



## MEDIA RELEASE

27 January 2010

### 2009 Annual Results

#### Strong results ahead of infrastructure improvements

##### SUMMARY

- Revenue was \$2,319 million, down 13 per cent compared with \$2,665 million for 2008
- Profit after tax was \$586 million compared with \$804 million in 2008
- Final dividend of \$3.50 per ordinary share, fully franked

Commenting on the full year results, Coal & Allied's Managing Director Bill Champion said: "Coal & Allied's profit in 2009 is very pleasing in light of the global financial crisis.

"Revenue was lower in 2009 compared with 2008 because of lower US dollar denominated coal prices, which were only partially offset by a weaker Australian dollar against the US dollar. The average USD:AUD exchange rate in 2009 was 79 cents compared with an average of 86 cents in 2008. Average Australian dollar realised coal prices were 14 per cent lower in 2009 compared with 2008 while Coal & Allied's total coal shipments through the Port of Newcastle were in line with the prior year and in line with allocated port capacity."

Mr Champion said higher stripping ratios and increased overburden removal meant an increased workload and higher operating costs in 2009 compared with 2008. Mr Champion also noted that the profit of \$586 million for the year benefited from one-off items amounting to \$36 million.

"We expect to see markets continue to strengthen in 2010, with thermal coal and semi soft coking coal demand remaining buoyant," Mr Champion said.

"Coal & Allied has entered into long term take or pay contracts for port nominations at Port Waratah Coal Services effective from 1 January 2010. This will provide the certainty that is necessary to commit to investing in increased production.

A final dividend of \$3.50 per ordinary share, fully franked, has been declared.

*Note: All currency is denominated in Australian currency, unless otherwise stated.*

## SUMMARY OF PERFORMANCE

Coal & Allied's results for 2009 are shown below, together with comparative results for 2008.

	Year ended 31 December		Change %
	2009	2008	
All Injury Frequency Rate (per 200,000 hours)	0.58	0.58	-
Revenue (\$ million)	2,319	2,665	(13)
Profit before tax (\$ million)	791	1,138	(31)
Profit after tax (\$ million)	586	804	(27)
Operating cash flow (\$ million)	531	1,206	(56)
Final dividend (dollars per share)	3.50	5.50	(36)
Coal production <sup>1</sup> (million tonnes)	25.2	25.1	-
Coal shipments <sup>1</sup> (million tonnes)	25.0	25.1	-

<sup>1</sup> Production and shipments are shown on a 100 per cent basis. Shipments exclude purchased coal.

### Safety

The All Injury Frequency Rate in 2009 was comparable with the rate in 2008 following a number of years of significant improvement. The severity of injuries in 2009 also remained at comparable levels to those in 2008.

### Profit

Profit after tax was \$586 million, which was 27 per cent lower than 2008. This was largely a result of lower revenue attributable to lower realised coal prices. Production costs were \$66 million higher in 2009 primarily due to increased costs associated with increased overburden removal. The effective income tax rate for 2009 of 27 per cent was below the statutory rate of 30 per cent due to the recognition of capital losses with a tax benefit of \$23 million.

### Production

Managed production of saleable coal was 25.2 million tonnes for the full year with coal shipments of 25.0 million tonnes being in line with Coal & Allied's available port capacity through the Port of Newcastle.

### Revenue

Revenue was \$346 million lower in 2009 compared with 2008 with sales revenue being lower by \$365 million and other revenue being higher by \$20 million.

Sales revenue for 2009 was lower than 2008 due mainly to a 20 per cent decrease in realised US dollar coal prices compared to 2008. This was partly offset by a favourable foreign exchange movement due to the fall in the value of the Australian dollar against the US dollar, averaging 79 cents for 2009 compared with 86 cents in 2008.

Revenue in the second half of 2009 benefited from a higher proportion of thermal coal sales with pricing linked to spot prices. Also, returning demand in semi soft markets enabled several shipments to be made on a spot basis, taking advantage of the higher available prices.

Benchmark export coal prices for the 2009/2010 Japanese fiscal year decreased 45 per cent for thermal coal and 65 per cent for semi soft coking coal.

The maturity of forward sales contracts for thermal coal reduced sales revenue by \$39 million (2008: \$113 million) after tax. Coal & Allied's hedge book was closed out in January 2010 realising the net \$4 million liability held in the statement of financial position at 31 December 2009.

Other revenue was \$20 million higher in 2009 mainly because of an increase in interest income to \$25 million (2008: \$14 million) from higher average cash balances throughout the year.

In 2009, a foreign exchange loss of \$12 million (2008: \$53 million foreign exchange gain) was recognised on US dollar denominated working capital items.

Other income in 2009 benefited from \$11 million before tax received from settlement of an insurance claim.

## **Costs**

Mine production costs were \$66 million higher in 2009 with increases for explosives, consumables and contractor expenses. Employee costs increased \$12 million compared to 2008, largely as a result of a restructure of the workforce at Mount Thorley Warkworth resulting in increased severance costs. External services costs increased \$40 million from 2008 largely due to the increased workload associated with greater volumes of overburden removal, particularly at Mount Thorley Warkworth. Overburden removal in 2009 increased seven per cent (Coal & Allied's share) also contributing to higher stripping ratios. Lower oil prices contributed to a 26 per cent decrease in fuel costs despite an increased truck fleet.

Selling and distribution costs were \$4 million lower in 2009, despite the NSW Government royalty rate increasing from 7.0 per cent to 8.2 per cent from 1 January 2009.

The costs of both purchased coal and sea freight are generally passed onto customers and the recovery of these costs is included in sales revenue. The revenue and costs associated with purchased coal and sea freight were lower in 2009 by \$77 million largely due to the reduction in coal prices and lower sea freight rates associated with the global financial crisis.

## **One off items**

The 2009 full year result was impacted by a number of one-off items. These included \$11 million from settlement of insurance claims and a further \$10 million from the reversal of an impairment loss relating to Maules Creek, both included in other income. Also voluntary redundancy payments associated with workforce restructuring at Mount Thorley Warkworth amount to \$6 million included in employee costs, offset by settlement of commercial disputes and other one-off items of \$4 million included in administration costs and the recognition of capital losses amounting to \$23 million as a credit to income tax expense. In total, these items resulted in an increase to profit before tax of \$20 million and profit after tax of \$36 million.

In addition to the profit impacts above, the pending disposals of the Maules Creek and Vickery coal projects has led to the recognition of an income tax liability of \$128 million that will be payable in respect of the 2009 income tax year, provided the transactions progress to completion as anticipated. The liability is directly offset by a similar deferred tax asset that will unwind through the statement of comprehensive income when the transactions complete and the gain on disposal is recognised.

## **Income tax**

The effective income tax rate for the full year is 26.9 per cent compared to 29.7 per cent for 2008. The recognition of previously unrecognised capital losses amounting to \$23 million reduced the marginal tax rate by 2.8 per cent.

## **Cash flow**

Net operating cash flow of \$531 million was \$676 million lower than 2008 as a result of the lower profits before tax compared with 2008 and an increase in income tax payments of \$281 million. Capital expenditure was higher by \$34 million related predominately to replacement of heavy mobile equipment, construction of Bengalla's new ROM hopper and major cyclical maintenance. Free cash flow was \$351 million in 2009 compared with \$1,057 million in 2008.

Payment of dividends in 2009 amounted to \$615 million compared with \$160 million in 2008.

## **Debt**

Coal & Allied ended 2009 with net cash of \$293 million compared with net cash of \$523 million at the end of 2008. Borrowings have reduced from \$258 million at the beginning of 2009 to \$61 million at year end.

## **Dividends**

The directors declared a final dividend of \$3.50 per ordinary share fully franked at 30 per cent and a final dividend of 1.75 cents per preference share fully franked at 30 per cent, which will absorb \$303 million in cash.

The final ordinary dividend will be paid on 19 March 2010 to ordinary shareholders who are on the share register at the close of business on 4 March 2010. The ex-dividend date for ordinary shareholders is 26 February 2010.

The final preference dividend will be paid 19 March 2010 to preference shareholders who are on the share register at the close of business 4 March 2010. The ex-dividend date for preference shareholders is 26 February 2010.

## **Infrastructure**

Coal & Allied welcomed the tripartite signing in 2009 of a long term port access agreement between the New South Wales government, Port Waratah Coal Services and Newcastle Coal Infrastructure Group. Coal & Allied has entered into long term take or pay contracts for port allocation with Port Waratah Coal Services which take

effect from 1 January 2010. Similar long term take or pay contracts to secure equivalent rail track access and rail freight are still being negotiated.

The expansion by PWCS to 113 million tonnes per annum was completed in 2009 and studies have commenced into a further expansion of PWCS to 145 million tonnes per annum.

### **Market conditions**

The overall demand for thermal coal within the Asian region improved throughout 2009 following a generally weak economic first half of the year in the more traditional markets for Australian coal. China's demand for imported coal in 2009 was particularly strong and this supported improved prices by year end. The prices were lower however than the records achieved in 2008. Global steel demand was also weak in the first half of 2009 but has improved in all markets in the second half of the year and has led to strong demand for semi soft coking coal.

### **Divestments**

Coal & Allied has previously announced the sale of both the Maules Creek and Vickery Coal Projects.

Coal & Allied entered into an agreement with Aston Resources Pty Limited to sell its undeveloped Maules Creek Coal Project in the Gunnedah Basin. Consideration for the transaction is \$480 million in cash. The transaction is expected to complete in early 2010 and is subject to customary closing conditions, including regulatory approvals. As a result of this proposed sale and the application of Australian Income Tax Law an income tax liability amounting to \$119 million for the potential capital gain on this transaction has been recognised as at 31 December 2009. The capital gains tax liability has been reduced by \$23 million for capital losses that have not previously been recognised in the financial statements. A corresponding asset for capital gains tax recognised in advance has been included in the deferred tax balances. Further, an impairment provision amounting to \$10 million before tax relating to Maules Creek has been reversed in 2009 in anticipation of the disposal. These adjustments result in an after tax profit associated with the disposal of Maules Creek of approximately \$345 million.

In regard to the Vickery Coal Project, Coal & Allied entered into an agreement with Whitehaven Coal Mining Limited to sell the project located in the Gunnedah Basin for \$31.5 million in cash and a 1,156ha parcel of land. Completion is also expected to occur in early 2010. Coal & Allied expects an after tax gain of approximately \$22 million from the sale once the transaction completes. As with Maules Creek, Australian Income Tax Law requires the recognition of the potential income tax liability, in this case \$9 million, which is also offset by a similar deferred tax asset.

### **Climate change**

In 2009, Coal & Allied introduced systems to meet new Australian government legislation, completing the requirements of the National Greenhouse and Energy Reporting Act and assessments required by the Energy Efficiency Opportunities Act.

### **Mount Pleasant**

In 2008, Coal & Allied completed an engineering feasibility study on the Mount Pleasant thermal coal project located adjacent to the Bengalla coal mine near Muswellbrook in the Hunter Valley. The company is currently reviewing the 2008 engineering feasibility study to update the economic assumptions and technical design considerations. Coal & Allied anticipates being able to secure long term take or pay contracts with PWCS for Mount Pleasant. In the meantime, Coal & Allied is in the process of identifying modifications that may be required to the existing regulatory consents and approvals, and the company is proceeding to apply for those remaining regulatory consents and approvals which are required to progress the proposed development of Mount Pleasant.

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*All financial information contained in this release has been prepared on the basis of the Australian Equivalents to International Financial Reporting Standards and Interpretations.*

## Coal & Allied Financial and Operating Statistics

	2009 '000 tonnes	2008 '000 tonnes
<b>Production and shipments</b>		
<b>Total saleable production<sup>3</sup></b>		
Hunter Valley Operations	11,232	10,752
Mount Thorley Operations	3,342	2,948
Bengalla	5,466	5,357
Warkworth	5,162	6,038
Total	25,202	25,095
<b>Coal &amp; Allied equity share of production</b>		
Hunter Valley Operations (100%)	11,232	10,752
Mount Thorley Operations (80%)	2,674	2,358
Bengalla (40%)	2,186	2,143
Warkworth (55.57%)	2,869	3,356
Total	18,961	18,610
<b>Total shipments<sup>1</sup></b>	<b>24,976</b>	25,084
<b>Shipments by market<sup>1,2</sup></b>		
Japan	10,404	12,406
Asia (excluding Japan)	6,123	6,500
Europe	792	1,146
Domestic	1,647	1,180
Other	6,010	3,852
Total	24,976	25,084
<b>Shipments by product<sup>1</sup></b>		
Export thermal	19,087	19,281
Domestic thermal	1,676	1,179
Semi soft coking	4,212	4,624
Total	24,976	25,084
<b>Financial</b>		
	<b>\$ million</b>	<b>\$ million</b>
Total assets	2,522	2,836
Capital expenditure	183	149
Depreciation and amortisation expenses	119	99
Net debt to net debt + equity (%)	(24)	(55)
Earnings per share (cents)	676	928

<sup>1</sup> Shipments are on a 100% basis and exclude purchased coal

<sup>2</sup> 2008 shipments by market have been restated to allocate sales to intermediaries to category 'Other' in order to maintain comparability with 2009

<sup>3</sup> Production is on a 100% basis



*Managed by Rio Tinto Coal Australia*

Preliminary final report of

## **Coal & Allied Industries Limited**

for the financial year ended 31 December 2009

(ABN 67 008 416 760)

This preliminary final report is provided to the Australian Stock Exchange (ASX) under ASX Listing Rule 4.3A.

Financial year ended: 31 December 2009

Corresponding financial year ended: 31 December 2008

<b>Table of contents</b>	<b>Page</b>
Section A: Results for announcement to the market	3
Section B: Comments on results	3
Section C: Full year preliminary final report	
Consolidated statement of comprehensive income for the financial year ended 31 December 2009	4
Consolidated statement of financial position as at 31 December 2009	5
Consolidated statement of changes in equity for the financial year ended 31 December 2009	6
Consolidated statement of cash flows for the financial year ended 31 December 2009	7
Notes to the preliminary final report for the financial year ended 31 December 2009	8

## Section A: Results for announcement to the market

	Change %	Amount \$m
<b>Revenue and net profit</b>		
Revenue from continuing operations	(13.0)	2,319
Profit from continuing operations after tax attributable to members	(27.2)	586
Net profit for the period attributable to members	(27.2)	586

	Amount per security	Franked amount per security
<b>Dividends (distributions)</b>		
<b>Final dividend</b>		
Ordinary shares	350c	350c
Preference shares	1.75c	1.75c
Record date for determining entitlements to the dividends: 4 March 2010		
Date on which dividends are payable: 19 March 2010		
<b>Interim dividend</b>		
Ordinary shares	160c	160c
Preference shares	1.75c	1.75c

	Current Period \$	Previous corresponding Period \$
<b>Net tangible assets per security</b>		
Net tangible asset backing per ordinary security	16.99	16.73

## Section B: Commentary on results

### Brief explanation of revenue, net profit and dividends (distributions)

For comments on trading performance during the year, refer to the media release.

**Coal & Allied Industries Limited**

Consolidated statement of comprehensive income for the financial year ended 31 December 2009

**Section C: Full Year Preliminary Final Report**

	Notes	Consolidated	
		31 December 2009 \$m	31 December 2008 \$m
<b>Revenue</b>	3	<b>2,319.0</b>	2,664.5
Other income	3	<b>22.6</b>	54.4
Total revenue and other income		<b>2,341.6</b>	2,718.9
Change in coal inventories		<b>14.0</b>	(10.8)
Raw materials and consumables used		<b>(355.2)</b>	(340.6)
Employee benefits expense	4	<b>(224.4)</b>	(212.4)
External services		<b>(241.9)</b>	(202.0)
Selling and distribution expenses		<b>(336.5)</b>	(340.4)
Administration and other mining expenses		<b>(93.8)</b>	(85.4)
Depreciation and amortisation expenses		<b>(118.5)</b>	(99.4)
Sea freight and purchased coal		<b>(204.1)</b>	(280.6)
Share of profit after tax of equity accounted units		<b>25.0</b>	15.3
<b>Total costs</b>		<b>(1,535.4)</b>	(1,556.3)
<b>Profit before finance costs and income tax</b>		<b>806.2</b>	1,162.6
Finance costs	4	<b>(14.8)</b>	(24.9)
<b>Profit before income tax</b>		<b>791.4</b>	1,137.7
Income tax expense	5	<b>(205.9)</b>	(333.9)
<b>Profit attributable to members of Coal &amp; Allied Industries Limited</b>		<b>585.5</b>	803.8
<b>Other comprehensive income</b>			
Changes in the fair value of cash flow hedges		<b>63.6</b>	61.8
Changes to the fair value of employee share options		<b>0.7</b>	(1.3)
Income tax relating to components of other comprehensive income	5	<b>(18.6)</b>	(16.7)
<b>Other comprehensive income for the full year, net of tax</b>		<b>45.7</b>	43.8
<b>Total comprehensive income for the full year</b>		<b>631.2</b>	847.6
<b>Profit is attributable to:</b>			
Owners of Coal & Allied Industries Limited		<b>585.5</b>	803.8
<b>Total comprehensive income for the full year is attributable to:</b>			
Owners of Coal & Allied Industries Limited		<b>631.2</b>	847.6
<b>Earnings per share for profit attributable to the ordinary equity holders of the company:</b>			
Basic earnings per share (cents)	25	<b>676.2</b>	928.3
Diluted earnings per share (cents)	25	<b>676.2</b>	928.3

*The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes*

**Coal & Allied Industries Limited**

Consolidated statement of financial position as at 31 December 2009

	Notes	Consolidated	
		31 December 2009 \$m	31 December 2008 \$m
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	6	354.0	781.0
Trade and other receivables	7	297.2	364.8
Inventories	8	89.5	61.9
Derivative financial instruments		0.3	51.5
		<b>741.0</b>	1,259.2
Non-current assets classified as held for sale	9	32.3	-
<b>Total current assets</b>		<b>773.3</b>	1,259.2
<b>Non-current assets</b>			
Receivables	7	9.1	3.1
Land held for development or future sale	10	3.8	3.8
Investments accounted for using the equity method	11	99.5	85.0
Property, plant and equipment	12	1,459.2	1,446.4
Intangible assets	13	32.3	38.3
Deferred tax assets	14	144.3	-
<b>Total non-current assets</b>		<b>1,748.2</b>	1,576.6
<b>TOTAL ASSETS</b>		<b>2,521.5</b>	2,835.8
<b>Current liabilities</b>			
Trade and other payables	15	232.5	277.6
Borrowings	16	45.7	189.6
Employee benefits	17	109.3	105.3
Provisions	18	7.8	12.9
Current tax liabilities	19	268.1	283.3
Derivative financial instruments		4.2	69.9
<b>Total current liabilities</b>		<b>667.6</b>	938.6
<b>Non-current liabilities</b>			
Payables	15	0.3	0.3
Borrowings	16	15.6	68.4
Employee benefits	17	4.3	3.2
Provisions	18	176.5	203.8
Deferred tax liabilities	20	153.8	127.1
Derivative financial instruments		-	7.4
<b>Total non-current liabilities</b>		<b>350.5</b>	410.2
<b>TOTAL LIABILITIES</b>		<b>1,018.1</b>	1,348.8
<b>NET ASSETS</b>		<b>1,503.4</b>	1,487.0
<b>Equity</b>			
Contributed equity	21	440.9	440.9
Reserves	22	(0.2)	(45.9)
Retained profits	22	1,061.3	1,090.6
Non-controlling interest	23	1.4	1.4
<b>TOTAL EQUITY</b>		<b>1,503.4</b>	1,487.0

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

**Coal & Allied Industries Limited**

Consolidated statement of changes in equity for the financial year ended 31 December 2009

	Note	Attributable to owners of Coal & Allied Industries Limited				Non-controlling interest \$m	Total equity \$m
		Contributed equity \$m	Reserves \$m	Retained profits \$m	Total \$m		
<b>Consolidated</b>							
<b>Balance at 1 January 2008</b>		440.9	(82.7)	440.0	798.2	1.4	799.6
Total comprehensive income for the year		-	36.8	810.8	847.6	-	847.6
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid	22	-	-	(160.2)	(160.2)	-	(160.2)
<b>Balance at 31 December 2008</b>		440.9	(45.9)	1,090.6	1,485.6	1.4	1,487.0
<b>Balance at 1 January 2009</b>		<b>440.9</b>	<b>(45.9)</b>	<b>1,090.6</b>	<b>1,485.6</b>	<b>1.4</b>	<b>1,487.0</b>
Total comprehensive income for the year		-	45.7	585.5	631.2	-	631.2
<b>Transactions with owners in their capacity as owners:</b>							
Dividends provided for or paid	22	-	-	<b>(614.8)</b>	<b>(614.8)</b>	-	<b>(614.8)</b>
<b>Balance at 31 December 2009</b>		<b>440.9</b>	<b>(0.2)</b>	<b>1,061.3</b>	<b>1,502.0</b>	<b>1.4</b>	<b>1,503.4</b>

*The above consolidated statement of changes in equity should be read in conjunction with the accompanying notes*

**Coal & Allied Industries Limited**

Consolidated statement of cash flows for the financial year ended 31 December 2009

	Note	Consolidated	
		31 December 2009 \$m	31 December 2008 \$m
<b>Cash flows from operating activities</b>			
Receipts from customers		2,376.6	2,747.3
Payments to suppliers and employees		(1,527.3)	(1,478.4)
		<b>849.3</b>	1,268.9
Dividends received		13.0	9.9
Interest received	3	24.5	14.0
Finance costs	4	(2.9)	(11.3)
Income taxes paid		(357.2)	(76.2)
Other income		4.1	1.1
<b>Net cash inflow from operating activities</b>	24	<b>530.8</b>	1,206.4
<b>Cash flows from investing activities</b>			
Payments for property, plant and equipment	12	(183.2)	(149.4)
Proceeds from sale of property, plant and equipment		2.9	-
<b>Net cash outflow from investing activities</b>		<b>(180.3)</b>	(149.4)
<b>Cash flows from financing activities</b>			
Repayment of lease liabilities		(20.7)	(4.0)
Loans from related entities		-	106.6
Dividends paid	22	(614.8)	(160.2)
Repayment of loans from related entities		(148.6)	(230.8)
<b>Net cash outflow from financing activities</b>		<b>(784.1)</b>	(288.4)
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(433.6)</b>	768.6
Cash and cash equivalents at the beginning of the financial year		781.0	12.4
<b>Cash and cash equivalents at the end of the financial year</b>	6	<b>347.4</b>	781.0

*The above consolidated statement of cash flows should be read in conjunction with the accompanying notes*

## **Note 1 Summary of significant accounting policies**

This preliminary financial report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2008, the half year report for the period ended 30 June 2009 and any public announcements made by Coal & Allied Industries Limited (Coal & Allied) during the reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001*. These policies have been consistently applied to all the years presented, unless otherwise stated.

### **(a) Basis of preparation**

This general purpose Financial Report has been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*.

#### *Compliance with IFRS*

Australian Accounting Standards include AIFRS. Compliance with AIFRS ensures that the consolidated financial statements and notes of Coal & Allied comply with International Financial Reporting Standards (IFRS).

#### *Historical cost convention*

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of derivative financial instruments and share-based payments at fair value.

#### *Comparative information*

Where applicable, comparative amounts have been reclassified to align with changes made to current year presentation in order to improve relevance and comparability.

### **Details of associate and joint venture entities**

The company holds 36.5 per cent (2008: 36.5 per cent) ownership in Port Waratah Coal Services Limited and profits from the associate contributed \$24.3 million (2008: \$14.1 million) to net profits of the consolidated entity.

### **Preference shares**

The company has on issue 1,857,180 (2008: 1,857,180) non-redeemable, non-participating cumulative preference shares. These shares confer the right to a preferential dividend of 7.00 per cent on the amount of paid up capital. These shares are classified as debt and dividends are charged to the statement of comprehensive income as finance charges. They are not considered potential ordinary shares and are therefore excluded from the calculation of earnings per share.

## **Note 2 Operating segments**

### **(a) Description of segments**

The consolidated entity undertakes coal mining predominantly in the Hunter Valley of New South Wales, Australia.

Operating segments have been determined based on the analysis provided in the reports reviewed by the senior management team, comprising the managing director, chief operating officer, chief financial officer and general manager – marketing, in assessing performance and determining strategy. The consolidated entity derives its revenue from coal mining and related coal preparation and as such, performance is assessed for each of the operating coal mines individually:

- Hunter Valley Operations (HVO)
- Mount Thorley Warkworth (MTW)
- Bengalla mining (BEN)

Each of the operating segments identified has been determined to be a reportable segment.

The 'other' segment refers to corporate activities (including revenue for traded coal and hedging gains/losses), expenditure on undeveloped properties and any other items that are not appropriate to allocate to an individual operating segment.

Performance of the segments is assessed on a stand-alone pre-tax basis reflected as the segment result reported below.

The Group has early adopted the amendment to AASB 8 *Operating Segments*, contained in AASB 2009-5 clarifying that segment assets are reported only when the chief operating decision maker regularly reviews such information. The chief operating decision maker does not regularly review assets on a segment basis and therefore assets by segment are not disclosed.

**Coal & Allied Industries Limited**

Notes to the preliminary final report for the financial year ended 31 December 2009

**Note 2 Operating segments  
(cont'd)**
**(b) Segment information**
**Full year ended 31 December 2009**

	HVO \$m	MTW \$m	BEN \$m	Other \$m	Total \$m
<b>Segment revenue</b> <sup>(1) (2)</sup>	<b>1,318.5</b>	<b>647.6</b>	<b>204.2</b>	<b>148.7</b>	<b>2,319.0</b>
Finance costs	(6.7)	(4.4)	(1.0)	(2.7)	(14.8)
Depreciation and amortisation expenses	(62.5)	(30.0)	(18.4)	(7.6)	(118.5)
Net foreign exchange loss	(6.3)	(2.0)	(4.4)	0.3	(12.4)
Other segment costs	(680.7)	(436.0)	(94.2)	(196.0)	(1,406.9)
<b>Segment result</b>	<b>562.3</b>	<b>175.2</b>	<b>86.2</b>	<b>(57.3)</b>	<b>766.4</b>

*Reconciliation to profit after tax:*

Shares of profit after tax of equity accounted units					25.0
Income tax expense					(205.9)
<b>Profit for the period</b>					<b>585.5</b>

**Full year ended 31 December 2008**

<b>Segment revenue</b> <sup>(1) (2)</sup>	1,615.5	802.4	219.7	26.9	2,664.5
Finance costs	(6.6)	(6.0)	(1.3)	(11.0)	(24.9)
Depreciation and amortisation expenses	(45.6)	(26.7)	(18.9)	(8.2)	(99.4)
Net foreign exchange gains	30.2	10.1	0.5	12.5	53.3
Other segment costs	(712.0)	(420.2)	(87.5)	(251.4)	(1,471.1)
<b>Segment result</b>	<b>881.5</b>	<b>359.6</b>	<b>112.5</b>	<b>(231.2)</b>	<b>1,122.4</b>

*Reconciliation to profit after tax:*

Shares of profit after tax of equity accounted units					15.3
Income tax expense					(333.9)
<b>Profit for the period</b>					<b>803.8</b>

(1) All segment revenues are from external customers.

(2) Interest revenue is included within segment revenue – segment 'other'.

**(c) Other segment information**

	2009 \$m	2008 \$m
<b>Total segment revenue</b>		
- Japan	1,052.4	1,342.9
- Korea	296.0	492.3
- Taiwan	161.3	220.1
- Other foreign countries	308.7	340.9
- Intermediaries	409.3	217.5
- Domestic	40.0	19.2
	<b>2,267.7</b>	<b>2,632.9</b>
Interest revenue	24.5	14.0
Other revenue	26.8	17.6
<b>Total revenue</b> (note 3)	<b>2,319.0</b>	<b>2,664.5</b>
<b>Total sales revenue by product</b>		
- Thermal	1,620.8	1,718.2
- Semi soft	606.9	895.5
- Domestic	40.0	19.2
<b>Total sales revenue</b> (note 3)	<b>2,267.7</b>	<b>2,632.9</b>

Coal &amp; Allied has no customer that represents more than 10 per cent of its total revenue.

**Coal & Allied Industries Limited**

Notes to the preliminary final report for the financial year ended 31 December 2009

**Note 3 Revenue**

	<b>Consolidated</b>	
	<b>31 December 2009 \$m</b>	<b>31 December 2008 \$m</b>
<i>Sales revenue</i>		
Sale of coal	<b>2,267.7</b>	2,632.9
<i>Other revenue</i>		
Management fees	<b>4.2</b>	5.9
Coal handling services	<b>4.0</b>	4.7
Dividends	<b>2.5</b>	0.7
Interest received	<b>24.5</b>	14.0
Rental income	<b>1.9</b>	3.0
Other	<b>14.2</b>	3.3
<b>Total other revenue</b>	<b>51.3</b>	31.6
<b>Total revenue</b>	<b>2,319.0</b>	2,664.5
<i>Other income</i>		
Reversal of impairment loss on mining properties (note 12, 9(b))	<b>10.0</b>	-
Gain on sale of non-current assets	<b>1.0</b>	-
Net foreign exchange gains	<b>-</b>	53.3
Other income	<b>11.6</b>	1.1
<b>Total other income</b>	<b>22.6</b>	54.4

**Note 4 Expenses**

Profit before income tax expense includes the following specific expenses:

Loss on sale of non-current assets	-	2.9
Selling and distribution expenses		
Net demurrage	<b>35.8</b>	38.2
Government royalties	<b>166.9</b>	166.2
Other	<b>133.8</b>	136.0
<b>Total selling and distribution expenses</b>	<b>336.5</b>	340.4
Finance costs		
Interest and finance charges paid/payable – Rio Tinto	<b>2.9</b>	11.3
Unwinding of discount	<b>11.9</b>	13.6
	<b>14.8</b>	24.9
Employee benefits expense		
Salaries and other benefits	<b>206.7</b>	198.2
Defined contribution superannuation expense	<b>15.9</b>	13.0
Share-based payments equity settled	<b>1.2</b>	0.3
Share-based payments cash settled	<b>0.6</b>	0.9
<b>Total employee benefits expense</b>	<b>224.4</b>	212.4
Net foreign exchange losses	<b>12.4</b>	-
Rental expense relating to operating leases		
Minimum lease payments	<b>26.2</b>	4.4
Research and development levies	<b>4.9</b>	4.8

**Note 5 Income tax expense**

	Consolidated	
	31 December 2009 \$m	31 December 2008 \$m
<b>(a) Income tax expense</b>		
Current tax expense	353.0	352.7
Deferred tax benefit	(146.4)	(17.2)
Over provided in prior years	(0.7)	(1.6)
Aggregate income tax expense attributable to profit	<b>205.9</b>	<b>333.9</b>
Deferred income tax expense (benefit) included in income tax expense comprises:		
Increase in deferred tax assets (note 14)	(142.8)	(0.2)
Increase (decrease) in deferred tax liabilities (note 20)	6.6	(18.1)
	<b>136.2</b>	<b>(18.3)</b>
<b>(b) Numerical reconciliation of income tax expense to prima facie tax payable</b>		
Profit before income tax expense	791.4	1,137.7
Prima facie tax payable at a tax rate of 30% (2008: 30%)	237.4	341.3
Income tax expense	205.9	333.9
Difference	<b>31.5</b>	<b>7.4</b>
Tax effect of amounts which are not (deductible) taxable in calculating taxable income:		
Foreign dividends	0.8	0.2
Rebateable dividends	0.5	0.7
Share of net profits of equity accounted units	7.5	4.6
Unrecognised tax losses now recognised	22.5	-
Research and development	0.4	0.3
Sundry	(0.9)	-
	<b>30.8</b>	<b>5.8</b>
Over provision in prior period	0.7	1.6
	<b>31.5</b>	<b>7.4</b>
<b>(c) Tax expense relating to items of other comprehensive income</b>		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss but directly debited or credited to equity:		
Cash flow hedges (note 22)	18.6	16.7
Net deferred tax – debited (credited) in equity (notes 14 and 20)	<b>18.6</b>	<b>16.7</b>

**Coal & Allied Industries Limited**

Notes to the preliminary final report for the financial year ended 31 December 2009

**Note 6 Cash and cash equivalents**

	<b>Consolidated</b>	
	<b>31 December 2009 \$m</b>	<b>31 December 2008 \$m</b>
Cash at bank and in hand	<b>354.0</b>	<b>781.0</b>
<b>Cash and cash equivalents comprises:</b>		
Coal & Allied - cash held <sup>(1)</sup>	<b>338.8</b>	767.4
Coal & Allied's share of cash held in Joint Ventures	<b>15.2</b>	13.6
	<b>354.0</b>	<b>781.0</b>

<sup>(1)</sup> Includes cash of \$291.4 million (2008: \$744.5 million) deposited with Rio Tinto Finance Limited at an interest rates between 3.0 per cent and 4.4 per cent (2008: between 4.2 per cent and 7.3 per cent).

**Reconciliation to cash at the end of the year**

The above figures are reconciled to cash at the end of the year as shown in the statement of cash flows as follows:

Balances as above	<b>354.0</b>	781.0
Less: Bank overdraft	<b>(6.6)</b>	-
Balances as per statement of cash flows	<b>347.4</b>	<b>781.0</b>

**Note 7 Trade and other receivables****Current**

Trade receivables	<b>112.4</b>	195.4
Long service leave receivable from Coal Mining Industry (Long Service Leave Funding) Corporation	<b>42.7</b>	43.1
Amounts receivable from related entities	<b>101.5</b>	81.6
Prepayments	<b>14.2</b>	13.5
Other receivables	<b>26.4</b>	31.2
	<b>297.2</b>	<b>364.8</b>

**Non-current**

Other receivables	-	0.2
Long service leave receivable from Coal Mining Industry (Long Service Leave Funding) Corporation	<b>4.2</b>	2.6
Amounts receivable from related entities	<b>4.9</b>	0.3
	<b>9.1</b>	<b>3.1</b>

**Note 8 Inventories**

Coal stocks – at cost	<b>45.5</b>	31.5
Raw materials and stores – at cost	<b>44.0</b>	30.4
	<b>89.5</b>	<b>61.9</b>

**Note 9 Non-current assets classified as held for sale**

	Consolidated	
	31 December 2009 \$m	31 December 2008 \$m
Land - at cost	5.4	-
Deferred mining expenditure – at cost	7.0	-
Mining properties – at cost	19.9	-
	<b>32.3</b>	<b>-</b>
A reconciliation of the carrying amounts of land and mining properties held for sale is set out below:		
At 1 January	-	-
Reclassification from intangible assets (note 13)	7.0	-
Reclassification from property, plant and equipment (note 12)	25.3	-
At 31 December	<b>32.3</b>	<b>-</b>

**(a) Sale information - Maules Creek Coal Project**

Coal & Allied has entered into an agreement with Aston Resources Pty Limited to sell its undeveloped Maules Creek Coal Project in the Gunnedah Basin. Consideration for the transaction is \$480.0 million in cash, including a five per cent deposit (\$24 million), held in trust, that is refundable in limited circumstances. The transaction is expected to complete in early 2010. Completion of the transaction remains subject to customary closing conditions, including regulatory approvals. Coal & Allied expects an after tax gain of approximately \$315.0 million from the sale once the transaction completes. This excludes the effect of the impairment reversal discussed at (b) below and the recognition of previously unrecognised tax attributes (note 5).

**Sale information – Vickery Coal Project**

Coal & Allied has entered into an agreement with Whitehaven Coal Mining Limited to sell its Vickery Coal Project in the Gunnedah Basin for \$31.5 million in cash and a 1,156ha parcel of land in the Gunnedah region. Completion is expected to occur in the first quarter of 2010. Coal & Allied expects an after tax gain of approximately \$22.0 million from the sale once the transaction completes.

**(b) Impairment – Maules Creek Coal Project**

Immediately prior to reclassifying the Maules Creek Coal Project into 'Non-current assets classified as held for sale', the Group has remeasured the carrying amount of the assets as required under AASB 5 *Non-current Assets Held for Sale and Discontinued Operations*. This resulted in the reversal of an impairment provision which was included in the statement of financial position within accumulated depreciation and amortisation under mining properties of \$10.0 million in relation to Maules Creek. This increased other income by \$10.0 million and increased deferred tax expense by \$3.0 million in the statement of comprehensive income for the Group in the year ended 31 December 2009.

**(c) Segment information**

Both Maules Creek Coal Project and Vickery Coal Project are included in segment 'other'.

**Note 10 Land held for development or future sale**

	Consolidated	
	31 December 2009 \$m	31 December 2008 \$m
Land - at cost	3.8	3.8

**Note 11 Investments accounted for using the equity method**

Shares in associates	97.6	83.7
Shares in jointly controlled entities	1.9	1.3
	<b>99.5</b>	<b>85.0</b>

**Shares in associates and jointly controlled entities**

Investments in associates and jointly controlled entities are accounted for in the consolidated financial statements using the equity method of accounting.

**Note 12 Property, plant and equipment**

	Consolidated	
	31 December 2009 \$m	31 December 2008 \$m
<b>Freehold land – at cost</b>	<b>53.2</b>	39.5
<b>Mining properties</b>		
At cost	1,243.0	1,290.1
Less: Accumulated amortisation and depreciation	(492.1)	(452.0)
	<b>750.9</b>	838.1
<b>Plant and equipment</b>		
At cost	1,575.7	1,335.8
Less: Accumulated depreciation	(1,036.7)	(952.5)
	<b>539.0</b>	383.3
<b>Plant and equipment under finance lease</b>		
Under finance lease	18.1	56.8
Less: Accumulated amortisation	(13.5)	(30.4)
	<b>4.6</b>	26.4
<b>Capital work in progress – at cost</b>	<b>111.5</b>	159.1
<b>Total property, plant and equipment</b>	<b>1,459.2</b>	1,446.4

**Reconciliations**

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current and previous financial year are set out below.

	Freehold land \$m	Mining properties \$m	Plant and equipment \$m	Plant and equipment under lease \$m	Capital work in progress \$m	Total \$m
<b>2009</b>						
Carrying amount at 1 January	39.5	838.1	383.3	26.4	159.1	1,446.4
Additions - cash	-	-	-	-	183.2	183.2
Additions – non cash <sup>(1)</sup>	-	(36.8)	-	-	6.0	(30.8)
Disposals	-	-	(1.9)	-	(2.9)	(4.8)
Reversal of impairment loss <sup>(2)</sup>	-	10.0	-	-	-	10.0
Depreciation/amortisation expense	-	(28.3)	(86.3)	(2.0)	-	(116.6)
WIP transfer	-	6.9	224.1	-	(231.0)	-
Reclassification	13.7	(39.0)	19.8	(19.8)	(2.9)	(28.2)
Carrying amount at 31 December	<b>53.2</b>	<b>750.9</b>	<b>539.0</b>	<b>4.6</b>	<b>111.5</b>	<b>1,459.2</b>
<b>2008</b>						
Carrying amount at 1 January	6.4	864.8	352.9	29.3	139.5	1,392.9
Additions - cash	-	-	2.0	-	147.4	149.4
Additions – non cash	-	1.6	-	-	-	1.6
Disposals	-	-	(2.9)	-	-	(2.9)
Depreciation/amortisation expense	-	(33.7)	(62.5)	(2.9)	-	(99.1)
WIP transfer	23.9	10.1	93.8	-	(127.8)	-
Reclassification	9.2	(4.7)	-	-	-	4.5
Carrying amount at 31 December	<b>39.5</b>	<b>838.1</b>	<b>383.3</b>	<b>26.4</b>	<b>159.1</b>	<b>1,446.4</b>

(1) Includes revisions to capitalised closure provisions (note 18) and capital accruals.

(2) Refer to note 9(b) regarding reversal of impairment loss on mining properties.

**Note 13 Intangible assets**

	<b>Consolidated</b>	
	<b>31 December 2009 \$m</b>	<b>31 December 2008 \$m</b>
<b>Areas of interest in the exploration and evaluation phase</b>		
Deferred mining expenditure – at cost	<b>26.2</b>	33.2
Computer software – at cost	<b>8.2</b>	5.3
Less: Accumulated amortisation	<b>(2.2)</b>	(0.3)
	<b>6.0</b>	5.0
Other intangibles	<b>0.1</b>	0.1
<b>Total intangibles</b>	<b>32.3</b>	<b>38.3</b>

Reconciliation of the carrying amounts of each class of intangibles at the beginning and end of the financial year are set out below.

	<b>Exploration and evaluation \$m</b>	<b>Other \$m</b>	<b>Total \$m</b>
<b>2009</b>			
Carrying amount at 1 January	<b>33.2</b>	<b>5.1</b>	<b>38.3</b>
Amortisation	-	<b>(1.9)</b>	<b>(1.9)</b>
Reclassification	<b>(7.0)</b>	<b>2.9</b>	<b>(4.1)</b>
Carrying amount at 31 December	<b>26.2</b>	<b>6.1</b>	<b>32.3</b>
<b>2008</b>			
Carrying amount at 1 January	33.2	0.3	33.5
Amortisation	-	(0.3)	(0.3)
Reclassification	-	5.1	5.1
Carrying amount at 31 December	33.2	5.1	38.3

Amortisation of \$1.9 million (2008: \$0.3 million) is included in depreciation and amortisation expense in the statement of comprehensive income.

**Note 14 Deferred tax assets**

	<b>Consolidated</b>	
	<b>31 December 2009</b>	31 December 2008
	<b>\$m</b>	<b>\$m</b>
Deferred tax asset	<b>220.5</b>	<b>96.3</b>
The balance comprises temporary differences attributable to:		
<i>Amounts recognised in profit or loss</i>		
Rehabilitation and closure	<b>39.5</b>	37.3
Employee benefits	<b>33.1</b>	26.3
Lease liabilities	<b>1.8</b>	8.1
Tax recognised in advance on non-current assets classified as held for sale	<b>144.3</b>	-
Other provisions	<b>-</b>	4.3
	<b>218.7</b>	76.0
<i>Amounts recognised directly in equity</i>		
Cash flow hedge	<b>1.8</b>	20.3
	<b>220.5</b>	96.3
Set-off of deferred tax assets pursuant to set-off provisions	<b>(76.2)</b>	(96.3)
Net deferred tax assets	<b>144.3</b>	-
<b>Movements:</b>		
Opening balance 1 January	<b>96.3</b>	112.8
Credited (charged) to equity	<b>(18.6)</b>	(16.7)
Credited (charged) to the income statement	<b>142.8</b>	0.2
Closing balance 31 December	<b>220.5</b>	96.3
Deferred tax assets to be recovered after more than 12 months	<b>57.2</b>	84.9
Deferred tax assets to be recovered within 12 months	<b>163.3</b>	11.4
	<b>220.5</b>	96.3

**Note 15 Trade and other payables**

	<b>Consolidated</b>	
	<b>31 December 2009 \$m</b>	<b>31 December 2008 \$m</b>
<b>Current</b>		
Trade payables and accruals	131.5	145.7
Amounts payable to related parties	76.6	97.8
Other payables	24.4	34.1
	<b>232.5</b>	<b>277.6</b>
<b>Non-current</b>		
Amounts payable to related parties	-	0.3
Other payables	0.3	-
	<b>0.3</b>	<b>0.3</b>
<b>Note 16 Borrowings</b>		
<b>Current</b>		
Bank overdraft	6.6	-
Lease liability	1.8	20.8
Loans from related entities	37.3	168.8
	<b>45.7</b>	<b>189.6</b>
<b>Non-current</b>		
Lease liability	4.2	6.2
Loans from related entities	9.5	60.3
Other loans	1.0	1.0
Preference shares	0.9	0.9
	<b>15.6</b>	<b>68.4</b>
<b>Note 17 Employee benefits</b>		
<b>Current</b>		
Annual leave	27.9	25.0
Sick leave	24.6	26.2
Long service leave	52.8	52.3
Other	4.0	1.8
	<b>109.3</b>	<b>105.3</b>
<b>Non-current</b>		
Long service leave	4.3	3.2
<b>Note 18 Provisions</b>		
<b>Current</b>		
Mine site rehabilitation	6.4	7.4
Other	1.4	5.5
	<b>7.8</b>	<b>12.9</b>
<b>Non-current</b>		
Mine site rehabilitation	64.9	65.8
Mine site closure	111.6	138.0
	<b>176.5</b>	<b>203.8</b>

**Note 18 Provisions (cont'd)**

**Movement in provisions**

Movements in each class of provision during the financial year, other than employee benefits, are set out below.

	<b>Mine site rehabilitation</b>	<b>Other</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
<b>Current - 2009</b>			
Carrying amount at 1 January	7.4	5.5	12.9
Additional provisions recognised (released)	(1.5)	-	(1.5)
Reclassification	1.1	-	1.1
Provisions capitalised to Mining Properties	-	(2.0)	(2.0)
Payments/other sacrifices of economic benefits	(0.6)	(2.1)	(2.7)
Carrying amount at 31 December	<b>6.4</b>	<b>1.4</b>	<b>7.8</b>

**Non-current - 2009**

	<b>Mine site rehabilitation</b>	<b>Mine site closure</b>	<b>Total</b>
	<b>\$m</b>	<b>\$m</b>	<b>\$m</b>
Carrying amount at 1 January	65.8	138.0	203.8
Additional provisions recognised (released)	(3.3)	-	(3.3)
Reclassification	(1.1)	-	(1.1)
Provisions capitalised to Mining Properties	-	(34.8)	(34.8)
Unwinding of discount	3.5	8.4	11.9
Carrying amount at 31 December	<b>64.9</b>	<b>111.6</b>	<b>176.5</b>

**Note 19 Current tax liabilities**

	<b>Consolidated</b>	
	<b>31 December 2009</b>	31 December 2008
	<b>\$m</b>	<b>\$m</b>
Income tax	268.1	283.3

**Note 20 Deferred tax liabilities**

Deferred tax liability	230.0	223.4
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The balance comprises temporary differences attributable to:

*Amounts recognised in profit and loss*

Inventories	19.5	12.5
Unrealised foreign exchange gain (loss)	0.1	(1.6)
Land	5.9	3.0
Other property, plant and equipment	189.4	195.8
Diesel fuel rebate	1.1	1.0
Receivables	14.0	12.7
	<b>230.0</b>	<b>223.4</b>
Set-off of deferred tax assets pursuant to set-off provisions	<b>(76.2)</b>	<b>(96.3)</b>
<b>Net deferred tax liability</b>	<b>153.8</b>	<b>127.1</b>

**Note 20 Deferred tax liabilities (cont'd)**

	Consolidated	
	31 December 2009 \$m	31 December 2008 \$m
<b>Movements:</b>		
Opening balance 1 January	223.4	241.5
Charged (credited) to the income statement	6.6	(18.1)
Closing balance at 31 December	230.0	223.4
Deferred tax liabilities to be settled after more than 12 months	196.2	209.0
Deferred tax liabilities to be settled within 12 months	33.8	14.4
	230.0	223.4

**Note 21 Contributed equity****Share capital**

Ordinary shares - fully paid (\$m)	440.9	440.9
Ordinary shares - fully paid (number of shares)	86,584,735	86,584,735

**Note 22 Reserves and retained profits****(a) Reserves**

Asset revaluation reserve	-	-
Cash flow hedges reserve	(1.5)	(46.5)
Share-based payments reserve	1.3	0.6
	(0.2)	(45.9)

**Movements:**

Asset revaluation reserve		
Balance 1 January	-	7.0
Amount transferred to retained profits	-	(7.0)
Balance 31 December	-	-

## Cash flow hedges reserve

Balance 1 January	(46.5)	(91.6)
Revaluation	5.9	(69.3)
Transfer to net profit	39.1	114.4
Balance 31 December	(1.5)	(46.5)
Total change in fair value recognised directly in equity during the year	45.0	45.1

## Share-based payments reserve

Balance 1 January	0.6	1.9
Options exercised	(0.5)	(1.6)
Options expense	1.2	0.3
Balance 31 December	1.3	0.6
Total change recognised directly in equity during the year	0.7	(1.3)

**(b) Retained profits**

Retained profits at the beginning of the financial year	1,090.6	440.0
Net profit attributable to members of Coal & Allied Industries Limited	585.5	803.8
Transfer from asset revaluation reserve	-	7.0
Dividends provided for or paid	(614.8)	(160.2)
Retained profits at the end of the financial year	1,061.3	1,090.6

**Note 22 Reserves and retained profits (cont'd)**

**(c) Nature and purpose of reserves**

*Asset revaluation reserve*

The asset revaluation reserve was used to record increments and decrements on the revaluation of non-current assets. The reserve was fully realised in 2008.

*Cash flow hedges reserve*

The hedging reserve is used to record gains or losses on cash flow hedges that are recognised directly in equity. Amounts are recognised in profit and loss when the associated hedged transaction affects profit and loss.

*Share-based payments reserve*

The share-based payments reserve is used to recognise the fair value of options issued but not exercised.

**Note 23 Non-controlling interest**

	<b>Consolidated</b>	
	<b>31 December 2009</b>	31 December 2008
	<b>\$m</b>	<b>\$m</b>
Interest in share capital	<b>1.4</b>	1.4

**Note 24 Reconciliation of operating profit after income tax to net cash inflow from operating activities**

Profit for the year	<b>585.5</b>	803.8
Depreciation and amortisation	<b>118.5</b>	99.4
Unrealised foreign exchange loss	<b>2.5</b>	0.8
Unwinding of discount	<b>11.9</b>	13.6
(Gain) loss on sale of non-current assets	<b>(1.0)</b>	2.9
Fair value adjustment to derivatives	<b>(7.8)</b>	(48.0)
Reversal of impairment loss on mining properties	<b>(10.0)</b>	-
Write off capital work in progress	<b>2.9</b>	-
Share of profits of equity accounted units not received as dividends	<b>(14.5)</b>	(4.6)
Change in operating assets and liabilities		
(Decrease) increase in current tax liabilities	<b>(15.2)</b>	278.3
Increase (decrease) increase in deferred tax liabilities	<b>26.7</b>	(1.6)
Decrease (increase) in current receivables	<b>67.6</b>	(112.7)
(Increase) decrease in inventories	<b>(27.6)</b>	9.2
(Increase) in deferred tax assets	<b>(144.3)</b>	-
(Increase) in non-current receivables	<b>(6.0)</b>	(1.5)
(Decrease) increase in payables	<b>(50.2)</b>	142.3
Increase in current employee benefits	<b>4.0</b>	8.7
(Decrease) increase in other current liabilities and provisions	<b>(8.9)</b>	1.9
Increase in non-current employee benefits	<b>1.1</b>	1.2
(Decrease) increase in non-current liabilities and provisions	<b>(4.4)</b>	12.7
<b>Net cash inflow from operating activities</b>	<b>530.8</b>	1,206.4

**Coal & Allied Industries Limited**

Notes to the preliminary final report for the financial year ended 31 December 2009

**Note 25 Earnings per share**

	<b>Consolidated</b>	
	<b>31 December 2009 Cents</b>	31 December 2008 Cents
Basic earnings per share	<b>676.2</b>	928.3
Diluted earnings per share	<b>676.2</b>	928.3
Weighted average number of ordinary shares used as the denominator in the calculation of both basic and diluted earnings per share – (number of shares)	<b>86,584,735</b>	86,584,735
	<b>31 December 2009 \$m</b>	31 December 2008 \$m
Reconciliation of earnings used in calculating both basic and diluted earnings per share		
Profit attributable to members of Coal & Allied Industries Limited	<b>585.5</b>	803.8
Profit attributable to the ordinary equity holdings of the company used in calculating both basic and diluted earnings per share	<b>585.5</b>	803.8

**Information concerning the classification of securities**

Redeemable preference shares are not considered potential ordinary shares and are therefore excluded from the above calculations.

**Note 26 Contingent liabilities**

During the year, the difference of opinion that arose between the joint venture parties as to the interpretation of a commercial agreement governing two of the Coal & Allied joint ventures was settled.

There have been no significant changes to any other contingent liabilities listed in the 2008 annual report.

**Information on audit or review**

This preliminary final report is based on audited accounts to which one of the following applies :

The accounts have been audited.

The accounts are in the process of being audited or subject to review.

The accounts have been subject to review.

The accounts have not yet been audited or reviewed.