their respective advisors and Alinta Energy Group management to achieve the best outcome for the Group, taking into account the interests of all stakeholders.

In June 2010 the Group informed the market that it had received a number of indicative, non-binding confidential bids for both the whole business and parts of the business. Final bids from interested trade buyers are due in September 2010. Concurrently the Group has continued to work on an equity markets solution and with its lenders on other deleveraging options.

The directors expect to be able to update the market once the trade bids are received and considered and after discussions with the Syndicate members.

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

(Listing Rule 4.3A 15)

This report is based on accounts which are in the process of being audited and due to be released no later than 30 September 2010.

16. Qualification of audit / review

(Listing Rule 4.3A 16)

The directors do not anticipate receiving a qualified or disputed audit report from its external auditor in relation to the Group's 30 June 2010 financial statements. If however the uncertainties relating to the going concern status of the Group as outlined in Note A of this release persist at the date the financial statements are released, the directors expect the external auditor will refer to that uncertainty in an *emphasis of matter* paragraph in their audit report.