



Solid Energy New Zealand Ltd

Results for Announcement to the Market

Reporting period	Twelve months to 30 June 2010
Previous reporting period	Twelve months to 30 June 2009

	12 months to 30 June 2010 (\$000s)	12 months to 30 June 2009 (\$000s)	Percentage change
Revenue from ordinary activities	\$689,829	\$979,503	(29.6)%
Profit (loss) from ordinary activities after tax	\$67,837	\$110,764	(38.8)%
Net profit (loss)	\$67,837	\$110,764	(38.8)%
Dividends paid	\$54,000	\$59,875	(9.8)%
Dividend payment dates	\$24M paid 30 September 2009, \$30M paid 31 March 2010.		

<p>Comments</p> <p>A brief explanation of any of the above figures necessary to enable them to be understood.</p>	<p>The financial statements were approved by the Board of Directors on 23 August 2010 and are due to be tabled in Parliament on 30 September 2010.</p> <p>Financial Performance</p> <p>Solid Energy has reported a net profit after tax of \$67.8 million (2009: \$110.8 million) for the year ended 30 June 2010. This is a major turnaround from the \$6.5 million loss at the half year. Total base revenue for the year was \$690 million (2009: \$980 million). In what has again been a 'year of two halves' almost two thirds of total revenue (\$433 million) was in the second half year.</p> <p>The first six months were difficult, with a continuing fall in international demand, low export coal prices and prolonged industrial action at our mines. Internationally, traded hard coking coal prices moved from annual to quarterly price setting during the year, and recovered from a low of under US\$100/tonne early in 2009 to US\$200/t in the fourth quarter. Semi-soft and thermal coal prices recovered similarly.</p> <p>The full year result was boosted by higher export prices for some hard coking coal shipments carried over from a 2009 customer commitment and a number of one-off items including and additional unbudgeted sales</p>
--	--

to New Zealand Steel. We also wrote-back the prior year's \$6 million impairment to our coal seam gas project, after we bought out our US partner.

These gains were partly offset by an \$8 million deferred tax write-off following the removal of tax deductibility for depreciation on buildings with lives of more than 50 years.

Our export coal sales are priced in US dollars (USD). New Zealand dollar (NZD) revenue from these sales is calculated and reported using the spot NZD:USD exchange rate at the time of sale. The USD fell on average against the NZD during the year. This decreased our NZD revenue reported at spot, offset partly by a corresponding gain from foreign exchange hedging which contributed \$30 million before tax.

Dividends

Solid Energy paid dividends of \$54 million during the year: \$24 million on 24 September 2009, and a further \$30 million on 31 March 2010.

Outlook

The company has emerged from the global economic downturn strongly with the successful completion of a number of major capital projects, that will allow us to increase production in our coal and renewables businesses. During the year we also continued development and investment in a range of other business areas that will create significant future value. In the Waikato, our underground coal gasification pilot is in development and we are preparing to expand our coal seam gas project. We have advanced all our Southland lignite conversion projects significantly including briquetting, humates, urea and transport fuels. During the 2011 year we expect to start construction of demonstration-scale plants for lignite briquetting and a new technology that can convert lignite and biomass directly to crude oil.

These projects all have good prospective returns. Their capital demands will be largely supported by strong operating cashflows from our existing operations, but our debt will also increase significantly.