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REDBANK ENERGY

ASX Release

29 February 2012

RESULTS FOR ANNOUNCEMENT TO THE MARKET UNDER ASX LISTING RULE 4.2A REDBANK ENERGY GROUP APPENDIX 4D AND INTERIM FINANCIAL REPORT FOR THE HALF YEAR ENDED 31 DECEMBER 2011

Redbank Energy (ASX:AEJ) today releases its Appendix 4D and its Interim Financial Report for the six months ended 31 December 2011 (refer attached).

ENDS

Further Information:

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REDBANK ENERGY

REDBANK ENERGY GROUP

Appendix 4D

Preliminary Financial Report

Name of entity

Redbank Energy Group ("REG"), comprising Redbank Energy Limited ABN 67 116 665 608 and Controlled Entities

ABN or equivalent company reference

67 116 665 608

Financial half year ended

31 December 2011

Results for announcement to the market

A\$'000

Revenues from continuing operations (excluding gains on sale)	Up 9.6%	to	33,888
Profit/(loss) from ordinary activities after tax attributable to members	Up 139.3%	to	26,601
Net profit/(loss) after tax attributable to members	Up 139.3%	to	26,601
Distributions		Amount per share	Franked amount per share
Current period			
Interim – 2012:		-	-
Final – 2011:		-	-
Previous corresponding period			
Interim – 2011:		-	-
Final – 2010:		-	-

Commentary on these results is contained in the attached Review of Operations for the period ended 31 December 2011.

Redbank Energy Group

**Interim Financial Report for the
half-year ended 31 December 2011**

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**Redbank Energy Group
Directors' Report
For the half-year ended 31 December 2011**

Financial Highlights for the six months to 31 December 2011

- Net profit from continuing operations after tax of \$26.6 million
- Net cash from operating activities of \$0.2 million
- Net decrease in cash borrowings \$6.5 million

The directors of Redbank Energy Limited (REL or the Company) and its consolidated entities (REG or the Group) present their Directors' Report together with the consolidated financial statements for the half-year ended 31 December 2011.

The Company together with its subsidiaries form Redbank Energy Group, a security traded on the Australian Securities Exchange (ASX code: AEJ).

The following persons were directors of REL at any time during the half-year and up to the date of this Directors' Report.

Mr R Butler (Chairman)	appointed 13 July 2011
Mr S D Maher	appointed 13 July 2011
Mr T C A Plutsky	appointed 12 August 2011
Mr V Artamonov	appointed 12 August 2011
Mr L F Gill	appointed 29 October 2006; resigned 12 August 2011
Mr P M Kinsey	appointed 29 October 2006; resigned 12 August 2011
Mr R H Keller	appointed 27 April 2010; resigned 12 August 2011

Non going concern basis of preparation

The financial information presented in this financial report for the 31 December 2011 financial half year has been prepared on the basis that the Redbank Energy Group (REG or Group) and Redbank Energy Limited (REL), the Group's ultimate parent entity are not going concerns for financial reporting purposes.

Redbank Project Pty Ltd (Redbank Project) is the Group's operating subsidiary which holds the Redbank Power Station and which has its own project finance facility (Redbank Credit Facility).

In the prior financial year, on 31 March 2011, Redbank Project entered into a Bank Support Agreement (BSA) with its lenders whereby they conditionally agreed not to enforce their rights under the Redbank Credit Facility on the condition that the Group inject further equity capital into Redbank Project and appoint independent external advisors to work with the Group on a sale process or refinancing.

The BSA comes to an end on 31 March 2012, and as a result, the directors are currently in the process of negotiating a new agreement with Redbank Project's lending group. At the time of signing these accounts, these discussions are progressing constructively and Redbank Project continues to enjoy the support of its lenders. However, if the Group is unable to realise a strategy that secures its longer term future, it is unlikely that the Group will be able to operate as a going concern for financial reporting purposes.

Under the current circumstances, the directors have determined that it is more appropriate that the interim consolidated financial report be prepared on the basis that the Group is not a going concern for financial reporting purposes.

The directors regularly monitor and review the Group's operating and financial performance, including the profile of its debt facilities and forecast cash flows.

As the Group has prepared its financial report on a non-going concern basis, the directors have maintained the valuation basis for the property, plant and equipment and intangible assets adopted in the 30 June 2011 balance sheet for the 31 December 2011 balance sheet. Further the Group's balance sheet continues to be presented on a liquidity basis at 31 December 2011. The liquidity basis balance sheet presents assets and liabilities in their relative order of liquidity.

Property, plant and equipment and intangibles are recorded at a value such that the net assets of the Group related to Redbank Project are carried at an amount no higher than zero net asset value. From 30 June 2011, the Group has stopped depreciating and amortising property, plant and equipment and intangibles respectively associated with Redbank Project.

A further impairment loss of \$1.93 million (\$1.35 million after tax) has been recognised at 31 December 2011 in accordance with this treatment.

**Redbank Energy Group
Directors' Report
For the half-year ended 31 December 2011**

Review of operations

Redbank Power Station

Redbank Power Station contributed \$15.4 million EBITDA for the half year (31 December 2010: \$13.5 million).

Generation earnings were approximately 2% below budget due to some operating issues encountered in the first 6 months of the financial year. Operating costs were approximately 1% above budget, which was primarily around the increased costs to correct operating issues that impacted generation earnings.

Oakey Power Station

On 1 July 2011, the Group completed the sale of its interest in the Oakey Power Station, which resulted in it being released from its remaining debt obligation to Babcock & Brown International Pty Ltd. As a result of these transactions, the Group has only one remaining asset, being the Redbank Power Station.

Discontinued operations – Alinta Energy

In the prior financial year, the Group disposed of its beneficially owned operating entities, other than those associated with the Redbank power station, as part of the de-leveraging transaction completed on 29 March 2011.

For the prior period half year to 31 December 2010, the discontinued operations contributed a loss of \$788 million.

Distributions

The Company has not paid any distributions and does not expect to be in a position to do so for the foreseeable future.

Auditor's independence

The auditor's independence declaration is included on page 5 of the half year financial report.

Rounding off of amounts

Pursuant to ASIC Class Order 98/0100 (dated 10 July 1998) and in accordance with that Class Order, amounts in the Directors' Report and the financial report are rounded off to the nearest thousand dollars.

Signed in accordance with a resolution of directors made pursuant to s.306(3) of the *Corporations Act 2001*.

On behalf of the directors:



Mr R Butler
Director

Dated at Sydney this 29th day of February 2012



Auditor's Independence Declaration

As lead auditor for the review of Redbank Energy Limited for the half year ended 31 December 2011, I declare that to the best of my knowledge and belief, there have been:

- a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Redbank Energy Limited and the entities it controlled during the period.

A handwritten signature in blue ink, appearing to read 'M Upcroft', is written over the printed name.

Marc Upcroft
Partner
PricewaterhouseCoopers

29 February 2012

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Redbank Energy Group
Consolidated statements of comprehensive income
For the half-year ended 31 December 2011

	Half-year ended	
	31-Dec-11	31-Dec-10
	\$'000	\$'000
Revenue from continuing operations	32,639	29,433
Other revenue	816	-
Gain on disposal of businesses	26,958	1,800
Finance income	433	1,498
Total income	60,846	32,731
Operating expenses	(17,620)	(18,544)
Depreciation and amortisation expense	(8)	(5,682)
Finance costs	(9,001)	(11,608)
Fair value (loss)/gain on derivatives	(5,375)	(10,661)
Impairment losses	(1,933)	-
Total expense from ordinary activities	(33,937)	(46,495)
Profit/(loss) before income tax	26,909	(13,764)
Income tax expense	(308)	(53,910)
Profit/(loss) from continuing operations	26,601	(67,674)
Loss from discontinued operations	-	(787,742)
Profit/(loss) for the half-year	26,601	(855,416)
Profit/(loss) attributable to security holders as:		
Equity holders of the Company – REL	26,601	(855,446)
Equity holders of the Trust – AET (non-controlling interest)	-	30
	26,601	(855,416)
Other comprehensive income		
Other comprehensive income from continuing operations	-	-
Other comprehensive income from discontinued operations	-	59,693
Other comprehensive income for the half-year, net of tax	-	59,693
Total comprehensive income/(deficit) for the half-year	26,601	(795,723)
Total comprehensive income/(deficit) attributable to security holders are as follows:		
Equity holders of the Company – REL	26,601	(795,753)
Equity holders of the Trust – AET (non-controlling interest)	-	30
	26,601	(795,723)
	Cents	Cents
Earnings per share of the parent based on earnings from continuing operations attributable to the equity holders of the parent		
Basic earnings per share	3,383.07	(8.39)
Diluted earnings per share	3,383.07	(8.39)
Earnings per share of the parent based on earnings attributable to the equity holders of the parent		
Basic earnings per share	3,383.07	(105.99)
Diluted earnings per share	3,383.07	(105.99)

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Redbank Energy Group
Consolidated statements of financial position
As at 31 December 2011

	Note	As at 31-Dec-11 \$'000	30-Jun-11 \$'000
Assets			
Cash and cash equivalents		12,398	20,638
Trade and other receivables		9,178	7,932
Current tax receivable		-	4
Derivative financial instruments		60,758	66,133
Inventories		2,579	2,366
Other assets		22,905	23,173
Deferred tax assets		-	-
Property, plant and equipment		185,454	185,433
Intangibles		14,138	14,138
		<u>307,410</u>	<u>319,817</u>
Non-current assets classified as held for sale		-	41,002
Total assets		<u>307,410</u>	<u>360,819</u>
Liabilities			
Trade and other payables		5,198	9,753
Current tax payables		-	-
Derivative financial instruments		-	-
Borrowings	5	213,032	219,559
Employee benefits		1,113	1,071
Provisions		18,961	18,235
Deferred tax liabilities		63,194	62,890
		<u>301,498</u>	<u>311,508</u>
Liabilities directly associated with non-current assets held for sale		-	70,000
Total liabilities		<u>301,498</u>	<u>381,508</u>
Net assets/(deficit)		<u>5,912</u>	<u>(20,689)</u>
Equity			
Contributed equity	6	656,224	656,224
Reserves		1,038,409	1,038,409
Accumulated losses		(1,688,721)	(1,715,322)
Total equity		<u>5,912</u>	<u>(20,689)</u>

The above consolidated statements of financial position should be read in conjunction with the accompanying notes.

Redbank Energy Group
Consolidated statements of changes in equity
For the half-year ended 31 December 2011

	Contributed equity	Reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2010	1,778,361	(72,879)	(1,284,496)	420,986
Loss for period	-	-	(855,416)	(855,416)
Other comprehensive income for the half-year, net of tax	-	50,442	9,251	59,693
Total comprehensive profit/(loss) for the half year	-	50,442	(846,165)	(795,723)
Balance at 31 December 2010	1,778,361	(22,437)	(2,130,661)	(374,737)
	Contributed equity	Reserves	Accumulated losses	Total equity
	\$'000	\$'000	\$'000	\$'000
Balance at 1 July 2011	656,224	1,038,409	(1,715,322)	(20,689)
Profit for period	-	-	26,601	26,601
Other comprehensive income for the half-year, net of tax	-	-	-	-
Total comprehensive profit for the half year	-	-	26,601	26,601
Balance at 31 December 2011	656,224	1,038,409	(1,688,721)	5,912

The above consolidated statements of changes in equity should be read in conjunction with the accompanying notes.

Redbank Energy Group
Consolidated cash flow statements
For the half-year ended 31 December 2011

	Half-year ended	
	31-Dec-11	31-Dec-10
	\$'000	\$'000
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	31,956	863,839
Payments to suppliers and employees (inclusive of GST)	(23,325)	(726,706)
Interest received	470	2,983
Interest and other costs of finance paid	(8,891)	(117,866)
Income/withholding tax paid	-	(1,312)
Dividend received	-	1,075
Net cash inflow from operating activities	210	22,013
Cash flows from investing activities		
Payment for property, plant and equipment	(72)	(27,305)
Proceeds from sale of property, plant and equipment	-	4
Proceeds from sale of available for sale assets	-	8,500
Proceeds from sale of subsidiaries (net of cash and cash equivalents disposed of)	(1,851)	2,104
Net cash outflow from investing activities	(1,923)	(16,697)
Cash flows from financing activities		
Proceeds from borrowings	-	81,616
Repayment of borrowings	(6,527)	(53,215)
Net cash (outflow)/inflow from financing activities	(6,527)	28,401
Net (decrease)/increase in cash and cash equivalents	(8,240)	33,717
Cash and cash equivalents at the beginning of the half-year	20,638	105,085
Effect of exchange rate changes on cash and cash equivalents	-	(311)
Cash and cash equivalents at the end of the half-year	12,398	138,491

The above consolidated cash flow statements should be read in conjunction with the accompanying notes.

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

1. Corporate information

The financial statements of the Redbank Energy Group ("REG" or "Group") for the half year ended 31 December 2011 were authorised in accordance with a resolution of directors on 29 February 2012.

The ultimate parent entity of REG consolidated group is Redbank Energy Limited (REL), an Australian public company listed on the Australian Securities Exchange (ASX). REG trades under the ASX ticker code of 'AEJ'.

These REG financial statements consist of the consolidated financial statements of Redbank Energy Limited and its controlled entities.

The nature of operations and principal activities of the Group are described in the Directors' Report.

2. Summary of accounting policies

(a) Basis of preparation

This general purpose interim financial report for the half-year reporting period ended 31 December 2011 has been prepared in accordance with Accounting Standard 134 *Interim Financial Reporting* and the *Corporations Act 2001*.

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2011 and any public announcements made by the Redbank Energy Group during the interim period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*.

Non-going concern basis of preparation

The financial information presented in this financial report for the 31 December 2011 financial half year has been prepared on the basis that the Redbank Energy Group (REG or Group) and Redbank Energy Limited (REL), the Group's ultimate parent entity are not going concerns for financial reporting purposes.

Redbank Project Pty Ltd (Redbank Project) is the Group's operating subsidiary which holds the Redbank Power Station and which has its own project finance facility (Redbank Credit Facility).

In the prior financial year, on 31 March 2011, Redbank Project entered into a Bank Support Agreement (BSA) with its lenders whereby they conditionally agreed not to enforce their rights under the Redbank Credit Facility on the condition that the Group inject further equity capital into Redbank Project and appoint independent external advisors to work with the Group on a sale process or refinancing.

The BSA comes to an end on 31 March 2012, and as a result, the directors are currently in the process of negotiating a new agreement with Redbank Project's lending group. At the time of signing these accounts, these discussions are progressing constructively and Redbank Project continues to enjoy the support of its lenders. However, if the Group is unable to realise a strategy that secures its longer term future, it is unlikely that the Group will be able to operate as a going concern for financial reporting purposes.

Under the current circumstances, the directors have determined that it is more appropriate that the interim consolidated financial report be prepared on the basis that the Group is not a going concern for financial reporting purposes.

The directors regularly monitor and review the Group's operating and financial performance, including the profile of its debt facilities and forecast cash flows.

As the Group has prepared its financial report on a non-going concern basis, the directors have maintained the valuation basis for the property, plant and equipment and intangible assets adopted in the 30 June 2011 balance sheet for the 31 December 2011 balance sheet. Further the Group's balance sheet continues to be presented on a liquidity basis at 31 December 2011. The liquidity basis balance sheet presents assets and liabilities in their relative order of liquidity.

Property, plant and equipment and intangibles are recorded at a value such that the net assets of the Group related to Redbank Project are carried at an amount no higher than zero net asset value. From 30 June 2011, the Group has stopped depreciating and amortising property, plant and equipment and intangibles respectively associated with Redbank Project.

A further impairment loss of \$1.93 million (\$1.35 million after tax) has been recognised at 31 December 2011 in accordance with this treatment.

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

2. Summary of accounting policies (continued)

(a) Basis of preparation (continued)

Changes in accounting policy

The following amending Standards have been adopted from 1 July 2011. Adoption of these Standards did not have any effect on the financial position or performance of the Group:

- AASB 2009-11 *Amendments to Australian Accounting Standards arising from AASB 9* [AASB 1, 3, 4, 5, 7, 101, 102, 108, 112, 118, 121, 127, 128, 131, 132, 136, 139, 1023 & 1038 and Interpretations 10 & 12]
- AASB 2009-12 *Amendments to Australian Accounting Standards* [AASBs 5, 8, 108, 110, 112, 119, 133, 137, 139, 1023 & 1031 and Interpretations 2, 4, 16, 1039 & 1052]
- AASB 2009-14 *Amendments to Australian Interpretation – Prepayments of a Minimum Funding Requirement*
- AASB 1054 *Australian Additional Disclosures*
- AASB 2010-4 *Further Amendments to Australian Accounting Standards arising from the Annual Improvements Project* [AASB 1, AASB 7, AASB 101, AASB 134 and Interpretation 13]
- AASB 2010-5 *Amendments to Australian Accounting Standards* [AASB 1, 3, 4, 5, 101, 107, 112, 118, 119, 121, 132, 133, 134, 137, 139, 140, 1023 & 1038 and Interpretations 112, 115, 127, 132 & 1042]
- AASB 2010-6 *Amendments to Australian Accounting Standards – Disclosures on Transfers of Financial Assets* [AASB 1 & AASB 7]
- AASB 2011-1 *Amendments to Australian Accounting Standards arising from the Trans-Tasman Convergence project* [AASB 1, AASB 5, AASB 101, AASB 107, AASB 108, AASB 121, AASB 128, AASB 132, AASB 134, Interpretation 2, Interpretation 112, Interpretation 113]

The Group has not elected to early adopt any other new Standards or amendments that are issued by not yet effective.

3. Critical accounting estimates and judgments

The preparation of financial statements in conformity with AIFRS requires the use of certain critical accounting estimates. It requires management to exercise its judgment in the process of applying accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Certain areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements include estimates in respect of recognition of deferred tax assets, the assessment of indicators of impairment and impairment testing, valuation of defined benefit obligations, valuation of site restoration provisions, valuation of electricity derivatives and valuation for the provision for contract losses. Actual results may differ from these estimates.

4. Correction of an error

In preparing the accounts for the half-year ended 31 December 2011, a deferred tax liability amounting to \$6.0 million should have been recognised since 30 June 2001 relating to the tax effect accounting for prepayments. This additional liability would have resulted in an increase in the deferred tax liability and a reduction in retained earnings in the opening statement of financial position at 1 July 2010.

Consequently the impairment charge recognised against property, plant and equipment at 30 June 2011, in accordance with the accounting policy stated in Note 2 above, would have been lower by \$8.5 million resulting in an increase in income tax expense of \$2.5 million (overall a \$6.0 million reduction to the reported loss for the year ended 30 June 2011).

The impact on the 30 June 2011 statement of financial position is an increase in deferred tax liabilities of \$8.5 million with a corresponding increase in property, plant & equipment of \$8.5 million. There is no impact on retained earnings.

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

5. Borrowings

	As at	
	31-Dec-11	30-Jun-11
	\$'000	\$'000
Current		
Secured		
Redbank Credit Facility Agreement ⁽¹⁾	213,032	219,559
Total current borrowings	213,032	219,559

⁽¹⁾ Redbank Credit Facility Agreement

This facility consists of two tranches.

- Tranche 1, expiring in 2018 has \$40,644,000 outstanding as at 31 December 2011 (30 June 2011: \$43,413,000).
- Tranche 2, expiring in 2023 has \$172,388,000 outstanding as at 31 December 2011 (30 June 2011: \$176,146,000).

The effective average interest rate was 8.05% as at 31 December 2011 (30 June 2011: 8.05%).

The Group also has liquidity and working capital facilities which were undrawn at 31 December 2011. In the prior period ended 30 June 2011, the liquidity and working capital facility were undrawn.

Redbank Project Pty Ltd (Redbank Project), the operating and borrowing subsidiary, was required under the terms of its financing documents to replace its previous liquidity facility with effect from 13 February 2011. In the absence of a replacement liquidity facility, the Redbank lending syndicate had the ability to call an event of default and accelerate all amounts owing to it by Redbank Project.

New facilities were obtained, they comprise a \$2.5 million liquidity facility and a \$3.0 million working capital facility, both provided by a subset of the existing lender group. The facilities are for a term of 12 months and are available to support the liquidity and working capital requirements of Redbank Project. The future of these facilities is included in the current discussions taking place with the Redbank Project lenders.

In conjunction with the above facilities, Redbank Project has entered into a Bank Support Agreement with the lenders. Subject to the occurrence of certain trigger events, including the occurrence of an event of default, in which event the Bank Support Agreement would terminate earlier, the Bank Support Agreement lasts until 31 March 2012 and provides for, among other things, the following:

- the Redbank Project lenders may not exercise any rights which accrue to them as the result of Redbank Project's inability to replace the liquidity facility;
- the calculation of the financial covenants has been amended so as to ensure these can be met under most foreseeable operating conditions; and
- management will work to either refinance or sell the Redbank Project during the term of the Bank Support Agreement.

As noted above, in light of the imminent expiration of the Bank Support Agreement, the directors are in discussions with the lenders with the outcome of these discussions currently uncertain.

6. Contributed equity

	Shares in REL	
	Number	\$'000
	'000	\$'000
Balance as at 31 December 2010	807,059	1,778,361
30 June 2011 movements	(806,273)	(1,122,137)
Balance as at 30 June 2011	786	656,224
Movements during the half year ended 31 December 2011	-	-
Balance as at 31 December 2011	786	656,244

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

7. Changes in the composition of the consolidated Group

Acquisition of business

During the half-years ended 31 December 2011 and 31 December 2010, REG did not acquire any new businesses.

Disposal of business

During the half-year ended 31 December 2011, on 1 July 2011, the Group disposed of its 50% interest in the Oakey Power Station to ERM Power Limited. In accordance with the terms of its debt compromise arrangement with Babcock & Brown International Pty Ltd (BBIPL) which was approved by securityholders in February 2010, all proceeds from the sale of Oakey have been paid to BBIPL in full and final discharge of the Group's outstanding debt to BBIPL. The group made a gain on sale of \$27,958,000.

Also, during the half-year ended 31 December 2011, REL recognised an amount of \$816,408 receivable in respect of deferred consideration in relation to the sale of the Alinta Energy Markets Pty Ltd in the 2010 financial year.

During the half-year ended 31 December 2010, on 10 August 2010, the Group disposed of its 100% interest in the Cause Power Station, a gas-fired co-generation plant located in Western Australia. The Group made a loss on sale after tax of \$1,400,000.

Also, during the half-year ended 31 December 2010, REL received an amount of \$1,800,000 in respect of contingent consideration in relation to the sale of the Tamar business in the 2008 financial year.

8. Discontinued operations

The discontinued operations below relate to the previous half-year reporting period.

Alinta Energy

On 29 March 2011, REG successfully implemented a Trust Scheme and four Creditors' Schemes to substantially de-leverage the Group.

As part of this de-leveraging exercise, the Creditors' Schemes saw the full discharge of the AFA Syndicate debt in exchange for the equity interests in Redbank Finance Pty Ltd's (RFA, formerly Alinta Finance Australia Pty Ltd) subsidiary entities and the provision of approximately 70% of the funding to enable the acquisition of the Alinta Energy Trust units under the Trust Scheme. As a result, the subsidiaries of RFA transferred to a new entity wholly owned by the AFA Syndicate Lenders.

Financial performance and cash flow information of operations disposed

The results of the discontinued operations for the half year are presented below:

	Half-year ended	
	31 Dec 11	31 Dec 10
	\$'000	\$'000
Revenue	-	717,400
Expenses	-	(1,528,608)
Loss before income tax	-	(811,208)
Income tax benefit	-	23,466
Loss from discontinued operation	-	(787,742)
Profit/(loss) attributable to owners of the parent entity relates to:		
Loss from continuing operations	-	(67,674)
Loss from discontinued operation	-	(787,742)
	-	(855,416)
Net cash inflow/(outflow) from operating activities	-	23,333
Net cash inflow/(outflow) from investing activities	-	(18,427)
Net cash inflow/(outflow) from financing activities	-	41,616
Net increase/(decrease) in cash generated by the division	-	46,522

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

9. Segment information

The application of AASB 8 requires disclosure of information about the Group's operating segments on the same basis as that used for internal reporting. The chief operating decision-maker of the Group is the Board of Directors ('the Board'). The Group assesses the performance of its operations principally on the basis of normalised earnings before interest, tax, depreciation and amortisation ('Management EBITDA'). The Board considers the performance of the Generation business in assessing the performance of the Group and making decisions about the allocation of resources. Segment disclosures have been presented on this basis.

Generation

This segment includes the coal fired power generation asset of the Group.

Other activities

The Group also operates a corporate function which is not considered to be an operating segment as it does not earn revenue from its activities. The impact of the corporate function is reported in 'Other activities'. In addition, abnormal amounts relating to business restructuring reside in 'Other activities'.

a) Segment performance

The Group's operations are in Australia. The segment information provided to the Board of Directors for the half year ended 31 December 2011 is as follows:

	Generation Aust \$'000	Other Aust \$'000	Elimination \$'000	Total \$'000
Half-year ended 31 December 2011				
Revenue from external customers	32,639	-	-	32,639
Inter-segment revenue ⁽¹⁾	-	916	(916)	-
Total segment revenue	32,639	916	(916)	32,639
Management EBITDA	15,351	484	-	15,835
Half-year ended 31 December 2010				
Revenue from external customers	29,383	50	-	29,433
Inter-segment revenue ⁽¹⁾	-	2,186	(2,186)	-
Total segment revenue	29,383	2,236	(2,186)	29,433
Management EBITDA	13,458	(2,568)	-	10,890

The Board 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.

⁽¹⁾ Revenue earned between segments is recognised in inter-segment revenue and is eliminated to reconcile to the Group result.

Redbank Energy Group
Notes to the consolidated financial statements
For the half-year ended 31 December 2011

9. Segment information (continued)

b) Reconciliation of Normalised EBITDA to Statutory EBITDA:

	Generation Aust \$'000	Other Aust \$'000	Elimination \$'000	Total \$'000
Half-year ended 31 December 2011				
Management EBITDA	15,351	484	-	15,835
Impairment	(1,933)	-	-	(1,933)
Gain on disposal of business	-	26,958	-	26,958
Mark to market derivative movements	(5,375)	-	-	(5,375)
Management adjustments	(7,308)	26,958	-	19,650
Statutory EBITDA	8,043	27,442	-	35,485
Net finance costs				(8,568)
Taxation				(308)
Amortisation and depreciation				(8)
Profit from continuing operations				26,601

	Generation Aust \$'000	Other Aust \$'000	Elimination \$'000	Total \$'000
Half-year ended 31 December 2010				
Management EBITDA	13,458	(2,569)	-	10,889
Gain on disposal of business	-	1,800	-	1,800
Mark to market derivative movements	(10,661)	-	-	(10,661)
Management adjustments	(10,661)	1,800	-	(8,861)
Statutory EBITDA	2,797	(769)	-	2,028
Net finance costs				(10,110)
Taxation				(53,910)
Amortisation and depreciation				(5,682)
Loss from continuing operations				(67,674)

10. Subsequent events

On 29 January 2012, a component of the plant generator at the Redbank Power Station failed resulting in a plant outage. It is currently expected that the generator will be back on line in the third week of March 2012.

At the date of signing of this financial report, the full financial effect of the generator outage is still in the process of calculation and cannot be estimated.

Other than the plant outage at the Redbank Power Station noted above, no matters or circumstances have arisen since 31 December 2011 that have significantly affected and may significant affect:

- (a) the Group's operations in future financial periods, or
- (b) the results of those operations in future financials periods, or
- (c) the Group's state of affairs in future financial periods.

11. Contingent assets and liabilities

There are no material contingent assets and liabilities at the balance date of 31 December 2011.

12. Net tangible assets per share

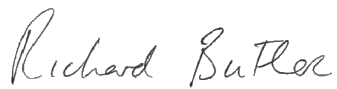
	31-Dec-11 \$ per share	31-Dec-10 \$ per share
Net tangible assets per stapled security	69.91	(1.30)

**Redbank Energy Group
Directors' Declaration**

In the opinion of the directors of Redbank Energy Limited:

- (a) the financial statements and notes, set out on pages 6 to 15 are in accordance with the *Corporations Act 2001*, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance, for the half-year ended on that date; and
 - (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001; and
- (b) there are reasonable grounds to believe that Redbank Energy Limited will be able to pay its debts as and when they become due and payable within the context of the disclosures of the Directors Report and the financial statement and notes.

Signed in accordance with a resolution of the directors:



Mr R Butler
Director, Redbank Energy Limited

Dated at Sydney this 29th day of February 2012



Independent auditor's review report to the members of Redbank Energy Limited

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Redbank Energy Limited, which comprises the statement of financial position as at 31 December 2011, the statement of comprehensive income, statement of changes in equity and cash flows statements for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Redbank Energy Group (the consolidated entity). The consolidated entity comprises both Redbank Energy Limited (the company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Redbank Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

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Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Redbank Energy Limited is not in accordance with the *Corporations Act 2001* including:

- (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2011 and of its performance for the half-year ended on that date; and
- (b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Emphasis of Matter – Non-going concern basis

Without qualification to our conclusion expressed above, we draw attention to Note 2 to the financial statements which comments on the initiated sale process by the company of the wholly owned entity Redbank Project Pty Limited and the absence of an alternative refinancing plan. These conditions have resulted in the financial report being prepared on a non-going concern basis, in accordance with the accounting policies set out in Note 2.


PricewaterhouseCoopers



Marc Upcroft
Partner

29 February 2012