

Highlights

- CS Energy progressed the Kogan Creek Solar Boost Project through the Front End Engineering Design phase and prepared a submission to shareholding Ministers in December 2010. The Kogan Creek Solar Boost Project is a 44 megawatt (peak) solar thermal addition to Kogan Creek Power Station which, if approved, will be the largest solar project in the southern hemisphere and one of the largest solar projects in the world.
- Construction of the Callide Oxyfuel Project neared completion at Callide A Power Station, allowing for commissioning to commence in early 2011. CS Energy is a joint venture partner in this low emission demonstration project.
- On 25 November 2010, the Queensland Government announced the recommendations of the Shareholder Review of Queensland Government Owned Generators (Genco Review), which included a recommendation to restructure the State's generating companies (or Gencos) from three Gencos to two. CS Energy has commenced a consultation program with employees and unions.
- In December 2010, the Callide and Kogan Creek A power stations were impacted by the widespread flooding and heavy rain. CS Energy has worked to mitigate these impacts.

Financial Results*

Six months to 31 December	2010	2009
Earnings before interest and taxes (EBIT) (\$'M)	12.7	30.1
Net profit after tax (NPAT) (\$'M)	(13.7)	0.9
Return on Equity (%)	(2.9)	0.2
Return on Assets (%)	1.1	2.4

EBIT was down on the same period last year as a result of reduced generation, and a significant drop in the time weighted pool price for the six month period. Operating expenses are slightly lower than the comparative period last year, reflecting the successful implementation of cost reduction measures.

Capital Program

Total expenditure on capital works for the period to 31 December 2010 was \$50.6 million, which includes a major overhaul at Callide C Power Station and the installation of mobile generation plant at Mica Creek Power Station, which partially replaced capacity from Unit A3 which was decommissioned last financial year.

Non-Financial Results

Six months to 31 December	2010	2009
Lost time injury frequency rate ¹	3.6	5.4
Reportable environmental incidents ²	4	5
Gigawatt hours sent out	8,014	8,328
Forced outage factor (%) ³	10.5	3.1

1. The number of lost time injuries per million hours worked.
2. Reportable environmental incidents to the Department of Environment and Resource Management.
3. Definition excludes the maintenance outages factor for the portfolio. The lower forced outage factor in 2009 was largely due to the transformer failure at Kogan Creek Power Station being classified as a maintenance outage.

Corporate Entertainment and Hospitality

Event	Date	Cost (\$)
Swanbank Power Station Christmas Function	11/12/10	\$7,000
Callide Power Station Christmas Function	14/12/10	\$11,650
Corporate Office Christmas Function	17/12/10	\$6,896

This report has been prepared based on information readily available as at 31 December 2010, and has been prepared for general information purposes. Representations made in this report may be subject to change and should not be relied upon.

** The financial information provided in this document is unaudited. For audited information and more detailed financial statements please see the Annual Report.*