Coal Services

Annual Report 2008/2009

CS

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Coal Services Pty Limited and its subsidiary entities, Coal Mines Insurance Pty Limited and Mines Rescue Pty Limited, are proprietary companies subject to the regulatory regime of the Commonwealth's Corporations Act 2001.

The main objectives of Coal Services stemming from its Mission are:

- To operate an innovative, efficient, effective, competitive and fully funded workers' compensation insurance scheme for the coal mining industry in New South Wales.
- To provide the NSW coal mining industry with an occupational health service that delivers quality medical assessments, rehabilitation, risk and injury management, work environment monitoring and health educational material tailored to the needs of those working in the NSW coal industry.
- To provide a rescue service to the NSW coal industry that can quickly and effectively respond to and assist in the control of emergencies at mines enabling the escape/ rescue of persons from those emergencies, and to ensure that members of the Brigade are adequately trained in mines rescue procedures.

Our Vision:

To be a recognised leader in the provision of workers' compensation, health, safety and mines rescue services

Our Mission:

To enable our customers to improve their outcomes by providing quality services and expert solutions in insurance, health, safety and mines rescue

Our Values:

To act at all times with integrity, honesty and professionalism

Who We Are:

An industry-owned, workplace-focussed organisation providing best practice occupational health, safety, workers' compensation insurance and mines rescue services as a model for all industries.

CSPL's Values

People – we respect each other and operate as part of a single team

Customer Focus – we anticipate the needs of our customers and absorb their feedback

Outcome Focus – we deliver solutions, finding the most efficient means to achieve them

Integrity – we operate in an environment of honesty with our intentions clearly stated

Continuous Improvement – we are relentless in improving our operations to the benefit of customers and colleagues

Communication – we appreciate that communication is a two way function concerning both the feedback we receive and the message we deliver

Year at a Glance

CSPL Group

	2008/09
	$'000
Net earned premium	87,086
Net claims expenses	(65,916)
Underwriting profit	21,170
Gross investment incomes	(40,067)
Total operating expenses	(53, 597)
Net profit after tax	(28,669)
Net outstanding claims	(313,313)
Net assets	64,882

CS Health

- 33% increase in overall services provided during 2008/09
- 32% increase in drug & alcohol testing across the industry
- 8% increase in occupational rehabilitation referrals during 2008/09

Coal Mines Insurance

- 2,167 new claims were registered during 2008/09
- 83% of all claims finalised during the year were resolved in the first 26 weeks
- Targeted scheme rate of 3.5% for 2008/09
- The number of open active claims managed by CMI increased by 5.2% from 1,305 to 1,373

Mines Rescue

- Nitrogen Mineshield callouts to control suspected heating and explosive atmosphere at 2 mines
- Rescue of mineworkers trapped in shaft
- Completed building and Virtual Reality upgrade
- Brigade numbers increased to 500
- Increased statutory official training, including undermanagers

Regulation & Compliance

- Increased demand and employment in Occupational Hygiene Services
- Completed Order 34 audits and approvals for all coal mines
- Continued development and improvements in Virtual Reality training modules
- Marketing delegations to China and USA
- CMTS successfully continued expansion of its QLD and International markets
- Changed VR module development supply contractor
- Publication of Airborne Dust Booklet & distribution to industry

Chairman's Report 2008/09

There are two main drivers of the performance of CSPL, firstly the financial health of the NSW coal industry, and secondly the investment returns on funds held to meet outstanding workers compensation claims liabilities. CSPL's performance in 2008/2009 brings these factors into sharp focus, where the effects of underlying strong industry performance were offset by negative returns on investments caused by the Global Financial Crisis.

The excellent Statistical service operated by CSPL provides the evidence needed to show the state of the coal industry in NSW during the past year. At June 30 2009, the number of operating mines remained unchanged from the year before at 60, made up of 29 underground mines and 31 open cut.

Raw coal production increased by 2.6% to 182 million tonnes, while saleable production increased by 2.4% to 138 million tonnes. NSW exports were a record 103.3 million tonnes, up 2.8%, and the FOB value of these exports reached an extraordinary A$17.1 billion, an increase of 107% on the year before.

Production employment data shows an increase of 10% in the NSW coal industry to 16,961 employees.

Despite this very healthy performance by the industry, CSPL recorded a consolidated loss after tax for the year of $28.7 million, caused in large part by investment losses of $40.1 million. The latter months of the year showed improving investment performance, but not to the extent necessary to offset the large losses incurred by investment markets generally in the months following the collapse of Lehman Brothers in September 2008.

The industry continued to enjoy relatively low premiums on their workers compensation insurance, showing the benefits of improved performance in injury and claims management in recent years. The table on page 13 shows the average scheme rates at 30 June of each year since CSPL started, and the rate for 2009 of 3.41% compares very favourably to the peak rate of 11.13% of assessable wages in 2003. The Coal Mines Insurance scheme had a total of 591 policies open at June 2009 which is an increase from 564 at June 2008. The scheme covered 19,312 employees and assessable wages of $2.055 billion.

Coal Services Health (CSH) continued to provide pre-employment medicals, periodic medicals, treatment and rehabilitation services at industry leading levels, and developed new services in the areas of corporate wellness programs, fatigue management, drug & alcohol awareness and manual handling training. A total of 31,165 services were provided by CSH during the year, a 32% increase on the 2008 total of 23,624. Total services provided have more than doubled in the past five years.

One of the main challenges facing the coal industry is the ageing of its workforce. The new or refurbished facilities now available following CSPL's modernisation program in recent years has allowed CSH to offer an increased range of services aimed at addressing many of the health issues associated with an ageing workforce, including fully equipped gymnasiums at each of our regional offices.

The Mines Rescue Service (MRS) maintained its emergency response readiness during the year, with all stations completing their annual review of emergency systems. The number of active (ready to respond) brigadesmen increased from 363 to 397, which meets the targeted level of emergency support, but work is underway to further improve active status.

The Regulation & Compliance division of MRS continued to meet its statutory and commercial obligations. The provision of gas detection equipment and associated training and support through CMTS, Occupational Hygiene Services providing dust and diesel particulate sampling and noise monitoring, and Order 34 Training and Competency plan approvals all come under this division, and all maintained strong levels of activity during the year.

All four MRS Training Centres continued the successful launch of the Virtual Reality (VR) facilities and usage of the facilities increased strongly during the year. Consultation with industry stakeholders continued to provide relevant training modules aimed at improving industry safety performance. The use of the facilities for operational training is also growing with statutory training of mine officials providing continuing growth. Strong interest in the MRS VR facilities and their training product is evident with enquiries coming from both within Australia and from overseas.

All of CSPL's activities have benefited from the professionalism and dedication of our management and staff, and on behalf of the Board of Directors, I extend our gratitude and acknowledgement to them for their efforts.

Anthony J Haraldson AM

Chairman

Managing Director's Report

The legacy of good work undertaken to improve our service delivery and strong financial base built up over the past seven years, has ensured that Coal Services Pty Limited (CSPL) remains a financially viable organisation with net assets of $64.9m. The continued impact of the Global Financial Crisis (GFC) through the 2008-09 year has taken some of the gloss off what has been a strong operational year for CSPL.

The turnaround in financial markets during the second half of the year was not sufficient to take investment returns for the year into positive territory. Our overall investment result was down by $40m for the year. Whilst investment returns are an important factor in helping to maintain the fully funded status of our outstanding claims liabilities, they are not our core business.

The continued buoyant performance of the coal mining sector lead to significant growth opportunities for Mines Rescue and Coal Services Health (CSH), whilst the reduction in frequency of claims, together with continued strong claims management practices, proved beneficial to the coal industry's workers compensation insurer, Coal Mines Insurance (CMI).

CSH, for the third year running, experienced a substantial increase in services provided. Overall, the number of medical services (pre-employment and periodic monitoring of workers health), treatment services (physiotherapy) and rehabilitation services increased by a third. The continued increase in demand for drug and alcohol testing (33% increase) and rehabilitation services (8%) were the major contributors to the growth.

The Environmental Monitoring Group also increased the number of services it provided in 2008/09 by a further 17%. The establishment in the Queensland coal fields during 2007/08 assisted in the increase in services, though the major contribution came from the Western NSW coal fields. The only noted decline in services for the year, related to testing of diesel particulates.

During the year, a total of 74 training programs for mine sites were assessed under Order 34 training and competency requirements, with zero non compliant training programs identified.

The insurance operations of CMI continued with its commitment to improving case management practices. Following a half year increase in outstanding claims liability, predominately predicated on the expected impact from the GFC, the year ended on a positive note with a $17.1m reduction in outstanding claims estimates. Overall claim payments for the year were down $7.1m or 11% on the previous year.

The continued growth of the coal mining industry in NSW lead to a 17% increase in assessable wages. This subsequently meant that the 2008/09 scheme target premium of 3.50% was surpassed and the actual premium rate as a percentage of wages for the scheme was 3.41%.

Over the past five years, our strong insurance scheme results have ensured that, notwithstanding any impact of the GFC, the targeted scheme rate for 2009/10 accident year has been kept to a modest increase to 3.90% of assessable wages. The drivers for the 11% increase in the rate are an expected reduction in wages, increased claims and ultimately an increase in claims payments.

The respect and stature that Mines Rescue Pty Limited (MRS) has earned within the mining sector continued to grow during the year. Brigade numbers increased by 17% to 499 trained personnel within the NSW coal mining sector ready to assist in an emergency, if the need arises.

All MRS operations now house world leading Virtual Reality (VR) training facilities following the commissioning of the Lithgow and Singleton stations earlier this year. During the year, approximately 6,000 trainees were provided with safety and operational training through the use of VR technology, including the iDOME and 360 degree AVIE technology.

Following this success, MRS has received visits from international delegations from United States of America, South Afica, China and the United Kingdom, as well as various NSW and Federal government departments and officials to gain a better understanding of the VR training techniques being provided by MRS in NSW. All who have accessed the facilities have been impressed with our ability to train people in hazard awareness and risk mitigation techniques, without exposing individuals to physical harm.

During the 2008/09 year, MRS was only called upon once to respond to an emergency situation at the Austar colliery. Fortunately, this was a successful recovery of personnel trapped in an elevator shaft.

In summary, 2008/09 was a year where the potential of the organisation started to be realised. We are well placed to take optimum benefit from the many opportunities that are being provided to CSPL, without impeding service delivery to our current customer base.

I would like to thank all staff within the CSPL group for their efforts during the year. The results mentioned above don't just happen. Their ongoing dedication to continuously improving the value we bring to our customer base, focusing on our mission of providing our customers with superior services, and active personal development, all ensure that we are well placed to achieve better outcomes in the future.

T. Middlebrook
Managing Director/CEO

Corporate Governance Statement

Coal Services Pty Limited (CSPL) has a set of values that recognises its responsibilities to its stakeholders, customers and employees. The Board of CSPL places great importance on the highest standards of governance and continually reviews its governance practices.

The Board is responsible for the business of Coal Services Pty Limited and its controlled entities, Coal Mines Insurance Pty Limited and Mines Rescue Pty Limited. The Board sets strategic direction and establishes goals for management and monitors achievement of those goals. The Board operates its monitoring roles through several Board Committees:

- Board Audit & Risk Management Committee - oversights the risk management framework through a monitoring system of internal controls and establishment of appropriate ethical standards.
- Board Finance & Investment Committee – oversights financial reporting and accounting treatment of the Group's activities and the strategic asset allocations of its investment portfolio.
- Insurance Committee – oversights the operation and effectiveness of the NSW coal workers' compensation scheme including review of actuarial valuation methods and constants.

The Board is comprised of 7 persons, all of whom are appointed as Directors by the Minister with responsibility for administering the Coal Industry Act 2001. Two directors are nominees of the CFMEU, two are nominees of the NSW Minerals Council, and two are independent directors having relevant expertise who are nominated jointly by the CFMEU and the Minerals Council.

The seventh director is the Managing Director and CEO appointed from among persons nominated by the other directors.

Directors can be appointed by the Minister for terms of up to five years. At the expiration of the term of appointment a director is eligible for reappointment

The Chairperson is appointed on a rotational basis every two years between a CFMEU director and a NSW Minerals Council director. The current Chairman is Mr Anthony Haraldson, AM.

The CSPL Board normally holds six formal board meetings a year but also meets whenever necessary to carry out its responsibilities. During 2008/09 six board meetings were held.

Board Meetings

1 July 2008 to 30 June 2009

Director	Eligible to Attend	Attended
Tony Haraldson	6	6
Ron Land	6	6
James Mackrill	6	6
Tony Middlebrook	6	6
Wayne McAndrew	6	5
Ross Taylor	6	5
Kieren Turner	6	4

Conflict of Interest

Directors are required to continually monitor and disclose any potential conflict of interest that may arise. Directors must:

- Disclose any actual or potential conflicts of interest that may exist as soon as the situation arises
- Take any reasonable steps to resolve any conflict of interest within an appropriate period or deemed appropriate by that director
- Comply with the Corporations Act 2001 requirements about disclosing interests and restrictions on voting

All directors make a declaration on conflicts of interest prior to commencement of Board meetings.

Risk Management and Control

The Board is responsible for the overall internal control framework and, to assist in discharging their responsibility, the directors, through the Managing Director/CEO, have established an internal control framework which includes:

Risk Management & Internal Control System

The risks involved in achieving the objectives established by directors, and the system of internal control put in place to ensure that those risks are kept within acceptable limits, are monitored by the Board Audit & Risk Management Committee.

Financial Reporting

A comprehensive financial reporting and budgeting system is in place. Actual results are reported against budget each month to directors and variations examined.

Fraud Control

A fraud control plan is in place. Risk-based audits, with particular emphasis on fraud, are conducted by the internal auditor. The current assessment is that the potential for fraud is low across the Group.

Internal & External Audit

Internal Audit reports to the Company Secretary and Treasurer and also reports directly to the Chairman of the Board Audit & Risk Management Committee on matters of Risk and Governance. Internal Audit is responsible for monitoring, investigating and reporting on the system of internal controls and the risks that this system mitigates. An internal audit charter is maintained and is regularly referenced by management and Internal Audit.

Under the Corporations Act, 2001, Coal Services Pty Limited and its controlled entities are subject to external audit on a fee-for-service basis. KPMG were appointed auditors for the company for the year ending 30 June 2009.

Operational Plan

The Board is required to submit an annual operating plan to the Minister each year. The plan must contain the proposed strategy of the company in exercising its functions in the period to which the plan relates, and such other matters as may be required to be included in the plan by regulations made under the Coal Industry Act. An annual operating plan for 2008/09 was prepared and submitted to the Minister in May 2008.

Investments

The Board monitors investment on a monthly basis and regularly reviews its investment strategy. Approximately half of the Board's investments are managed by external fund managers who provide monthly performance reports which are considered by the Board Finance and Investment Committee, before being referred to the Board.

The company, as a long term insurance operation, maintains a balanced investment profile and a long term outlook.

Code of Conduct

The Board has instituted a code of conduct for the chairman and directors to ensure they act in good faith, with appropriate skill, care and diligence. Directors have a fiduciary duty of loyalty to Coal Services Pty Limited and its controlled entities and, in order to meet these requirements, the chairman and directors must, at all times:

- act honestly;
- exercise due care in the performance of their duties;
- be diligent, attend Board meetings and ensure they are knowledgeable about the operation of CSPL and its controlled entities;
- ensure that systems are established to provide sufficient and accurate data on a regular and timely basis to enable directors to discharge their duty of care and diligence;
- act in the interests of the company as a whole;
- avoid conflicts of interest;
- be independent in their judgements and actions; and
- not release information outside the Board Room unless there is agreement of directors to do so.

Ethical Standards

The Board is responsible to the stakeholders who comprise the NSW coal industry; the workers and the management of the coal mining companies to whom we provide a service. The Board constantly strives to reduce costs to ensure premiums are minimised and the services provided on a "user pays" basis are efficient, high quality and at reasonable cost. Suppliers of goods and services to the Board have an opportunity to compete for our business on a fair and equitable basis.

Advice to Ministers is provided in a timely manner.

The Board is also responsible to its employees and each are considered and treated as an individual. It respects the dignity and recognises the merit of each employee. Remuneration is fair and adequate, and working conditions clean, orderly and safe. Employees are encouraged to communicate and suggest improvements. Equal opportunity for employment, development and advancement is available to all. The Board provides competent management and the actions of management are just and equitable.

Privacy

Coal Services Pty Limited (CSPL), and its controlled entities, has a firm commitment to privacy, in accordance with the principles outlined in the Privacy and Personal Information Protection Act, 1998, and all officers of CSPL are subject to this Act.

Statistics

Coal Services Statistics offers a wide range of statistics on the NSW and Australian coal industries on a fee for service basis. Our standard bulletins and customised reports are underpinned by ongoing comprehensive coal supply, demand and workforce statistical surveys.

Industry Overview

The number of coal mines in operation in NSW at 30 June 2009 remained unchanged at 60 from 30 June 2008, with 29 underground mines (including 18 longwall operations) and 31 open cuts. During the twelve months, two open cut mines (one in the West and one in the Hunter district) and a longwall mine in the Newcastle district closed. These closures were offset by two open cuts commencing operations in the Gunnedah district and an underground mine opening in the Newcastle district.

In the financial year 2008-09, raw coal production increased by 2.6% reaching a record tonnage of 182 million tonnes. Saleable coal production was 2.4% higher than in 2007-08, reaching over 138 million tonnes.

Over the last ten years open cut coal mines have had an average annual increase in raw coal production of 4% and underground mines have had an average annual increase in raw coal production of just over 2%. Underground mines with longwalls have experienced an average annual increase in raw coal production of 4.5%.

Production employment data shows an increase in NSW coal industry of over 10% to 17,030 during the year ended 30 June 2009.

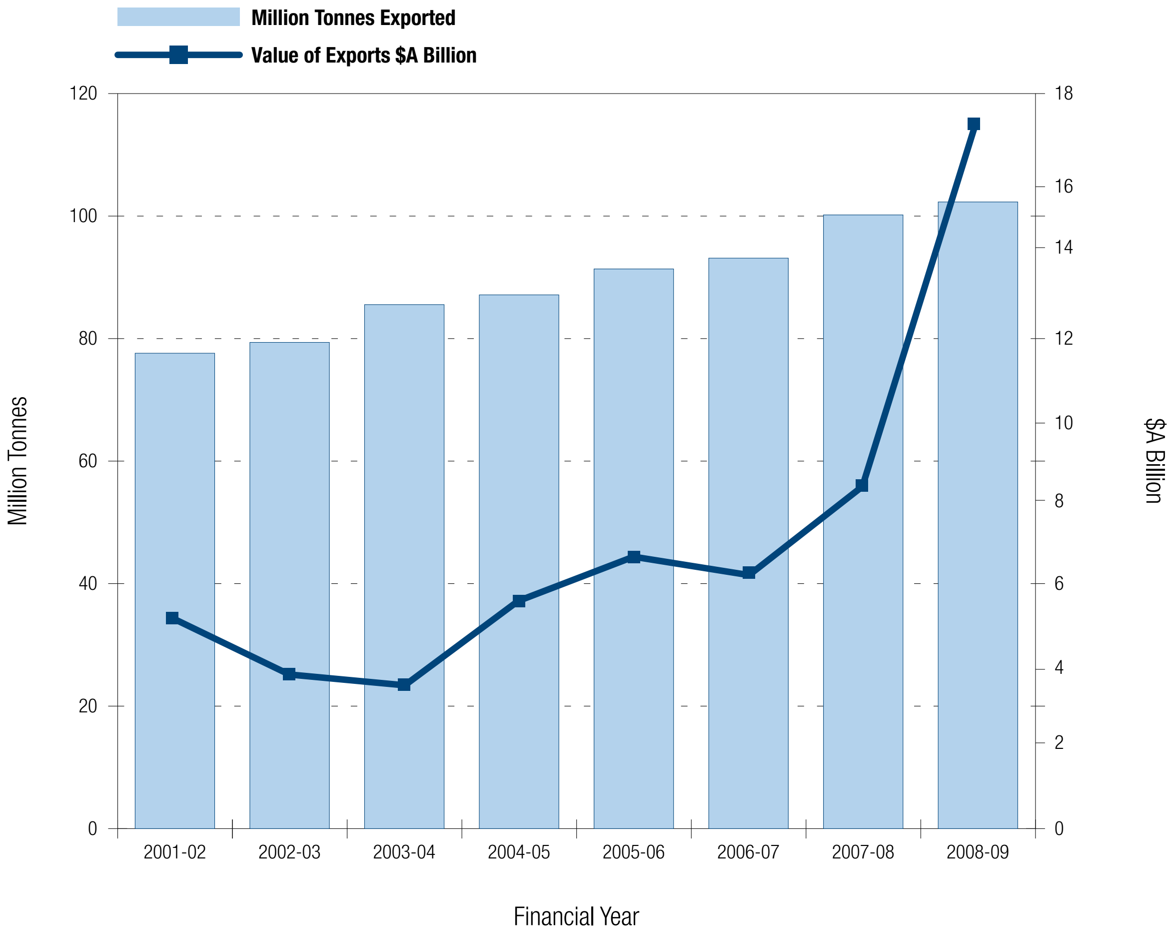
NSW exported a record 103.3 million tonnes of coal in financial year 2008-09 an increase of 2.8% on the tonnage exported in 2007-08. Metallurgical coal exports were down 4.2 million tonnes or 16.5% to 21.2 million tonnes while steaming coal exports reached a record 82.1 million tonnes, up 9.3% on 2007-08.

Japan remains NSW's largest customer with sales of 56.3 million tonnes, however this was 5 million tonnes less than the tonnage exported in 2007-08. The Republic of Korea is the next largest customer with 17 million tonnes, up 22.7% on last year and representing 16.5% of the market. Taiwan is the next largest customer with 12.3 million tonnes and then China with 4.8 million tonnes, up from 1.1 million tonnes in 2007-08.

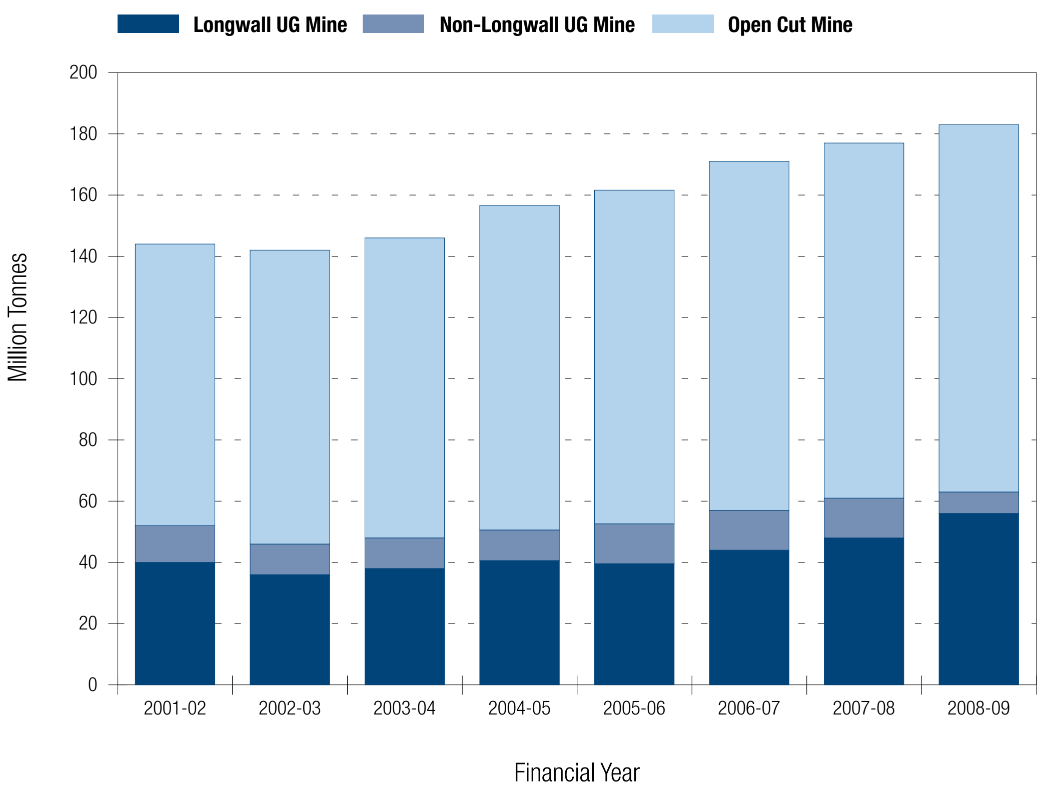
The FOB value of these exports reached an extraordinary $A17.1 billion, an increase of almost 107%. The FOB value of steaming coal rose 100% to $A11.4 billion and metallurgical exports reached $A5.7 billion, up almost 121% on the previous financial year. The average FOB value per tonne for 2008-09 of all exports reached $A165.95, more than double the 2007-08 price.

NSW Coal Industry Statistics	01-02	02-03	03-04	04-05	05-06	06-07	07-08	08-09
Number of coal mines at 30 June	56	56	52	55	58	60	60	60
Raw coal production, million tonnes	145.2	143.1	147.0	156.3	161.1	170.3	177.2	182.0
Saleable coal production, million tonnes	114.3	111.5	114.2	122.1	124.6	131.3	135.1	138.5
Coal sales within Australia, million tonnes	33.9	34.0	32.8	34.3	34.1	36.3	36.8	37.0
Coal exports overseas, million tonnes	77.5	79.3	85.0	86.6	89.8	91.5	100.5	103.3
FOB value of coal exports overseas, $A billion	4.7	3.9	3.7	5.5	6.7	6.2	8.3	17.1
Average FOB value of coal exports, $A per tonne	60.79	48.60	43.85	63.43	74.92	67.46	82.52	165.95
Average number of employees insured	10,819	10,820	10,736	12.272	14,726	16,691	17,628	19,312
Number of production employment at June 30	10,052	9,758	9,998	11,290	12,658	13,392	15,387	17,030
Average age of mineworkers at 31 December	43.5	43.5	43.5	43.4	42.7	42.0	42.5	41.3
Average weekly earnings of mineworkers $	1,718	1,791	1,842	1,933	2,009	2,083	2,141	2,299
Saleable coal output per mineworker per year, tonnes	11,400	10,990	11,380	11,680	10,240	9,970	9,430	8,410
Saleable coal output per mineworker per hour, tonnes	5.81	5.80	5.82	5.73	4.95	4.87	4.74	4.15
Days worked per mineworker per year	280.4	270.5	279.2	291.1	295.6	292.2	284.4	287.5
Days lost per mineworker due to industrial disputes	0.6	0.7	0.2	0.3	0.1	0.1	0.1	0.1
Days lost per mineworker due to workers' compensation	3.1	3.0	2.4	2.1	1.4	1.2	1.0	1.0
Lost-time injuries per million tonnes raw coal produced	4	3	3	2	3	3	2	2
Lost time injuries per million tonnes saleable coal produced	5	4	4	3	3	3	3	3
Lost time injuries per million hours worked	27	23	22	18	17	16	14	14

New South Wales Coal Exports



New South Wales Annual Raw Coal Production by Method of Mining




COAL SERVICES

Coal Mines Insurance

Vision

To operate an innovative, efficient, competitive and fully-funded workers compensation insurance scheme for the coal mining industry in New South Wales

Scheme Performance

Although our claims management performance continues to remain strong, lower interest rates have increased overall claims liabilities. In spite of this market challenge, we have been able to maintain a low target premium rate for the 2009/2010 premium year of 3.9%

Of significance was the increase in the net central claims estimates from the Scheme actuary from $246.5 million as at 30 June 2008 to $279.7 million as at 30 June 2009.

Scheme Premium Rate

The actual Scheme Rate (as at 30 June 2009) of 3.41% for 2008/2009 is a reflection of the Scheme's continued strong performance during the last twelve months.

There has been a slight increase in the average actual scheme rate from 2007/2008 (3.35%) to 2008/2009 (3.41%). The actual scheme rate achieved being within the targeted premium rate of 3.5% for the year.

The following graph shows the actual scheme rate for the past 7 years. While CMI continued to focus on strategies that are targeted to further reduce the scheme rate, external factors can also influence that which includes OH&S practices, Injury Management policies and the state of the industry. Scheme Details

The scheme had a total of 591 policies open at the 30th June 2009 which is an increase from 564 as at 30 June 2008.

These policies covered an average of 19,312 employees and assessable wages of $2.055 billion.

Claims Management

The existing claims structure and case management model has continued to be successful throughout the 2008/2009 year focussing on achieving early return to work for injured workers and improving claim duration rates.

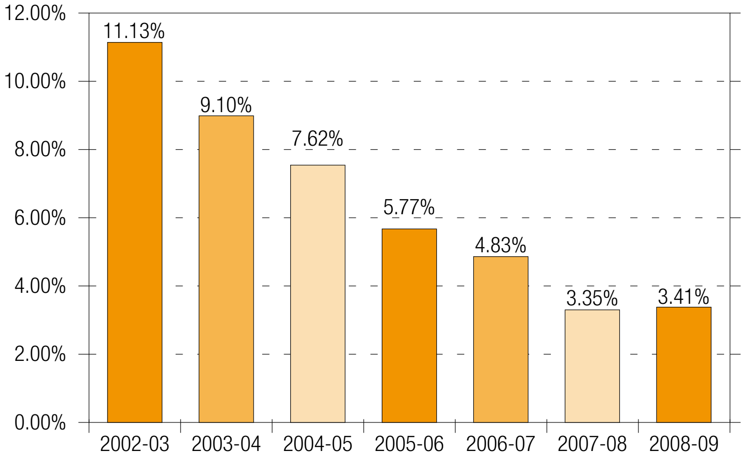
CMI continued with its internal audit practices of assessing key performance indicators each month with the aim of working towards best practice economic and social outcomes for the scheme.

The audit result for June 2009 was 98% against an expected benchmark of 95% in these areas.

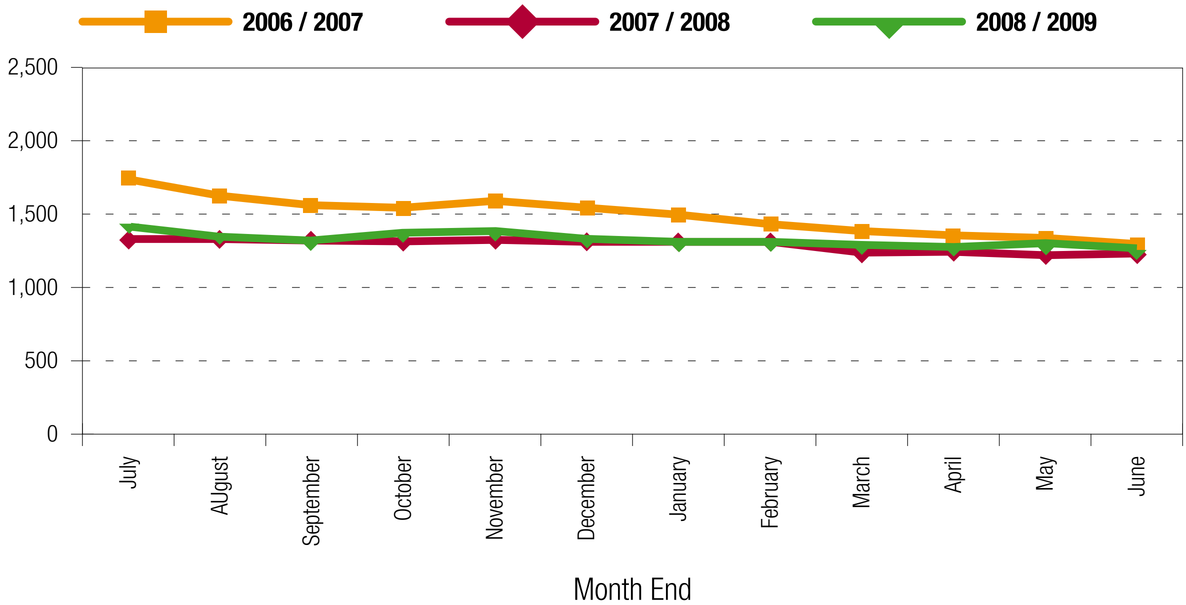
Claim Numbers

The number of open active claims being managed by CMI increased 5.3% during the year from 1,305 to 1,374.

Scheme Rates [as at 30 June]



Open Claims by Year



Case loads

Current claims as at 30/06/2009	1,374
Claims reported during the year	2,162
Re-opened claims	222
Claims managed during 2008/2009	3,758

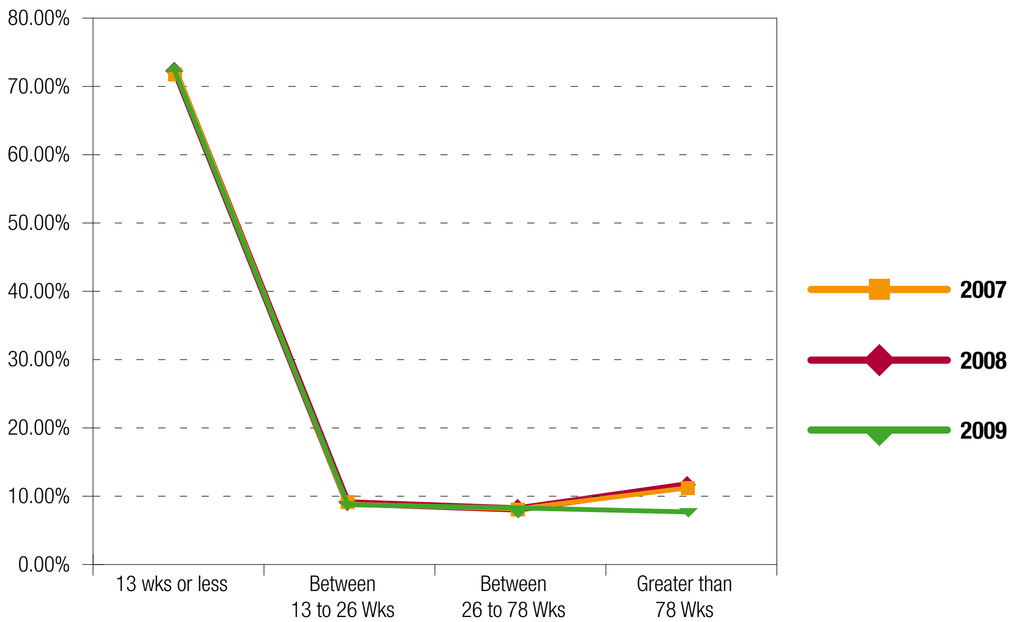
83.2% of all claims finalised during the year were resolved within the first 26 weeks of duration.

The finalisation rate within the first 26 weeks during 2008/2009 increased from 81% to 83.2%.

There were 1,107 significant injury claims reported during 2008/2009 compared to 1,207 during the 2007/2008 period.

With more claims being resolved earlier in the claims process, the tail claims represent a smaller percentage of claims which are being resolved. The closure rate for tail claims has gone from 10.6% to 8.3% for tail claims.

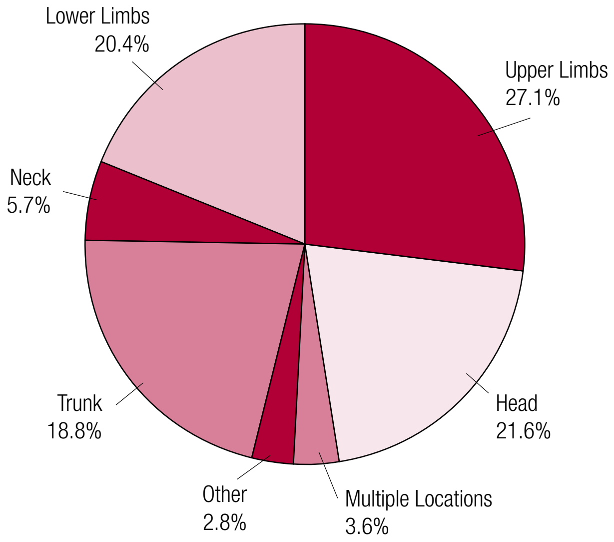
Finalised Claim Duration



Scheme Drivers

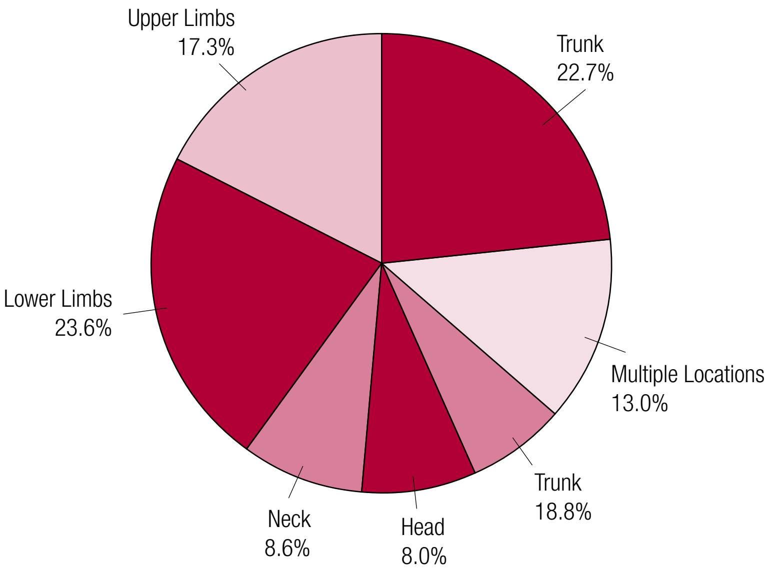
During the year 2,162 new claims were registered which is an increase from the 2007/2008 period of 2,147.

Number of Claims



Net payment on claims for the year was $59.7 million with upper and lower limb and back injuries contributing to 63.6% of the payments.

Total Paid



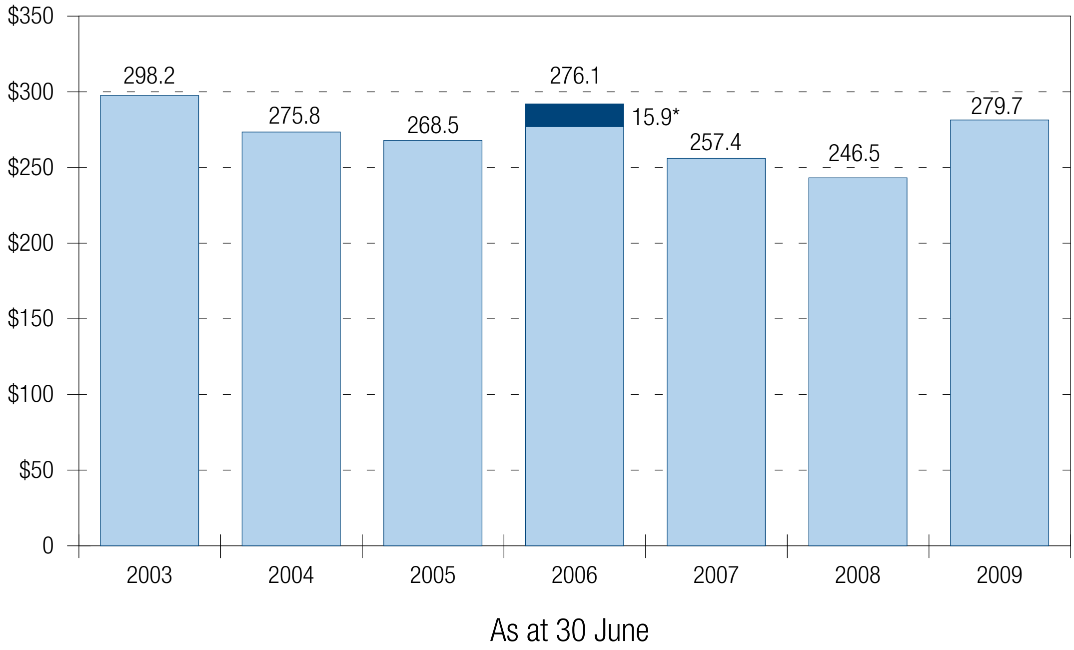
Actuarial Valuation

The outstanding net Central Claims Estimate has increased this year to $279.7 million at June 2009.

The actuarial valuation of the net Central Claims Estimate as at 30 June 2009 was $279.7 million, increasing from $246.5 million as at 30 June 2008.

Coal Mines Insurance . . . [continued]

Central Claims Estimate



Note:

* $15.9 million is directly related to the change in the Compulsory Retirement Age of Coal Miners for the 2006 period

Coal Mines Insurance Annual Statistics

ITEM	Key Performance Indicator	2001/02	2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	2008/09
1	Average number of employees insured	10,819	10,820	10,736	12,272	14,726	16,691	17,628	19,312
2	Assessable wages of insured employees	$831.7m	$926.6m	$996m	$1,112m	$1,293.8m	$1,589m	$1,709.2m	$2,055.5m
3	Premium Income	$84.6	$99.2m	$97m	$81.4m	**$59.5m	$77.5m	$57.2m	$70m
4	Average scheme rates as at June 30	10.27%	11.13%	9.10%	7.62%	5.77%	4.83%	3.35%	3.41%
5	Premium cost per employee insured	$7,823	$9,167	$9,036	$6,637	$5,694	$4,649	$3,245	$3,625
6	Premium cost per tonne of raw coal produced	$0.58	$0.69	$0.66	$0.52	$0.37	$0.48	$0.32	$0.39
7	Claims payments	$78m	$84.2m	$84.2m	$74.2	$55.1m	$69m	$66.8m	$59.7m
8	Provision for outstanding claims	$326.7m	$340.8m	$342.9m	$356.7m	$304.4m	$342.3m	$330.40	***$313.30
9	Number of claims lodged	2,661	2,214	2,008	1,932	2,123	2,220	2,147	2,161
10	Claim rate (per 100)	24.6	20.5	18.7	15.7	14.4	13.3	12.2	11.2

Notes:

* The Policy common due date changed from 1 October to 30 June

** Premium Income for 2005/06 is for 9 month period

***Net Outstanding claims provision with a risk margin at 75%, prior years at 95%


CS
Coal Services Pty Limited


Coal Services
Health

CS Health

Executive Summary

The 2008/2009 financial year saw CS Health continue to refine and expand the range of services offered to its clients. In addition to its traditional services such as pre-placement medical assessments and periodic health surveillance, new services were developed in the areas of corporate wellness programs, fatigue management, drug & alcohol awareness and manual handling training.

During the financial year, CS Health employed some 96 team members made up of a range of health and support professions. Our income for the year increased by 21% and the number of services provided increased by 33%.

Key highlights/lowlights

- Increase in revenue of 21% against the 2007/2008 financial year.
- Overall services provided increased by 33% against the 2007/2008 financial year.

Financial KPI's

CS Health's income increased by 21% - $1,109K compared to the 2007/2008 financial year.

Operating expenses increased by 25% - $1.564m compared to the 2007/2008 financial year. The majority of these additional expenses were incurred as a result of the costs associated with providing 33% more additional services to our clients, as well as the increased costs of employing a range of medical and rehabilitation professionals to provide health services.

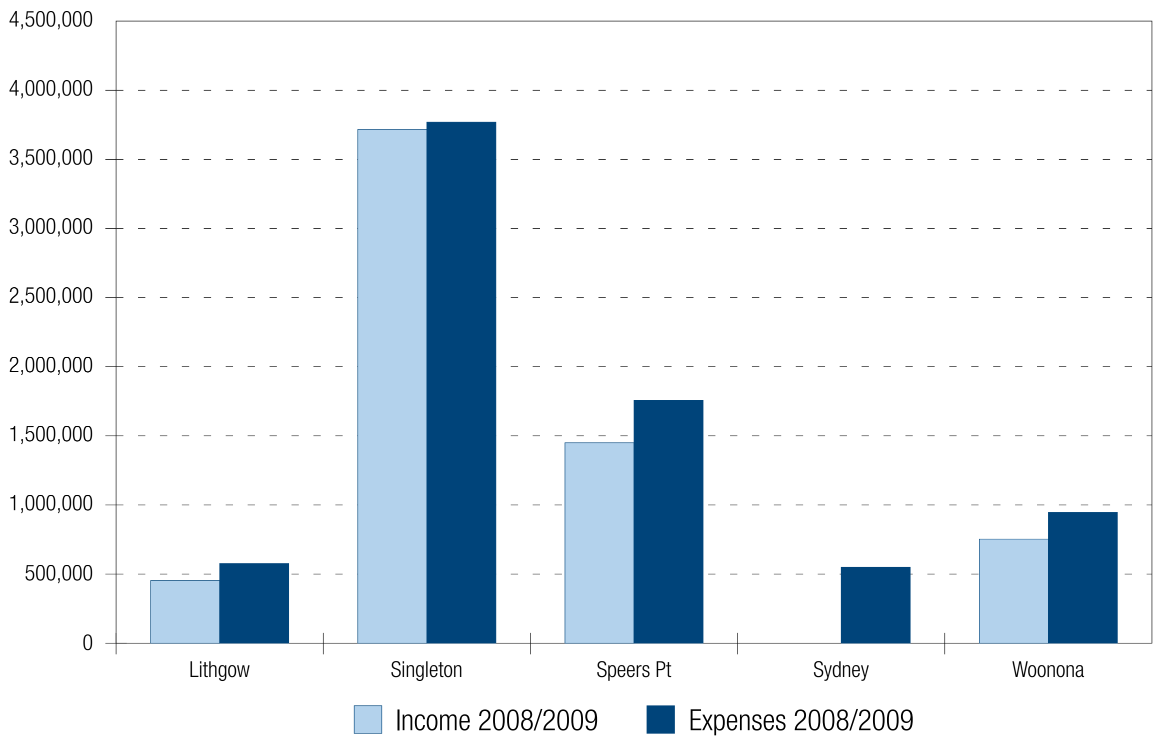
OH & S matters

During the year CS Health continued to play a role in the ongoing review of the Coal Services Pty Limited OH&S Management Policy. One particular task completed during the year was the development of a risk analysis process for all CS Health professionals that conduct onsite work.

Resourcing

At the 30th June 2009, CS Health employed 96 permanent, part time and casual staff in a range of health professional and support positions. The success of CS Health is due to the hard work, dedication and quality of its team members.

2008/2009 - CS Health Income & Expenses



Customer Activity

During 2008/09, CS Health worked closely with its customers to ensure that the health services offered were assisting them in managing the health of their workforce. A new pre-placement medical assessment was developed that provides customers with improved information to assist them in making employment decisions and to ensure that workers are not being exposed to risk. Also during the year our team worked closely with its customers in developing new training programs to assist in managing health and safety issues in the workplace in the areas of fatigue, drug and alcohol awareness and manual handling.

Other

One of the key challenges facing the NSW coal industry is the ageing of its workforce. The investment by the Board of Coal Services in new and refurbished facilities for CS Health has allowed us to offer an increased range of services aimed at addressing many of the health issues associated with an ageing workforce.

Each of the regional offices of CS Health is now fully equipped with gymnasiums that offer the most modern and up to date equipment available to assist our clients in improving their health and also to assist clients return to work in a safe and durable manner following an injury.

Along with its facilities, CS Health also offers a range of health services that focus on many of the health issues related to ageing. Through the delivery of these innovative and evidence based programs, CS Health has been able to assist employers in managing the health of their employees.

The outcome of these programs brings measurable health benefits to workers. One coal company that participated in a workplace wellness program during the 2008/2009 year found that, at the end of the program of those workers with elevated blood pressure, 66% reduced their pressure to normal levels; of those with unhealthy levels of body fat, 22% reduced their percentage to healthy levels; average or above cardiovascular fitness scores increased by 52%; and, of workers with two or more cardiovascular risk factors, 60% made a reduction on their risk score. In addition to these measures, 43% of participants reported an increase in activity levels, 70% made improvements to their diet, and 43% reduced their alcohol consumption.

With recent overseas research showing that for every dollar invested in corporate health programs a business can expect a cost saving of between $2.30 to $10.10 due to decreased absenteeism, fewer sick days, and improvements to employee performance and productivity, the programs and services offered by CS Health have the potential to assist the NSW coal industry achieve positive and beneficial outcomes for all parties.

Other relevant KPI's [to your business unit]

Service Provided	2002/2003	03/04	04/05	05/06	06/07	07/08	08/09
Routine health assessments	2,468	1,404	1,648	1,654	2,084	2,083	2,708
Pre-placement health assessments	4,866	3,227	3,748	4,590	5,622	5,831	8,226
Functional assessments	1,128	592	917	1,253	1,582	1,789	2,244
Drug and alcohol screening	5,334	5,762	7,289	8,304	11,018	13,393	17,701
Occupational rehabilitation referrals	200	308	426	404	715	528	286


AVANT





Mines Rescue

Emergency Preparedness

All Mines Rescue Stations completed the annual review of their emergency systems during 2008/09

Simulated emergencies, audits and reviews of both mine operations' and Mines Rescue Services' emergency and self-escape systems were conducted during the year. Mines Rescue personnel assisted or acted as observers at a number of trials and simulations during the year. These included Tasman, West Wallsend, Appin, Dendrobium, Baal Bone, Ulan, Ashton, Glendell & Hunter Valley Operations. MRS has also contributed to reviews of a number of operations' Emergency Management systems.

Emergency Response

The MRS' nitrogen inertisation plant (Mineshield) was deployed during the year to control a suspected self heating at an underground mine in the Singleton district.

MRS personnel from HVMRS & NMRS responded to a malfunctioning man-riding cage to recover trapped workmen. Rope skills were also deployed by brigadesmen at an opencut mine to recover a bulldozer operator trapped in a stockpile collapse.

All responses were successful and conducted without incident.

The total number of mines rescue brigadesmen increased during the year from 424 to 499. This corresponded with an increase of active (ready to respond) brigadesmen from 363 to 397. Further work is underway to improve active status. The number of active brigadesmen meets the targeted level of emergency support.

Emergency training was also provided to 38 statutory candidates in both NSW and Queensland. This qualification is compulsory for mine managers prior to Coal Competence Board examinations. It is also highly regarded by mine operators as valuable training for all persons likely to be involved in emergency operations.

Safety & Environment

The Mines Rescue OHS Committee continued to operate effectively. No serious or lost time incidents occurred during the year. All incidents were investigated and actions taken to prevent a recurrence and pass recommendations on to other parties who may be affected.

Bi-annual external environmental audits were conducted at SMRS and HVMRS. No major non-conformances were identified. All improvement opportunities have been addressed. An internal environment audit was conducted at NMRS and WMRS with appropriate actions taken.

Customer Activity

Statutory training of mine officials continued to grow. Deputy numbers increased from 65 in previous year to 159. MRS offered the Undermanager's course for the first time with 50 students commencing across the four districts.

The global financial crisis has hit a large number of mines, particularly the contractor sector as mines trimmed non-core labour and costs. This had a direct impact in reducing the number of 4-day inductions required in the second half of the year. Additional work has been found in the coal industry mostly in annual refresher training and company specific whole of mine training. External commercial training has also been impacted with some loss of regular customers but again offset by new work. All stations achieved budget commercial revenues but with a different mix to plan.

Regulation & Compliance

Coal Mines Technical Services

The NSW laboratory/workshop was reassessed by NATA to ISO/IEC 17025 and AS3800/ ISO-IEC 17020 standards respectively. The facility also maintained certification to AS/NZS ISO 9001:2008.

The Qld Mackay operation has continued a strong growth and is now self funding and achieving a surplus for the division. A review of the current manning will be made during the 2009/2010 period to determine ongoing future labour requirements for that state.

The division continued to meet the following requirements for Mines Rescue Pty Ltd:

- Maintenance of the Mobile Laboratory and associated gas detection equipment for response to colliery incidents and emergencies as required.
- Maintaining its level of technical expertise in the above areas.
- Providing technical support for the Mines Rescue Service on a fee-for-service basis.

Emphasis on marketing in diesel testing services in both NSW and Qld has proved successful with an increase in services provided to both coal and metalliferous mining groups. Marketing of general CMTS services in Queensland marketing has also resulted in the provision of increased services for the 2008/2009 period.

CMTS has again been successful is selling its SMARTGAS gas chromatographic systems, with several complete systems sold and commissioned in Australia and the United States of America. This market is continuing to grow.

Occupational Hygiene Service

Occupational Hygiene Services operates four NATA accredited laboratories in NSW and one laboratory in Queensland in a co-location agreement with CMTS.

Throughout the year the Lithgow laboratory was relocated to Proto Avenue following the building refurbishment. The Mackay office is currently undergoing internal expansion and updating to accommodate expected expansion in this district due to increased contracts and a high level of satisfaction with our services from existing customers.

Staff numbers increased during the year with the employment of additional technicians in the Lithgow and Singleton districts and a trainee occupational hygienist in the Southern district. The appointment of a Group Hygienist to assist and mentor our technicians has further enhanced our position as a premier supplier of Occupational Hygiene solutions.

Service levels for all primary sampling activities (statutory and special dust and noise) and the provision of whole of workforce education programs in dust awareness increased in all districts. Diesel analysis experienced a significant drop for the year with the establishment of two other laboratories in Australia providing this service.

Increased staff numbers and ongoing training in addition to the increase in available monitoring equipment has improved the ability to provide timely response to requests for dust monitoring and occupational hygiene elements to the industry.

Order 34 Training & Competence Plans

All coal operations were required to submit Training and Competence Schemes to comply with the revised CSPL Order 34. During the year CSPL auditors completed audits of 74 coal operations and their Schemes were approved.

Subsequent to this the Guidelines for Order 34 approval of Training and Competency Schemes were revised to incorporate findings from initial audits and better align with AS/NZ 4804 and the relevant Occupational and Coal Mine Health and Safety legislation.

The audit process continued with a focus in the second half of the year on Supervisor training and assessment. Most operations have well developed supervisor training systems and best practice applications have been shared with industry through direct feedback and DPI seminars. Further targeted audits are planned for the coming year.

Standing Committee on Dust Research and Control

The Standing Committee on Dust Research and Control is an expert advisory body comprising representatives from the colliery proprietors, mining unions, government departments, industry consultants and Coal Services' medical and technical personnel. The main role of the Committee is to:

- Monitor the results of airborne dust sampling
- Evaluate dust hazards
- Research improved dust control methods
- Disseminate information
- Educate mine personnel in matters related to dust control

The Committee met bi-monthly during the year and visited the following collieries: Tasman, Mandalong, Baal Bone, Newstan, Metropolitan and the Newcastle Mines Rescue Station at Argenton.

In December 2008 the Committee printed 10,000 copies of a booklet "Airborne Dust in Coal Mines" to promote a better understanding of the health effects and control of airborne dust.

The Coal Mine Health & Safety Act 2002 & Regulation 2006 now define airborne dust to include respirable dust, respirable quartz and inhalable dust.

The booklet cuts through the 'technical speak' and delivers the information in an 'easy to understand' format for the whole coal industry workforce.

A few examples of the booklet's content are as follows:

What is inhalable dust and how is it different to respirable dust?

Why is the subject of dust so important?

How can dust from cutting stone affect your health?

What is the purpose of dust sampling?

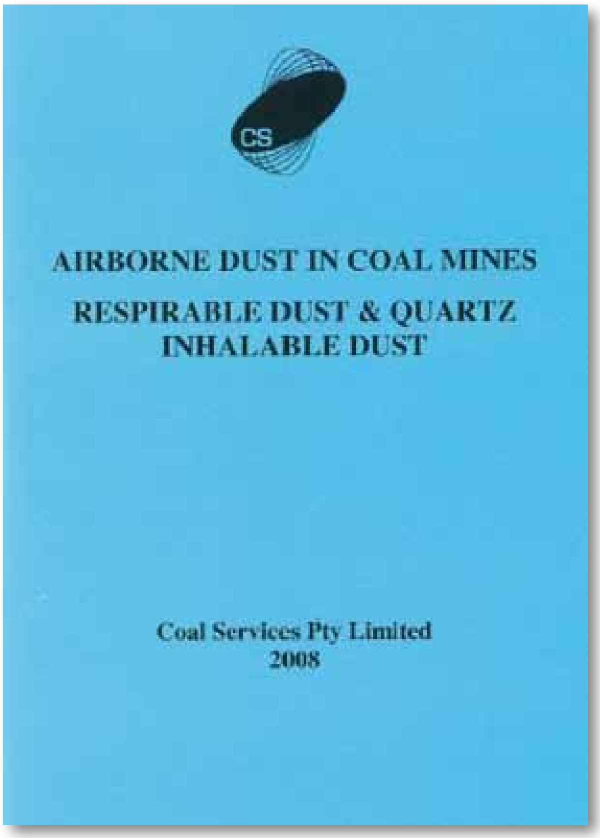
What about using personal protective equipment?

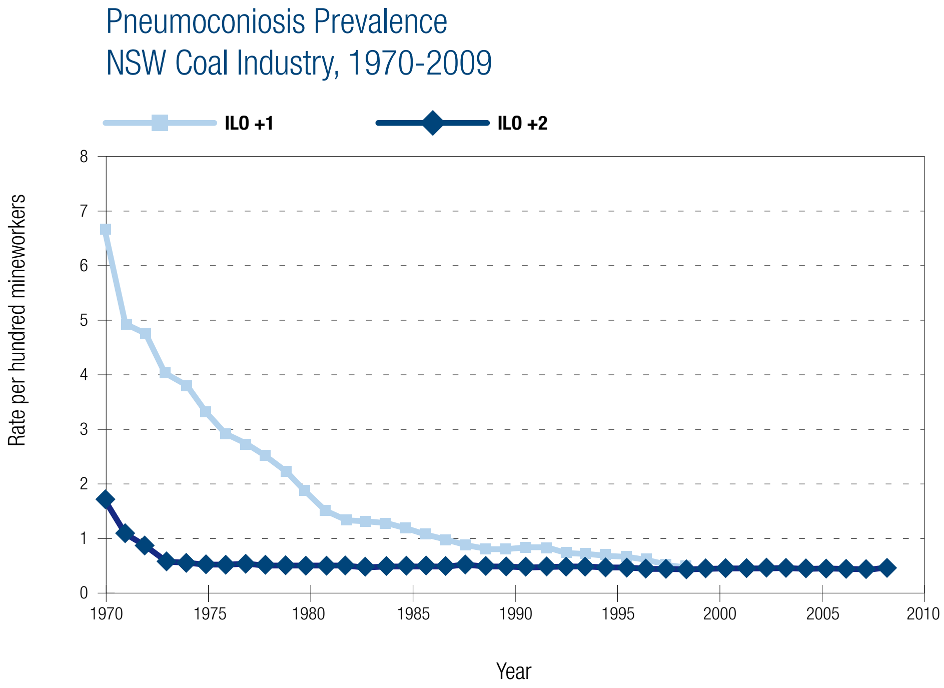
Some key points for the management of airborne dust.

The main distribution of the booklet has been via the Coal Services Environmental Monitoring Group (Dusties) when they attend mine sites to undertake dust sampling.

Copies of the booklet will also be distributed through the Mines Rescue & CS Health when undertaking relevant training courses. The booklet is also on the Coal Services website www.coalservices.com.au under Standing Dust Committee / Airborne Dust.

The Standing Dust Committee endorses the use of proper ventilation and dust suppression strategies to control dust-related lung disease in the NSW coal industry and the Committee is pleased to report that the prevalence rate of pneumoconiosis in NSW continues to be less than 0.5%.





The ILO classification of x-rays is a method of grading based on x-ray appearance and may be, in practical terms, interpreted as the following:

- ILO+1 = people with diagnostic features of dust exposure but no clinical symptoms.
- ILO +2 = People with more severe dust exposure than above and likely to have symptoms

Virtual Reality Training

The last 12 months have seen many changes in the provision of VR Training to the MRS industry training centres. The major change being switching Virtual Reality (VR) model providers from the UNSW School of Mining Engineering VR group to a Brisbane based commercial VR group – "VR Space". This change was acted upon to provide CSPL a guaranteed quality product to support MRS industry training going forward while securing ownership of the product, issues that were unable to be resolved with the UNSW. The new generation VR model has proven to be superior, more reliable and offers increased support to Trainers.

All four MRS Training Centres had successfully launched the VR facilities, Woonona opening in November 08, Lithgow in March 09 and Singleton in April 09, full commissioning and trials completed. Usage of the facilities has been increasing strongly throughout the year, with almost 6,000 people having been through the facilities so far in 2009.

Consultation with industry stakeholders has continued, to provide both Open Cut and Underground Mine VR models with Training modules of relevance to improving the safety performance of the industry. Marketing of this unique VR Training product has been undertaken in response to national and international enquiries with strong interest coming from Queensland and the USA.

Health and Safety Trust

Coal Services Health and Safety Trust

The NSW coal industry has benefited from research funded by the Coal Services Health and Safety Trust since December 1991. The Trust's funding has focused on Injury, Occupational Disease, and Human Factors with the addition of OHS Systems – Practical Applications as the 4th priority area in 2008 as result of the changing focus of the Trust. The Health and Safety Trust has the objective of aligning funding to more specific industry identified projects which provide tangible outcomes and proven operational impact.

The Trust has focused their funding on three large research projects over the last two years which were the Virtual Reality Stage 3 & 4 projects with the researcher being NSW Mines Rescue Pty Ltd and the Benchmark Injury Management Assessment (BIMA) project with the research being conducted by Employers Mutual Management (EMM).

The Virtual Reality project has been ongoing since mid 2005 with the concept evolving over the last seven years. The system uses a curved screen that wraps around the users immersing them in a realistic representation of the underground and surface coal mining environments. The research funding the development of such technology will revolutionise training and assessing of safe work procedures and allow knowledge gaining and experience of mining practices prior to exposure to the 'real' mining environment. The simulation scenarios training modules are tailored to address particular aspects of the core competency standards for mine worker accreditation. The Virtual Reality Equipment Installations at the NSW Mines Rescue Stations – Stage 3 project had installations at Argenton and Woonona fully operational in mid 2008. The Lithgow facilities were handed over in September and Singleton completed in November 2008.

In 2006 the Trust approved the BIMA research project which aims to benchmark the effectiveness of injury management programs for employers in the NSW coal industry against international standards for injury management. This project remained ongoing throughout 2008/09. The project aims to utilize this tool to identify the key elements of injury management programs that are impacting the current position and look at improving industry performance and look at best practice detailing optimum outcomes for injured employees. The tool evaluates 16 key areas of injury management from culture through to OH&S initiatives.

In the period 2008/09 the Health and Safety Trust approved the following research grants:

- Virtual Reality Research – Stage 4 which involves NSW Mines Rescue facilities completion, maintenance support, consumables, documentation & video materials, underground modules development plus enhancements and module development for open cut mines.
- Revise and Update Bad Vibrations Handbook; Practical Ergonomics Handbook PDF version.
- Review of Coal Services Airborne Dust Testing in the NSW Coal Industry, to develop appropriate standards that can be put before the Minister for inclusion in the Coal Industry Act
- Mine Entry / Re-entry for Mines Rescue Teams During or After an Incident.
- An Investigation into the Potential Correlation between Respirable and Inhalable Dust Fractions for Personal Exposure Sampling in the Australian Coal Industry.
- Portable 3D Virtual Reality Display System

The Trust distributed in October the Updated Occupational Hygiene Manual for Coal Mines - CD to industry and released the Bad Vibrations Handbook – Second Edition in April 2009.

Health and Safety Trust . . . [continued]

For more information about the Trust and its activities, please contact:

Ken Cram
Project Liaison Officer
Tel: (02) 4286 5425 or

Belinda Ward
Trust Secretary
Tel: (02) 6571 9954

Email: trust@coalservices.com.au
Website: www.coalservices.com.au

Coal Services Financial Statements
2008 / 2009

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Directors' Report

Your directors present their report on the consolidated entity consisting of Coal Services Pty Limited, and the entities it controlled at the end of, and during, the year ended 30 June 2009.

DIRECTORS

The names of the directors of the company in office at any time during the financial period and until the date of this report were:

A J Haraldson

R P Land

J Mackrill

W McAndrew

A N Middlebrook

R M Taylor

K P Turner

All directors were in office from the beginning of the year until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES

The principal activities of the group during the year consisted of:

a) workers' compensation insurance for the New South Wales coal industry through its controlled entity, Coal Mines Insurance Pty Limited;

b) mines rescue services to the New South Wales coal industry through its controlled entity, Mines Rescue Pty Limited; and

c) occupational health and rehabilitation services to the New South Wales coal industry, under the registered trading name, Coal Services Health.

There were no significant changes in the nature of the group's activities during the reporting period.

DIVIDENDS

The directors do not recommend the payment of a dividend for the year.

REVIEW OF OPERATIONS

A summary of consolidated revenues and results by significant segments is set out below:

	Segment revenues		Segment results	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Workers' compensation insurance	87,086	69,491	13,878	1,368
Mines Rescue services (*)	17,960	13,126	(2,996)	(3,894)
Occupational health and rehabilitations services	7,160	4,345	(1,627)	(1,072)
Investment activities of Coal Services	(40,067)	(32,758)	(43,937)	(33,875)
Others	664	399	(12,028)	(18,700)
	72,803	54,603		
Profit/(loss) from ordinary activities before income tax expense			(46,710)	(56,173)
Income tax benefit/(expense)			18,041	20,070
Net Loss			(28,669)	(36,103)

* The Mines Rescue services segment results of 2008 do not include the impact of restatement of the comparative balances of the Mines Rescue Pty Limited financial report.

Comments on the operations and the results of the operations are set out below:

a) Workers' Compensation Insurance

Coal Mines Insurance Pty Limited is the approved workers' compensation insurance company pursuant to the Coal Industry Act 2001. Its principal activity is to provide workers' compensation insurance to the New South Wales coal industry.

The segment result for the year was a profit before income tax of $nil (2008: $nil). The result for underwriting operations was a profit of $20.4m (2008: $7.4m), before administration expenses of $6.54m (2008: $6.01m), and a reduction in the indemnity provided to Coal Mines Insurance Pty Limited by Coal Services Pty Limited of $13.9m (2008: $1.4m) in line with the terms of the deed agreement.

b) Mines Rescue Services

Mines Rescue Pty Limited is the approved mines rescue company pursuant to the Coal Industry Act 2001. Its principal activity is to provide a mines rescue service to the New South Wales coal industry.

The segment result for the year was a loss before income tax of $2.99m (2008: $3.9m). Total operating revenue of $17.96m (2008: $13.25m) included contributions from mine owners of $6.72m (2008: $5.76m) and training and other services revenue of $11.12m (2008: $7.49m).

c) Occupational Health and Rehabilitation Services

Coal Services Health is the registered trading name for the division of Coal Services Pty Limited which provides occupational health and rehabilitation services to the New South Wales coal industry. The segment result for the year was a loss before income tax of $1.6m (2008: $1.1m). This segment generated revenue of $7.1m (2008: $4.3m).

During the year, the equity markets experienced significant volatility. As a result of this, the investment portfolio held by Coal Services Pty Limited incurred a net investment loss of $43.94m, including unrealised losses of $36.16m.

Directors' Report . . . [continued]

LIKELY DEVELOPMENTS AND EXPECTED RESULTS OF OPERATIONS

At 30 June 2009, the consolidated entity had net assets of $64.88m.

The Company aims to ensure the continuity of the business through sound financial management and improved case handling which should allow for consistent premium levels for the foreseeable future.

The directors of the Company have agreed to provide a risk margin on the provision for outstanding claims within the range of ensuring a 75% (2008: 95%) level of confidence, in line with industry best practice.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of the company's affairs during the financial year.

SIGNIFICANT EVENTS AFTER THE BALANCE DATE

There have been no matters or circumstances other than those disclosed in the financial report that have arisen since the end of the financial year and have significantly affected or may significantly affect the company.

AUDITORS

KPMG continues in office in accordance with section 327B of the Corporations Act 2001.

ENVIRONMENTAL REGULATION AND PERFORMANCE

The company is not subject to any significant environmental regulation in respect of its activities.

REGULATION

The company is subject to responsibilities as outlined in the Coal Industry Act 2001.

INDEMNIFICATION AND INSURANCE OF DIRECTORS AND OFFICERS

During the period, the Group paid premiums to insure the Directors and officers of the holding company and its subsidiaries. The insurance policy provides coverage in respect of losses resulting from a wrongful act which a Director or officer becomes legally obliged to pay on account of any claim made against them during the policy period. It does not provide cover for losses in certain circumstances, including fraud, dishonesty, or illegal acts, or claims, litigation, or demands occurring outside specified dates.

LEAD AUDITOR'S INDEPENDENCE STATEMENT

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on page 4.

ROUNDING OF AMOUNTS

The company is of a kind referred to in Class Order 98/0100, issued by the Australian Securities & Investments Commission, relating to the "rounding off' of amounts in the directors' report. Amounts in the directors' report have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of the directors.

A J Haraldson
Chairman & Director

A N Middlebrook
Managing Director/CEO

Sydney
24 September 2009

KPMG

LEAD AUDITOR'S INDEPENDENCE DECLARATION

As lead auditor for the audit of Coal Services Pty Limited for the year ended 30 June 2009, 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 audit; and

b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Coal Services Pty Limited, and the entities it controlled during the period.

KPMG

KPMG

I Moyser
Partner

Sydney
24 September 2009

Income statements

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Premium revenue	7	-	-	87,086	69,491
Outwards reinsurance premium expense	7	-	-	(1,810)	(1,373)
Net premium revenue				85,276	68,118
Claims expense	8	-	-	(47,190)	(54,237)
Reinsurance and other recoveries revenue	8	-	-	1,029	379
Net claims incurred		-	-	(46,161)	(53,858)
Other underwriting expenses		-	-	(17,945)	(14,535)
Unexpired risk reserve movement	47	-	-	-	10,720
Underwriting result	6c	-	-	21,170	10,445
Investment income/(loss)	11b	(40,041)	(32,432)	(40,067)	(32,758)
Other income	10	19,648	13,903	25,784	17,870
Employee benefits expense		(19,590)	(14,335)	(30,673)	(21,903)
Depreciation and amortization expenses	11a	(1,088)	(810)	(3,661)	(1,683)
Write-down of property, plant and equipment to recoverable amount		(686)	(27)	(2,690)	(3,268)
Impairment of goodwill		-	-	-	-
Net (loss) / gain from the sale of assets	11a	(230)	384	(295)	478
Impairment of debtors		(390)	(81)	(501)	(133)
Investment management expenses		(1,127)	(1,635)	(1,127)	(1,635)
Miners pension expense	34d	(603)	(8,242)	(603)	(8,242)
Mines Rescue materials expenses		-	-	(2,609)	(1,960)
Repairs and maintenance expenses		(80)	(67)	(968)	(459)
Consultants and contractors		(2,450)	(5,203)	(3,440)	(5,802)
Medical related expenses		(653)	(626)	(653)	(626)
Other expenses		(8,597)	(4,196)	(6,377)	(6,497)
Total expenses from operating activities		(35,494)	(34,838)	(53,597)	(51,730)
Reduction in indemnity to controlled entity	33a	13,878	1,368	-	-
Profit/(Loss) from operating activities before tax		(42,009)	(51,999)	(46,710)	(56,173)
Income tax (expense)/benefit	12a	16,425	18,601	18,041	20,070
Profit/(Loss) for the year	37b	(25,584)	(33,398)	(28,669)	(36,103)

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

Balance Sheets

AT 30 JUNE 2009

	Notes	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
CURRENT ASSETS					
Cash and cash equivalents	13	5,965	9,328	7,767	10,298
Receivables	14	11,520	6,719	10,657	10,839
Current Tax Assets	15	4,094	-	4,094	-
Financial assets held at fair value through profit or loss	16	242,758	292,387	242,758	292,387
Inventories	17	-	-	195	148
Other	18	990	1,093	1,294	1,247
TOTAL CURRENT ASSETS		265,327	309,527	266,765	314,919
NON-CURRENT ASSETS					
Receivables	19	3,779	3,524	1,755	1,874
Financial assets held at fair value through profit and loss	20	1,225	1,530	1,010	1,010
Investment in subsidiaries	21	26,566	24,004	-	-
Property, plant and equipment	22	16,105	16,554	64,236	62,108
Investment properties	23	62,600	72,675	65,200	72,675
Deferred taxes	24	23,341	12,819	34,362	21,952
Defined benefit superannuation scheme	25	-	-	-	351
Lease incentives		177	62	177	62
TOTAL NON-CURRENT ASSETS		133,793	131,168	166,740	160,032
TOTAL ASSETS		399,120	440,695	433,505	474,951
CURRENT LIABILITIES					
Payables	26	135,406	141,877	8,892	3,746
Unearned revenue	31	-	-	1,465	1,561
Borrowings	27	5,000	-	5,000	
Current tax liabilities	28	-	2,802	354	2,802
Provision for outstanding claims	9	-	-	68,568	67,005
Unexpired risk reserve	47	-	-	-	-
Provisions		29	5,305	11,973	6,782
Other	30	40	119	61	1,650
TOTAL CURRENT LIABILITIES		145,751	156,771	91,122	90,303
NON-CURRENT LIABILITIES					
Unearned revenue	31	-	-	4,396	4,682
Deferred tax liabilities	32	4,576	7,826	4,606	8,656
Defined benefit superannuation scheme	25	4,706	1,022	6,515	1,022
Provision for outstanding claims	9	-	-	244,745	263,361
Provisions	33	185,055	190,457	17,239	12,741
TOTAL NON-CURRENT LIABILITIES		194,337	199,305	277,501	290,462
TOTAL LIABILITIES		340,088	356,076	368,623	380,765
NET ASSETS		59,032	84,619	64,882	94,186
EQUITY					
Contributed equity	36	-	-	-	-
Reserves	37a	-	3	1,338	1,973
Retained profits	37b	59,032	84,616	63,544	92,213
TOTAL EQUITY		59,032	84,619	64,882	94,186

The above balance sheets should be read in conjunction with the accompanying notes.

Statements of Changes in Equity

FOR THE YEAR ENDED 30 JUNE 2009

		PARENT ENTITY		CONSOLIDATED	
		2009	2008	2009	2008
	Notes	$'000	$'000	$'000	$'000
SHARE CAPITAL					
Ordinary shares		-	-	-	-
Balance at the start of the year		-	-	-	-
Balance at the end of the year		-	-	-	-
RESERVES					
Asset revaluation reserve					
Balance at the start of the year		3	1,151	1,973	3,850
Movement on property revaluation		(3)	(1,148)	(635)	(1,877)
Transfer to retained earnings		-	-	-	-
Balance at the end of the year		-	3	1,338	1,973
RETAINED EARNINGS					
Balance at the start of the year		84,616	118,014	92,213	128,316
Profit/(loss) for the period		(25,584)	(33,398)	(28,669)	(36,103)
Balance at the end of the year		59,032	84,616	63,544	92,213
TOTAL		59,032	84,619	64,882	94,186

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

Cash Flow Statements

FOR THE YEAR ENDED 30 JUNE 2009

	Notes	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
CASH FLOWS FROM OPERATING ACTIVITIES					
Underwriting Operations					
Premiums received (inclusive of GST)		96,412	77,478	96,412	77,478
Outwards reinsurance paid		(1,810)	(1,373)	(1,810)	(1,373)
Claims paid		(64,725)	(87,261)	(64,725)	(87,261)
Other underwriting expenses paid		(7,297)	(2,339)	(7,297)	(2,339)
Other Operations					
Investment income		3,442	36,135	3,305	36,007
Other income		20,852	14,242	26,986	24,786
Miners' pension fund payments		(2,790)	(2,027)	(2,790)	(2,026)
Income taxes paid		(5,058)	(29,773)	(5,058)	(29,773)
Other operating payments		(19,270)	(25,870)	(44,692)	(36,267)
Net cash inflow/(outflow) from operating activities	45	19,756	(20,788)	331	(20,768)
CASH FLOWS FROM INVESTING ACTIVITIES					
Payments for property, plant and equipment		(2,114)	(19,972)	(14,610)	(32,699)
Payments for investment property		-	(165)	-	(342)
Payments for investments		(53,595)	(112,188)	(53,595)	(112,188)
Proceeds from sale of property, plant and equipment		(2,009)	2,149	2,730	2,602
Proceeds from sale of investment property		-	-	-	-
Proceeds from sale of investments		57,613	154,934	57,613	154,934
Repayment (payment) for loan to subsidiary		(28,014)	(12,718)	-	-
Net cash inflow/(outflow) from investing activities		(28,119)	12,040	(7,862)	12,307
CASH FLOWS FROM FINANCING ACTIVITIES					
Proceeds of Borrowings		5,000	-	5,000	-
Net cash inflow/(outflow) from financing activities		5,000	-	5,000	-
Net increase/(decrease) in cash and cash equivalents		(3,363)	(8,748)	(2,531)	(8,461)
Cash and cash equivalents at the start of the year		9,328	18,076	10,298	18,759
Cash and cash equivalents at the end of the year	13	5,965	9,328	7,767	10,298

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 1: CORPORATE INFORMATION

Coal Services Pty Limited is a company limited by shares that is incorporated and domiciled in Australia.

The registered office and principal place of business of Coal Services Pty Limited is:

Level 21
44 Market Street
Sydney NSW 2000.

The principal activities of the group during the year consisted of:

a) workers' compensation insurance for the New South Wales coal industry through its controlled entity, Coal Mines Insurance Pty Limited;

b) mines rescue services to the New South Wales coal industry through its controlled entity, Mines Rescue Pty Limited; and

c) occupational health and rehabilitation services to the New South Wales coal industry, under the registered trading name, Coal Services Health.

This financial report covers Coal Services Pty Limited and all of its wholly owned subsidiaries, and represents the activities for the year ended 30 June 2009.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial report of the Coal Services Pty Limited (the "Company") for the year ended 30 June 2009 comprises the Company and its subsidiaries (together referred to as the "consolidated entity"). The financial report was authorised for issue by the directors on 24 September 2009.

(a) Statement of Compliance

The financial report is a general purpose financial report which has been prepared in accordance with the Australian Accounting Standards Board (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Company complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial statements were approved by the Board of Directors on 24 September 2009.

(b) Basis of Preparation

The financial report is presented in Australian dollars. The Company is of a kind referred to in ASIC Class Order 98/0100 dated 10 July 1998 and, in accordance with that Class Order, amounts in the financial report and Directors' Report have been rounded off to the nearest thousand dollars unless otherwise stated.

At the date of this report, there are a number of new and revised accounting standards published by the AASB for which the mandatory application dates fall after the end of this period. Of these, the following standard has been early adopted and applied for the first time during the accounting period:

- AASB 8 *Operating Segments* has no financial impact but has eliminated the requirement to provide a segment reporting note.

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2009, but have not been applied in preparing this financial report.

- Revised AASB 101 *Presentation of Financial Statements* introduces as a financial statement (formerly "primary" statement) the "statement of comprehensive income". The revised standard does not change the recognition, measurement or disclosure of transactions and events that are required by other AASBs. The revised AASB 101 will become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standard on the disclosures.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(b) Basis of Preparation (cont'd)

- Revised AASB 127 *Consolidated and Separate Financial Statements* changes the accounting for investments in subsidiaries. Key changes include: the re-measurement to fair value of any previous/retained investment when control is obtained/lost, with any resulting gain or loss being recognised in profit or loss; and the treatment of increases in ownership interest after control is obtained as transactions with equity holders in their capacity as equity holders. The revised standard will become mandatory for the Consolidated Entity's 30 June 2010 financial statements. The Company has not yet determined the potential effect of the revised standards on the financial reports.

(c) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the Company's financial statements less any impairment losses.

Transactions eliminated on consolidation

Inter-group balances and any unrealised gains and losses or income and expenses arising from intra-group transactions are eliminated in preparing the consolidated financial statements.

(d) Classification of Insurance Contracts

Contracts under which the Group accepts significant insurance risk from another party (the policy holder) by agreeing to compensate the policyholder or other beneficiary if a specified uncertain future event (the insured event) adversely affects the policy holder or other beneficiary are classified as insurance contracts.

Insurance risk is risk other than financial risk. Financial risk is the risk of a possible future change in one or more of a specified interest rate, security price, commodity price, foreign exchange rate, index of prices or rates, a credit rating or credit index or other variable, provided in the case of a non-financial variable that the variable is not specific to a party to the contract.

(e) Impairment

The carrying amount of the consolidated entity's assets, other than inventories and deferred tax assets, are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the income statement, unless an asset has previously been re-valued, in which case the impairment loss is recognised as a reversal to the extent of that previous revaluation with any excess recognised in the income statement.

Impairment losses recognised are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets on a pro rata basis.

Calculation of recoverable amount

The recoverable amount of assets is the greater of their net selling price and value in use. In assessing value in use, the estimated cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and risks specific to the asset. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs.

Reversal of impairment

An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(f) Income Tax Payable

The income tax expense or benefit for the period is the tax payable on the current period's taxable income based on the notional income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses.

Deferred tax assets and liabilities are recognised for all temporary differences, between carrying amounts of assets and liabilities for financial reporting purposes and their respective tax bases, at the tax rates expected to apply when the assets are recovered or liabilities settled, based on those tax rates which are enacted or substantively enacted for each jurisdiction. Exceptions are made for certain temporary differences arising on initial recognition of an asset or a liability if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit.

Deferred tax assets are only recognised for deductible temporary differences and unused tax losses if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities when the deferred tax balances relate to the same taxation authority. Current tax assets and liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Current and deferred tax balances relating to amounts recognised directly in equity are also recognised directly in equity.

Tax consolidation legislation

Coal Services Pty Limited and its wholly owned Australian controlled entities have implemented the tax consolidation legislation as of 1 July 2003.

The head entity, Coal Services Pty Limited, and the controlled entities in the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a stand alone tax payer in its own right. In addition to its current and deferred tax amounts, Coal Services Pty Limited also recognised the current tax liabilities and assets arising from unused tax losses and credits assumed from controlled entities in the tax consolidated group.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as amounts receivable from, or payable to, other entities in the group. Details about the tax funding agreements are disclosed in Note 12. Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly owned tax consolidated entities.

(g) Revenue Recognition

Amounts disclosed as revenue are net of returns, and goods and services tax (GST), if applicable.

Revenue is recognised for the major business activities as follows:

Workers' compensation insurance

Direct premium comprises amounts charged to the policyholders, excluding GST, collected on behalf of the government. The earned portion of premiums received and receivable is recognised as revenue. Premium is treated as earned from the date of attachment of risk over the period of the contract.

Mines rescue services

The Coal Industry Act 2001 requires colliery proprietors to contribute to a fund administered by Mines Rescue Pty Limited. Contributions are recognised at fair value of the consideration received. Training revenue is derived from the provision of safety training to the coal and other commercial industries. Services revenue is derived from the repair and maintenance of technical and safety equipment. Revenue is recognised when it is invoiced.

Occupational health and rehabilitation services

Revenue is derived from the provision of occupational health and rehabilitation, occupational hygiene, and dust sampling services to the coal industry, and is recognised when it is invoiced.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(g) Revenue Recognition . . . [continued]

Investment income

Interest income is recognised on a time proportion basis using the effective interest method. When a receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument, and continues unwinding the discount as interest income. Interest income on impaired loans is recognised using the original effective interest rate.

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense. Trust distributions are recognised on an entitlement basis as the entity is presently entitled to the distributable income of its investee trusts.

Grant income

Grants received from industry related trusts are deferred and recognised as revenue over periods in line with the costs associated with the activities that the grants are provided for.

(h) Outwards Reinsurance

Premium ceded to reinsurers is recognised as an expense in accordance with the pattern of reinsurance service received.

(i) Workers' Compensation Insurance Claims

Claims expense and a liability for outstanding claims are recognised in respect of direct workers' compensation insurance business. The liability covers claims which have been reported but not yet paid, claims incurred but not reported (IBNR), claims incurred but not enough reported (IBNER), and the anticipated direct and indirect costs of settling those claims. Outstanding claims are subject to independent actuarial assessment.

The liability for outstanding claims is measured as the present value of the expected future payments. These payments are estimated on the basis of the ultimate cost of settling claims, which is affected by factors arising during the period to settlement such as normal and superimposed inflation. The expected future payments are discounted to present value at the balance date using a risk free rate. The details of rates applied are included in Note 9. Claims expense includes claims discount expense, being the portion of the increase in the liability for outstanding claims arising from the passage of time as the claim payments discounted in prior periods come closer to settlement.

The prudential margin included in the liability for outstanding claims is at a 75% (2008: 95%) level of confidence.

(j) Trade and Other Receivables

All trade receivables are recognised at the amounts receivable, as they are due for settlement within 30 days. Collectability is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impaired debts is raised when some doubt as to collection exists based on available evidence.

(k) Inventories

Stocks of materials are held for re-sale and used in the operations of Mines Rescue Pty Limited to generate income. They are stated at the lower of cost and net realisable value. Costs are assigned to individual items of stock on the basis of weighted average costs. Consumables are expensed to the income statement as incurred.

(l) Revaluation of Non-current Assets

Subsequent to initial recognition as assets, land and buildings, including those classified as investments, but excluding those noted below, are measured at fair value, being the amounts for which the assets could be exchanged between knowledgeable willing parties in an arm's length transaction. Revaluations are made with sufficient regularity to ensure the carrying amount of each piece of land and each building does not differ materially from its fair value at the reporting date. Annual assessments are made by independent valuers.

When land and buildings have been constructed for a specific use, they are valued based on their existing use, using a replacement cost method.

Revaluation increments, for assets not classified as investments, are credited directly to the asset revaluation reserve, except that, to the extent that an increment reverses a revaluation decrement in respect of that class of asset previously recognised as an expense in the income statement, the increment is recognised first in profit or loss.

Revaluation decrements, for assets not classified as investments, are recognised as expenses in net profit or loss, except that, to the extent that a credit balance exists in the asset revaluation reserve in respect of that same class of assets, they are debited directly to the asset revaluation reserve.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(l) Revaluation of Non-current Assets . . . [continued]

Deferred tax balances are recognised and applied to asset revaluations when there is a difference between the carrying values of an asset and its tax base.

Revaluations do not result in the carrying value of land or buildings exceeding their recoverable amount.

(m) Depreciation of Property, Plant and Equipment

Depreciation is calculated on a straight line basis to write off the net cost or re-valued amount of each item of property, plant and equipment over its expected useful life to the consolidated entity. Estimates of remaining useful lives are made on a regular basis for all assets, with annual reassessments of major items. The depreciation rates used for each class of assets are:

Buildings	2.0% per annum
Office Improvements	20.0% per annum
Computer Equipment	20.0 % to 33.3% per annum
Motor vehicles	10.0% to 25.0% per annum
Plant and Equipment	5.0% to 33.3% per annum

(n) Trade and Other Payables

These amounts represent liabilities for goods and services provided to the consolidated entity prior to the end of the financial period and which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) Maintenance and Repairs

Plant of the consolidated entity is required to be overhauled on a regular basis. This is managed as part of an ongoing major cyclical maintenance program. The costs of this maintenance are charged as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the costs are capitalised and depreciated in accordance with Note 2(m). Other routine operating maintenance, repair and minor renewal costs are charged as expenses as incurred.

(p) Employee Entitlements

Wages and salaries, annual and sick leave

Liabilities for wages and salaries, and annual leave, in respect of employees' services up to the reporting date, are recognised and measured at the reporting date, as the amounts expected to be paid when the liabilities are settled. A liability for sick leave is recognised and measured for certain employees of Mines Rescue Pty Limited at the reporting date as the amounts expected to be paid when the liability is settled. Sick leave vests under Clause 12 of the New South Wales Coal Mining Industry (Permanent Mine Rescue Corps) Award.

Long service leave

A liability for long service leave is recognised, and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Commonwealth legislation enacted in 1992 established a statutory corporation, Coal Mining Industry (Long Service Leave Funding) Corporation, to assume responsibility for funding of the payment of long service leave entitlements to persons employed in the black coal industry. A levy is raised on wages paid by employers and a reimbursement is made to employers when long service leave payments are made. Mines Rescue Pty Limited contributed to this fund. Mines Rescue Pty Limited's obligation to employees is inclusive of associated on-costs and is recognised as a liability. The company's right to reimbursement from the statutory corporation excludes associated on-costs, as these are not recoverable from the statutory corporation. The right to reimbursement is recognised as an asset.

Superannuation

Employees may participate in a number of superannuation schemes. The consolidated entity's contributions to these schemes are charged as an expense when the contributions are paid or become payable.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(p) Employee Entitlements . . . [continued]

A liability or asset in respect of defined benefit superannuation plans is recognised in the balance sheet, and is measured as the present value of the defined benefit obligation at the reporting date plus unrecognised actuarial gains (less unrecognised actuarial losses) less the fair value of the superannuation fund's assets at that date and any unrecognised past service cost. The present value of the defined benefit obligation is based on expected future payments which arise from membership of the fund to the reporting date, calculated annually by independent actuaries using the projected unit credit method. Consideration is given to the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on national government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

Past service costs are recognised immediately in income, unless the changes to the superannuation fund are conditional on the employees remaining in service for a specified period of time (the vesting period). In this case, the past service costs are amortised on a straight-line basis over the vesting period.

Future taxes, such as taxes on investment income and employer contributions, are taken into account in the actuarial assumptions used to determine the relevant components of the employer's defined benefit liability or asset.

Employee benefit on-costs are recognised and included in employee benefit provisions when the employee benefits to which they relate are recognised as liabilities.

(q) Cash and Cash Equivalents

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. All cash flows for Coal Mines Insurance Pty Limited are managed through the Coal Services Pty Limited's bank account, and cash inflows and outflows occur through the inter-company account. Bank overdrafts are shown within current liabilities on the balance sheet.

(r) Operating Leases

Operating lease payments are charged to the Income Statement in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(s) Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the balance sheet date. The discount rate used to determine the present value reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

(t) Financial Instruments

The group's investments are classified at fair value through profit or loss. They comprise:

- Financial instruments designated at fair value through profit or loss upon initial recognition.
- Financial assets that are not held for trading purposes and which may be sold. These are investments in exchange traded debt and equity instruments, unlisted trusts, unlisted equity instruments, land and buildings owned by Coal Services Pty Ltd that are not owner occupied and commercial paper.

Recognition:

The group recognises financial assets and financial liabilities on the date it becomes party to the contractual agreement and recognises changes in fair value of the financial assets or financial liabilities from this date.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES . . . [continued]

(t) Financial Instruments . . . [continued]

Measurement:

Financial assets and liabilities held at fair value through the profit and loss are measured initially at fair value excluding (where material) any transaction costs that are directly attributable to the acquisition of the financial asset or liability. Transaction costs on financial assets and financial liabilities at fair value through profit and loss are expensed immediately. Subsequent to initial recognition, all instruments held at fair value through the profit or loss is measured at fair value, with changes in their fair value recognised in the income statement.

Fair value in an active market:

The fair value of financial assets and liabilities traded in active markets is based on their quoted market prices at the balance sheet date without any deduction for estimated future selling costs. Financial assets are priced at current bid prices, while financial liabilities are priced at current asking prices.

Fair value in an inactive or unquoted market:

- The fair value of financial assets and liabilities that are not traded in an active market is determined using valuation techniques. These include the use of recent arm's length market transactions, reference to the current fair value of a substantially similar other instrument, discounted cash flow techniques, option pricing models or any other valuation technique that provides a reliable estimate of prices obtained in actual market transactions.
- Where discounted cash flow techniques are used, estimated future cash flows are based on management's best estimates and the discount rate used in a market rate at the balance sheet date applicable for an instrument with similar terms and conditions.
- Fair values of land and buildings are determined using directors' valuation, based on existing use and valuations provided by independent registered valuers.
- Investments in other unlisted unit trusts are recorded at the redemption value per unit as reported by the managers of such funds.

(u) Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both. Investment property is measured at fair value with any change therein recognised in profit or loss.

When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

The Company makes estimates and assumptions in respect of certain key assets and liabilities. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTE 3: ACCOUNTING ESTIMATES AND JUDGEMENTS

Key Sources of Estimation Uncertainty

The key areas of estimation uncertainty for the Company and its consolidated entity are described below.

Estimation of Outstanding Claims Liability

Provision is made at year-end for the estimated cost of claims incurred but not settled at the balance sheet date, including the cost of claims incurred but not yet reported (IBNR) to the Company.

The estimated cost of claims includes direct expenses to be incurred in settling claims net of the expected value of recoveries. The Company takes all reasonable steps to ensure that it has appropriate information regarding its claims exposure. However, given the uncertainty in establishing claims provisions, it is likely that the final outcome will prove to be different from the original liability established.

The estimation of IBNR is generally subject to a greater degree of uncertainty than the estimation of the cost of settling claims already notified to the Company where more information about the claim event is generally available. IBNR Claims may often not be reported until many years after the events giving rise to the claims that have occurred. Long-tail classes of business will typically display greater variations between initial estimates and final outcomes because there is a greater degree of difficulty in estimating IBNR reserves. Short-tail claims are typically reported soon after the claim event, and hence, tend to display lower levels of volatility.

NOTE 3: ACCOUNTING ESTIMATES AND JUDGEMENTS . . . [continued]

In calculating the estimated cost of unpaid claims the Company uses a variety of estimation techniques, generally based upon statistical analyses of historical experience, which assumes that the development pattern of the current claims will be consistent with past experience. Allowance is made, however, for changes or uncertainties that may create distortions in the underlying statistics or which might cause the cost of unsettled claims to increase or reduce when compared with the cost of previously settled claims.

Note 4 provides details on actuarial assumptions and method, and Note 9 provides an analysis of the outstanding claims liability.

Defined Benefit Pension Scheme

The Group participates in a number of defined benefit pension schemes. The present values of the Group's obligations under these arrangements are calculated by an actuary, and the principal assumptions used in these calculations are disclosed in Note 24.

NOTE 4: ACTUARIAL ASSUMPTIONS AND METHOD

The general approach to actuarial estimation of insurance liabilities is to analyse all available past experience, including numbers of reported and finalised claims, amounts of claims payments, changes in case estimates and incurred loss ratios. This analysis allows patterns to be identified in the past experience. Based on this, development patterns associated with the run-off of outstanding claims and premium liabilities at the balance sheet date can be estimated.

The determination of the central estimate of outstanding claims at the balance date involved:

- Estimating an allowance for claims incurred but not reported (IBNR) and the further development of reported claims.
- The determination of a risk margin and claims handling expense provision to be added to the central estimate of outstanding claims to achieve an estimated 75% (2008: 95%) level of confidence.
- During the year ended 30 June 2009, the Company has adopted the Australian Prudential & Regulatory Authority recommended 75% level of confidence in determining its risk margin and claims handling expenses compared to 95% previously used. The change of this accounting estimate has reduced the company's net claim provision from $377,700,000 (95%) to $313,313,000 (75%) a decrease of $64,387,000 as at 30 June 2009.

The central estimate has no deliberate bias towards over or under estimation. Generally speaking, this means that the central estimate is assessed to have approximately a 50% probability of adequacy.

The actuarial techniques used to estimate the outstanding claims liabilities were:

- To value current claims occurring before 30 June 1985 having regard for whether or not weekly benefits are being paid and the expected term of those payments.
- To value claims occurring after 30 June 1985 by payment type using recognised Payments per Claim actuarial valuation models as follows:
  - Common law: payments per common law claim settled
  - Redemptions: payments per claim finalised via a redemption
  - Lump sums: payments per claim incurred with a lump sum payment
  - Weekly compensation, legal, medical and other payments: payments per active claim
- To value industrial deafness/disease, lung disease (excluding asbestos related diseases) and asbestos related disease claims separately giving consideration to the nature of these claims and the types of benefits they attract.

The determination of the liability estimate for the premium liability at the balance date involved:

- Estimating an allowance for claims to be incurred in the year to 30 June 2010.
- The determination of a risk margin and claims handling expense provision to be added to the central estimate of the claims liability for the year to 30 June 2010 to achieve an estimated 75% level of confidence.

The methods used to estimate the allowance for claims incurred in the year to 30 June 2010 were the same as those adopted to estimate the outstanding claims liability. This analysis was supplemented with a projection of the underlying exposure to estimate the incurred claim costs.

Process Used to Determine Actuarial Assumptions

Claim Numbers

The first analysis undertaken was an analysis of reported claims. Ratios of numbers of claims reported in succeeding years were calculated and the underlying pattern used to estimate the total numbers of claims in each accident year.

Similar methods were used to estimate future numbers of claim finalisations and reopenings.

NOTE 4: ACTUARIAL ASSUMPTIONS AND METHOD . . . [continued]

Active Claims

The number of active claims in a given period has, for valuation purposes, been defined as the number of active claims at the start of the period plus the number of claims reported or reopened in the period less the number of claims finalised in the period. As such, the numbers of active claims in the future are a function of the estimated claim reporting, reopening and finalisation rates.

Redemptions

The number of past redemptions were expressed as a percentage of claims handled each year. The pattern underlying these percentages was then used to project the number of redemptions in future half years based on the projected numbers of claim finalisations in those future half years.

Lump Sums

The numbers of past lump sums were expressed as a percentage of the estimated claims incurred in each half year. The pattern underlying these percentages was then used to project the number of lump sums in future half years.

Common Law

The numbers of common law writs issued were expressed as a percentage of claims finalised each half year. The pattern underlying these percentages was then used to project the number of common law settlements in future half years based on the projected numbers of claim finalisations in those future half years.

Payments

The payments per claim pattern for each payment type was used to estimate the payments expected in future years for each year of accident based on a calculated future average payment per claim.

NOTE 5: INSURANCE CONTRACTS – RISK MANAGEMENT

Risk Management Objectives and Policies for Mitigating Insurance Risk

The Company has established practices for accepting insurance risks which is based on a statutory obligation in the Coal Industry Act. The risk under any one insurance contract arises out of the uncertainty surrounding the timing and severity of claims under the contract.

The Company manages its insurance risk through approval procedures for transactions that involve new clients, centralised management of reinsurance and monitoring of emerging issues.

Methods of monitoring performance include internal risk measurement models, scenario and stress testing and regular reviews of performance.

The principal risk is that the frequency and severity of claims is greater than expected. Insurance events are, by their nature, random, and the actual number and size of events during any one year many vary from those estimated using established statistical techniques.

The Company has an objective to control insurance risk, thus reducing the volatility of operating profits. Due to the inherent uncertainty of insurance risk, which can lead to significant variability in the loss experience, profits from insurance business are affected by market factors, and movements in asset values. Short-term variability is, to some extent, a feature of insurance business.

Objectives in Managing Risk Arising from Insurance and Policies for Mitigating those Risks

The Company's policies and procedures, processes and controls encompass its risk management and control systems. These systems address all material risks, financial and non-financial, likely to be faced by the Company. Annually, the Board certifies that adequate strategies have been put in place to monitor those risks, that the Company has systems in place to ensure compliance with legislative and prudential requirements and that the Board has satisfied itself as to compliance.

Underwriting Strategy

The underwriting strategy is to ensure that the company is able to meet the insurance needs of its customers, whilst achieving the risk management and objectives of the company.

NOTE 5: INSURANCE CONTRACTS – RISK MANAGEMENT . . . [continued]

Reinsurance Strategy

The company adopts a conservative approach towards its reinsurance risk management. The Board determines the level of risk, which is appropriate for the Company having regard to its financial resources, premium volume and the concepts of prudence. The company has an Insurance Committee and Board Audit and Risk Management Committee that assesses the effectiveness of the reinsurance management process. The control mechanisms include annual review of reinsurance arrangements, reinsurance programs, and criteria for selection of reinsurers.

Terms and Conditions of Insurance Contracts

The terms and conditions of insurance contracts that have a material effect on the amount, timing and uncertainty of future cash flows arising from insurance contracts are discussed below.

Product Features

The Company writes insurance risk only for the coal industry of New South Wales. Insurance indemnifies the policyholder against all liability arising under Workers' Compensation legislation.

The return to shareholders arises from the total premiums charged to policyholders and the return on invested assets, less the amounts paid to cover claims and the expenses incurred by the Company.

Management of Risks

The key insurance risks are underwriting risk and claims experience risk (including the variable incidence of natural disasters).

Underwriting risk is the risk that the company does not charge premiums appropriate for the different products it insures. The risk on any policy will vary according to many factors such as the assumptions of the insured and the policy limit. Underwriting risk is partially managed by the company issuing contracts including policy limitations and exclusions. These are not terms and conditions that are expected to have material impact on the financial statements of the company.

Claims experience is monitored on an ongoing basis to ensure that any adverse performance is addressed. The potential incidence of natural disasters is managed through the reinsurance management process and is reviewed on an annual basis. The company is able to reduce the claims experience risk of natural disasters through the range of reinsurance products available.

Concentration of Insurance Risks

Concentration risk is managed primarily through sensible premium setting and reinsurance.

Interest Rate Risk

The insurance or reinsurance contracts contain no clauses that expose the Company directly to interest rate risk. The insurance and reinsurance contracts are annually renewable.

Credit Risk

The Company is exposed to credit risk on insurance contracts as a result of exposure to individual reinsurers. The company does not have any material exposure to an individual reinsurer which would significantly impact the operating profit. The credit risk to reinsurers is managed through regular review and monitoring of reinsurers' credit rating as published by appropriate credit rating agencies.

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$ '000	$ '000	$'000	$'000
NOTE 6: UNDERWRITING RESULT				
a) Underwriting revenues				
Gross earned premiums	-	-	87,086	69,491
Reinsurance and other recoveries revenue	-	-	1,029	379
	-	-	88,115	69,870
b) Underwriting expenses				
Gross claims expense	-	-	47,190	54,237
Outwards reinsurance premium expense	-	-	1,810	1,373
Other underwriting expenses	-	-	17,945	14,535
Movement in unexpired risk reserve	-	-	-	(10,720)
	-	-	66,945	59,425
c) Underwriting result				
	-	-	85,276	68,118
Net incurred claims	-	-	(46,161)	(53,858)
Other underwriting expenses	-	-	(17,945)	(14,535)
Movement in unexpired risk reserve	-	-	-	10,720
	-	-	21,170	10,445
NOTE 7: NET EARNED PREMIUMS				
Gross written premiums	-	-	87,086	69,491
Outwards reinsurance premium expense	-	-	(1,810)	(1,373)
Net earned premiums	-	-	85,276	68,118
NOTE 8: NET INCURRED CLAIMS				
Claims expense				
Undiscounted				
- Claims paid (including direct settlement costs)	-	-	64,244	66,254
- Movement in provision for claims outstanding	-	-	77,898	(6,598)
- Risk Margin	-	-	(64,387)	-
Discount	-	-	(30,565)	(5,419)
	-	-	47,190	54,237
Reinsurance and other recoveries	-	-	(1,029)	(379)
Net incurred claims	-	-	46,161	53,858

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 8: NET INCURRED CLAIMS . . . [continued]

Claims Development

Current period claims relate to risks borne in the financial year. Prior period claims relate to a reassessment of the risks borne in all previous financial years.

2009	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses			
- Undiscounted			
Claims paid (including direct settlement costs)	8,753	55,491	64,244
Movement in provision for claims outstanding	77,241	657	77,898
- Risk Margin	-	(64,387)	(64,387)
- Discount	(17,039)	(13,526)	(30,565)
	68,955	(21,765)	47,190
Reinsurance and other recoveries			
- Discounted	-	(1,029)	(1,029)
Net incurred claims	68,955	(22,794)	46,161

The release of claims reserve for prior years was due primarily to the release of risk margin due to adopting a probability of adequacy of 75% rather than 95% for the provisions.

2008	Current Year $'000	Prior Years $'000	Total $'000
Gross claims incurred and related expenses			
- Undiscounted			
Claims paid (including indirect settlement costs)	3,564	62,690	66,254
Movement in provision for claims outstanding	72,825	(79,423)	(6,598)
- Discount	(12,705)	7,286	(5,419)
	63,684	(9,447)	
Reinsurance and other recoveries			
- Undiscounted	-	(379)	(379)
- Discount	-	-	-
Net incurred claims	63,684	(9,826)	53,858

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: OUTSTANDING CLAIMS

a) Undiscounted expected future claim payments

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$ '000	$ '000	$'000	$'000
Central estimate	-	-	396,360	303,582
Risk margin	-	-	52,082	82,159
Indirect claims settlement costs	-	-	37,654	22,457
	-	-	486,096	408,198
Discount to present value	-	-	(172,783)	(77,832)
	-	-	313,313	330,366
Current	-	-	68,568	67,005
Non-current	-	-	244,745	263,361
	-	-	313,313	330,366

b) The following average inflation (normal and superimposed) rates and discount rates were used in the measurement of outstanding claims:

For the succeeding year		
Inflation rate – normal	3.1%	4.5%
Inflation rate – superimposed (all)	-	2.0%
– superimposed (fully weekly compensation)	4.0%	-
– superimposed (medical – retrenched)	2.0%	-
– superimposed (medical – non-retrenched)	6.0%	-
– superimposed (other)	2.0%	-
Discount rate	3.4%	6.5%
For the subsequent years		
Inflation rate – normal	3.3% to 4.9%	4.5%
Inflation rate – superimposed (all)	-	2.0%
– superimposed (fully weekly compensation)	4.0%	-
– superimposed (medical – retrenched)	2.0%	-
– superimposed (medical – non-retrenched)	6.0%	-
– superimposed (other)	2.0%	-
Discount rate	4.7% to 6.6%	6.5%

c) The weighted average expected term to settlement of the outstanding claims from the balance date is estimated to be 5.4 years (2008: 4.8 years).

d) The prudential margin, which represents 12.0% (2008: 33.1%) of the discounted central estimate, provides a 75% (2008: 95%) level of confidence.

e) Claims development table –Workers' compensation business. The following table shows the development of gross and net undiscounted outstanding claims relative to the ultimate expected claims for the six most recent accident years.

NOTE 9: OUTSTANDING CLAIMS . . . [continued]

Accident year	2004 $'000	2005 $'000	2006 $'000	2007 $'000	2008 $'000	2009 $'000	Total $'000
Estimate of ultimate claims cost:							
At end of accident year	53,267	52,450	65,029	63,523	60,603	71,166	
One year later	51,160	55,312	53,760	59,552	61,901		
Two years later	49,335	52,089	51,206	59,778			
Three years later	56,469	58,529	51,197				
Four years later	56,590	56,800					
Five years later	59,963						
Cumulative claims cost	59,963	56,800	51,197	59,778	61,901	71,166	360,805
Cumulative payments	(46,624)	(40,863)	(26,231)	(24,928)	(15,278)	(9,048)	(162,972)
Outstanding claims – undiscounted	13,339	15,937	24,966	34,850	46,623	62,118	197,833
Outstanding claims 2002 and prior							198,528
Discount							(140,887)
Claims handling expenses							24,270
Net outstanding claims – central estimate							279,744
Prudential margin							33,569
Total discounted claims outstanding							313,313

f) Sensitivity analysis – insurance contracts

Coal Mines Insurance Pty Limited conducts sensitivity analysis to quantify the exposure to risk of changes in the key underlying variables. The valuations included in the reported results are calculated using certain assumptions about these variables as disclosed above. The movement in any key variable will impact the performance and equity of the company. The tables below describe how change in each assumption will affect the insurance liabilities and show an analysis of the sensitivity of the profit/loss and equity to changes in these assumptions both gross and net of reinsurance.

	Movement in variable %	Impact on profit gross of reinsurance $'000	Impact on equity $'000
Average claim size	+10%	31,801	31,801
	-10%	(31,801)	(31,801)
Expense rate	+1%	2,904	2,904
	-1%	(2,904)	(2,904)
Discount rate	+1%	(14,692)	(14,692)
	-1%	17,008	17,008
Inflation rate - normal	+1%	16,503	16,503
	-1%	(14,462)	(14,462)
Inflation rate - superimposed	+1% to classes with SI	7,975	7,975
	-1% to classes with SI	(6,661)	(6,661)
Claim finalisation rate	Multiply by 110%	(10,799)	(10,799)
	Multiply by 90%	13,260	13,260
Claim reopening rate	Multiply by 110%	15,999	15,999
	Multiply by 90%	(15,829)	(15,829)

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 9: OUTSTANDING CLAIMS . . . [continued]

g) Reconciliation of movements on outstanding claims liabilities

	PARENT ENTITY		CONSOLIDATED	
	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Net outstanding claims liability at the beginning of the year			330,365	342,300
Net risk margin at the beginning of the year	-	-	(82,159)	(84,900)
Net central estimate at the beginning of the year	-	-	248,206	257,400
Claims paid in the year	-	-	(58,183)	(56,900)
Associated expense allowance	-	-	(4,364)	(4,300)
Unwinding of discount	-	-	14,133	13,500
Change in cost	-	-	24,530	(2,100)
Movement in discount	-	-	5,560	(4,600)
Claims incurred in the year	-	-	53,752	45,200
Net outstanding claims at the end of the year	-	-	283,634	248,200
Net risk margin at the end of the year	-	-	34,036	82,166
Net outstanding claims provision at the end of the year	-	-	317,670	330,366
Future recoveries (including risk margin)	-	-	(4,357)	-
Net outstanding claims liability at the end of the year	-	-	313,313	330,366

NOTE 10: OTHER REVENUE

Revenue from other operating activities:				
Contributions from colliery proprietors for Mines Rescue Levy	-	-	6,724	5,760
Training and services revenue	-	-	9,458	7,371
Occupational health and rehabilitation services	8,097	5,315	7,160	4,345
Other	903	399	2,442	394
	9,000	5,714	25,784	17,870
Revenue from outside the operating activities:				
Costs recovered from controlled entity	10,648	8,189	-	-
Revenue from other ordinary activities	19,648	13,903	25,784	17,870

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 11: PROFIT FROM ORDINARY ACTIVITIES

a) Net gains/(loss) and expenses

Net gains/(loss) on disposal Property, plant and equipment	(230)	384	(295)	478
Expenses				
Depreciation of plant and equipment	(1,088)	(810)	(3,661)	(1,683)
Impairment of debts	(390)	(81)	(501)	(133)
Employee entitlement provisions	(323)	(1,661)	(645)	(937)
Miners' pension expense under in demnity	(603)	(8,242)	(603)	(8,242)

b) Investment income/(loss)

Dividends	2,807	3,063	2,807	3,063
Equity and property trust distributions	2,100	11,487	2,100	11,487
Fixed Interest trust distributions	3,452	7,035	3,452	7,035
Interest – short term investments	431	1,442	405	1,116
Interest – long term investments	123	76	123	76
Rental income	6,547	6,582	6,547	6,582
Investment property operating and management expenses	(483)	(2,270)	(483)	(2,270)
	14,977	27,415	14,951	27,089
Realised gains/(losses) on financial assets held at fair value through profit or loss				
Australian listed shares and equity trusts	(11,659)	(5,926)	(11,659)	(5,926)
Investment property	-	(177)	-	(177)
Property trust units	-	(4,627)	-	(4,627)
Fixed interest investments	128	(326)	128	(326)
Overseas equity trust units	(7,325)	493	(7,325)	493
Other investment income	1	209	1	209
	(18,855)	(10,354)	(18,855)	(10,354)
Unrealised gains (losses) on financial assets held at fair value through profit or loss:				
Australian listed shares and equity trusts	(21,480)	(23,652)	(21,480)	(23,652)
Investment property	(10,595)	310	(10,595)	310
Property trust units	(3,443)	(3,162)	(3,443)	(3,162)
Fixed interest investments	7,943	(3,444)	7,943	(3,444)
Overseas equity trust units	(8,588)	(19,545)	(8,588)	(19,545)
	(36,163)	(49,493)	(36,163)	(49,493)
Net investment income	(40,041)	(32,432)	(40,067)	(32,758)

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 12: INCOME TAX

a) Income tax expense

Current tax	(2,654)	8,341	(1,733)	4,940
Deferred tax	(13,771)	(26,942)	(16,308)	(25,010)
	(16,425)	(18,601)	(18,041)	(20,070)
Deferred income tax expense included in the income tax expense comprises:				
Decrease/(increase) in deferred tax assets	(1,769)	(11,915)	(12,411)	(9,904)
Increase in deferred tax liabilities	(12,002)	(15,027)	(3,897)	(15,106)
	(13,771)	(26,942)	(16,308)	(25,010)

b) Numerical reconciliation of income tax expense to prima facie tax payable

Profit/(loss) before income tax expense	(42,009)	(51,999)	(46,710)	(56,173)
Income tax at 30% (2008: 30%)	(12,602)	(15,600)	(13,501)	(16,852)
Tax effect of amounts which are not deductible in calculating taxable income:				
Reduction in indemnity to controlled entity	-	-	-	-
Miners pension expense	510	167	510	167
Other permanent difference	(1,142)	(706)	(1,829)	(726)
Over provision in previous years	(1,702)	(795)	(1,733)	(992)
Tax credits	(1,489)	(1,667)	(1,488)	(1,667)
	(16,425)	(18,601)	(18,041)	(20,070)

c) Amounts recognised directly in equity

Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss, but directly debited/(credited) to equity:				
Deferred tax on revalued property, plant and equipment	-	-	152	694
	-	-	152	694

The entities within the tax consolidation group, including the company, have entered into a tax sharing agreement. Amounts receivable or payable under the tax sharing agreement have been recognised as tax-related amounts receivable from or payable to other entities in the group. The terms of the agreement also specify the methods of allocating any tax liability in the event of a default by the head entity in the tax consolidation group on its group payment obligations and the treatment whereby a controlled entity exits the group. As at 30 June 2009 there had been no default by the head entity.

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 13: CURRENT ASSETS - CASH AND CASH EQUIVALENTS

Cash at bank and on hand	5,752	2,113	7,554	3,082
Short term deposits	213	7,215	213	7,216
	5,965	9,328	7,767	10,298

a) Reconciliation to cash at the end of the year

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

Balance per the cash flow statements	5,965	9,328	7,767	10,298

The parent entity has a bank overdraft facility of $5,000,000 (2008: $387,000) which was unused as at 30 June 2009.

b) Significant non cash transaction

Under a funding agreement between the parent entity (CSPL) and a subsidiary Mines Rescue Pty Ltd (MRS), there were some properties transferred from CSPL to MRS with no cashflow for both entities. The consideration paid for the year ending 30 June 2009 was $2.56m by mean of secured loan (2008: $16.49m comprises of secured loan and investment in subsidiary).

NOTE 14: CURRENT ASSETS – RECEIVABLES

Trade receivables	858	1,130	4,504	4,966
Less: Provision for impaired receivables	(20)	(5)	(420)	(401)
	838	1,125	4,084	4,565
Accrued premium income	-	-	6,521	5,510
Others	(53)	546	52	764
Amounts owed from Mines Rescue Pty Limited	10,735	5,048	-	-
	11,520	6,719	10,657	10,839

NOTE 15: CURRENT ASSETS – CURRENT TAX ASSETS

Current taxation assets	4,094	-	4,094	-
	-	-	-	-
	-	-	-	-
	4,094	-	4,094	-

NOTE 16: CURRENT ASSETS – FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT & LOSS

Australian bond trust units	94,664	92,380	94,664	92,380
Australian listed shares	51,076	64,250	51,076	64,250
Australian equity trust units	48,987	63,425	48,987	63,425
Overseas equity trust units	20,393	55,692	20,393	55,692
Global infrastructure fund	13,202	16,640	13,202	16,640
Australian cash fund	14,436	-	14,436	-
	242,758	292,387	242,758	292,387

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 17: CURRENT ASSETS - INVENTORIES

Goods held for resale	-	-	195	148

NOTE 18: CURRENT ASSETS - OTHERS

Prepayments	990	1,093	1,294	1,247

NOTE 19: NON-CURRENT ASSETS - RECEIVABLES

Amounts owed from Mines Rescue Pty Limited	3,779	3,524	-	-
Receivable from statutory corporation	-	-	1,755	1,874
	3,779	3,524	1,755	1,874

NOTE 20: NON-CURRENT ASSETS – FINANCIAL ASSETS HELD AT FAIR VALUE THROUGH PROFIT & LOSS

Loan to third party	1,010	1,010	1,010	1,010
Commercial loan to a controlled entity *	215	520	-	-
	1,225	1,530	1,010	1,010

* In February 2004, the parent entity entered into a loan agreement with Mines Rescue Pty Limited to provide funds of $1,500,000. The loan is being repaid over 5 years at a fixed interest rate of 6.75%.

NOTE 21: NON-CURRENT ASSETS – INVESTMENT IN SUBSIDIARIES

Shares in controlled entities	25,090	22,528	-	-
Equity component on interest free loan	1,476	1,476	-	-
	26,566	24,004	-	-

In October 2007, Coal Services Pty Limited (CSPL) Board approved a funding agreement. The funding comprises a secured interest free loan of $5.00m with a 5 year repayment term and subscription of $25.00m B Class ordinary shares in MRS. As at 30 June 2009, $5.00m of the secured loan has been drawn with corresponding fair value adjustment of $1.476m, which is classified as an equity component on interest free loan.

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
NOTE 22: NON CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT				
LAND & BUILDINGS				
At valuation	12,280	13,138	51,885	49,816
Less: accumulated depreciation	-	-	-	-
	12,280	13,138	51,885	49,816
OFFICE IMPROVEMENTS				
At cost	539	945	539	945
Less: accumulated depreciation	(147)	(450)	(147)	(450)
	392	495	392	495
COMPUTER EQUIPMENT				
At cost	1,593	1,892	1,593	1,892
Less: accumulated depreciation	(896)	(1,290)	(895)	(1,290)
	697	602	698	602
MOTOR VEHICLES				
At cost	1,712	1,288	2,932	2,447
Less: accumulated depreciation	(126)	(116)	(617)	(567)
	1,586	1,172	2,315	1,880
PLANT & EQUIPMENT				
At cost	1,598	2,312	12,977	12,188
Less: accumulated depreciation	(448)	(1,165)	(4,031)	(2,873)
	1,150	1,147	8,946	9,315
	16,105	16,554	64,236	62,108

Valuations of land & buildings

The basis of valuation of the land and buildings is fair value being the amounts for which the assets could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition. All properties were revalued at the year-end based upon independent assessments by a member of the Australian Property Institute. The revaluation surplus, net of applicable deferred taxes, is credited to the asset revaluation reserve in shareholders equity.

Carrying amounts that would have been recognised if land and buildings were stated at cost

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

Cost	12,280	16,277	46,917	66,747

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 22: NON CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT . . . [continued]

Assets in the course of construction

The carrying amounts of the assets disclosed above include the following expenditure recognised in relation to property, plant and equipment which is in the course of construction:

	Parent 2009	Parent 2008	Consolidated 2009	Consolidated 2008
Land and buildings				
Carrying amount at the start of the year	-	10,251	11,035	10,251
Additions	-	11,739	-	24,755
Revaluation of building	-	38	-	(1,943)
Revaluation of land	-	-	-	-
Completion	-	(22,028)	(11,035)	(22,028)
Carrying amount at the end of the year	-	-	-	11,035

	Parent 2009	Parent 2008	Consolidated 2009	Consolidated 2008
Plant & equipment				
Carrying amount at the start of the year	-	-	5,372	3,348
Additions	-	-	-	2,024
Impairment	-	-	-	-
Revaluation of land	-	-	-	-
Completion	-	-	(5,372)	-
Carrying amount at the end of the year	-	-	-	5,372

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 22: NON CURRENT ASSETS - PROPERTY, PLANT & EQUIPMENT . . . [continued]

Reconciliations

Reconciliations of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial period are as follows:

	Land and Buildings $'000	Office Improvements $'000	Computer Equipment $'000	Motor Vehicles $'000	Plant and Equipment $'000	Total $'000
Parent						
Carrying amount at 1 July 2008	13,138	495	602	1,172	1,147	16,554
Additions	97	29	338	1,961	218	2,643
Disposals	-	-	(2)	(1,307)	(6)	(1,315)
Revaluation	(689)	-	-	-	-	(689)
Depreciation/amortisation expense	(266)	(132)	(241)	(240)	(209)	(1,088)
Carrying amount at 30 June 2009	12,280	392	697	1,586	1,150	16,105

	Land and Buildings $'000	Office Improvements $'000	Computer Equipment $'000	Motor Vehicles $'000	Plant and Equipment $'000	Total $'000
Consolidated						
Carrying amount at 1 July 2008	49,816	495	602	1,880	9,314	62,107
Additions	8,482	28	339	2,405	1,973	13,227
Reclassified to investment property	(2,300)	-	-	-	-	(2,300)
Reversal of unrealised profit due to reclassification	(500)	-	-	-	-	(500)
Disposals	-	-	(2)	(1,689)	(255)	(1,946)
Revaluation	(2,691)	-	-	-	-	(2,691)
Depreciation/amortisation expense	(922)	(131)	(241)	(281)	(2,086)	(3,661)
Carrying amount at 30 June 2009	51,885	392	698	2,315	8,946	64,236

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 23: NON-CURRENT ASSETS – INVESTMENT PROPERTIES

At fair value				
Opening balance at 1 July	72,675	72,200	72,675	72,200
Capitalised subsequent expenditure	520	165	520	165
Reclassified from owner occupied	-	-	2,300	-
Disposals	-	-	-	-
Net gain/(loss) from fair value adjustments	(10,595)	310	(10,295)	310
Closing balance at 30 June	62,600	72,675	65,200	72,675

a) Amounts recognised in profit and loss for investment properties

Rental income	6,547	6,582	6,547	6,582
Direct operating expenses	(483)	(2,270)	(483)	(2,270)
	6,064	4,312	6,064	4,312

b) Valuation basis

The basis of the valuation of investment properties is fair value, being the amounts for which the properties could be exchanged between willing parties in an arm's length transaction, based on current prices in an active market for similar properties in the same location and condition and subject to similar leases. The range of yields and discount rates applied to the annual rents to determine the fair value of the investment properties range from 9.0% to 9.75% for yields and 9.75% to 10.50% for discount rates. The 2009 revaluations were based on independent assessments made by a member of the Australian Property Institute.

NOTE 24: NON-CURRENT ASSETS – DEFERRED TAX ASSETS

The balance comprises temporary differences attributable to:				
Amounts recognised in profit and loss:				
Investment	(8,385)	(9,346)	(8,385)	(9,346)
Accrued expenses	307	(2,150)	42	(2,024)
Impaired debts	(4)	1	6	94
Indirect claims settlement costs	-	-	(2,182)	1,585
Employee entitlements	(100)	(99)	(39)	(241)
Defined benefit super	(1,106)	(306)	(1,106)	(306)
Unexpired risk reserve	-	-	-	3,216
Property impairment	-	-	371	(972)
Unearned revenue	-	-	115	(1,873)
Other	(1,234)	(15)	(1,232)	(38)
	(10,522)	(11,915)	(12,410)	(9,905)

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NOTE 24: NON-CURRENT ASSETS – DEFERRED TAX ASSETS . . . [continued]

	Unrealised loss from investments	Accrued expenses	Provision for doubtful debts	Indirect claims settlement costs	Employee entitlements	Defined Benefit	Unexpired risk reserve	Property Impairment	Unearned Revenue	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Movements – Consolidated											
Carrying amount at 30 June 2007	-	314	210	6,685	1,622	-	3,215	-	-	-	12,047
Credited to the income statement	9,346	2,024	(94)	(1,585)	241	306	(3,216)	972	1,873	38	9,905
Carrying amount at 30 June 2008	9,346	2,338	116	5,100	1,863	306	(1)	972	1,873	38	21,952
Credited to the income statement	8,385	(42)	(6)	2,182	39	1,106	-	(371)	(115)	1,232	12,410
Carrying amount at 30 June 2009	17,731	2,297	110	7,282	1,902	1,412	(1)	601	1,758	1,270	34,362

	Unrealised loss from investments	Accrued expenses	Provision for doubtful debts	Indirect claims settlement costs	Employee entitlements	Defined Benefit	Unexpired risk reserve	Property Impairment	Unearned Revenue	Other	Total
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Movements – Parent Entity											
Carrying amount at 30 June 2007	-	197	2	-	705	-	-	-	-	-	904
Credited to the income statement	9,346	2,150	(1)	-	99	306	-	-	-	15	11,915
Carrying amount at 30 June 2008	9,346	2,347	1	-	804	306	-	-	-	15	12,819
Credited to the income statement	8,385	(307)	4	-	100	1,106	-	-	-	1,234	10,522
Carrying amount at 30 June 2009	17,731	2,040	5	-	904	1,412	-	-	-	1,249	23,341

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 25: NON-CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS

a) Superannuation plans

The parent entity participated in the following Energy Industry Superannuation Schemes (EISS): the Defined Benefit Scheme, the Retirement Scheme and the Accumulation Scheme. At least a component of the final benefit is derived from a multiple of member salary and years of membership. The Defined Benefit and the Retirement Schemes are closed to new members.

The subsidiary company, Mines Rescue Pty Limited, participated in the Mines Rescue Stations Staff Superannuation Plan and the Auscoal Superannuation Plan under the provision of the Coal and Oil Shale Workers Superannuation Fund. The Mines Rescue Stations Staff Superannuation Plan is a final average (3 years) lump sum benefit arrangement providing benefits on death, disability, resignation and retirement. The scheme is closed to new members.

a(i) Balance sheet amounts

	Parent 2009	Parent 2008	Consolidated 2009	Consolidated 2008
Present value of the defined benefit obligation	(12,533)	(10,546)	(16,220)	(15,855)
Present value of the defined benefit plan assets	7,827	9,524	9,705	13,200
	(4,706)	(1,022)	(6,515)	(2,655)
Unrecognised actuarial losses	-	-	-	1,985
Net asset/(liability) recognised in the balance sheet	(4,706)	(1,022)	(6,515)	(670)

As at 30 June 2009, the asset sector percentages for the defined benefit funds are as follows:

	Parent Entity	Subsidiary
Australian equities	34.3%	30.6%
Overseas equities	33.1%	21.7%
Australian fixed interest securities	9.0%	22.4%
Overseas fixed interest securities	6.9%	3.2%
Property	6.1%	2.3%
Cash	6.1%	13.8%
Other	4.5%	6.0%
	100.0%	100.0%

All scheme assets are invested by the Trustees at arm's length through independent managers.

a(ii) Movement

	Parent 2009	Parent 2008	Consolidated 2009	Consolidated 2008
Net asset/(liability) at the beginning of the year	(1,022)	342	(671)	958
Net (expense)/ income recognised in the income statement	(278)	(1,655)	(3,513)	(2,287)
Experience Adjustments	(3,695)	-	(3,695)	-
Contributions	289	291	1,363	658
Net asset/(liability) disclosed in the balance sheet	(4,706)	(1,022)	(6,515)	(671)

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 25: NON-CURRENT LIABILITIES – EMPLOYEE ENTITLEMENTS . . . [continued]

a(iii) Amounts recognised in the income statement

The amounts recognised in the income statement are as follows:

	Parent 2009	Parent 2008	Consolidated 2009	Consolidated 2008
Current service cost	337	559	804	904
Interest cost	681	658	921	921
Expected return on Scheme assets	(740)	(810)	(952)	(993)
Actuarial (gains)/losses	-	1,248	2,740	1,455
Expense/(income) recognised	278	1,655	3,513	2,287
Actual return on Scheme assets	(1,691)	(971)	(2,196)	(896)

a(iv) Principal actuarial assumptions

The principal actuarial assumptions used were as follows:

	2009	2008
Parent entity scheme		
Salary increase rate	6% pa until June 2009; 4% pa thereafter	6% pa until June 2009; 4% pa thereafter
Rate of CPI increase	2.5%	2.5%
Expected rate of return on assets	7.8%	7.8%
Discount rate	5.4%	6.19%
Mines Rescue Pty Limited scheme		
Salary increase rate	4.0%	5.0%
Expected rate of return on assets	5.0%	7.0%
Discount rate	4.7%	5.5%

a(v) Employer contributions

Parent entity

The method used to determine the employer contributions at the last actuarial review was the Aggregate Funding method. The method adopted affects the timing of the cost to the employer. Under the Aggregate Funding method, the employer contribution rate is determined so that sufficient assets will be available to meet benefit payments to existing members, taking into account the current value of assets and future contributions.

The recommended contribution rates for the entity are:

EISS Division B – 1.9 x member contributions
EISS Division C – 2.5% x salaries
EISS Division D – 1.64 x member contributions

If a surplus exists in the employer's interest in the Scheme, the employer may be able to take advantage of it in the form of a reduction in the required contribution rate, depending on the advice of the Scheme's actuary. Where a deficiency exists, the employer is responsible for any difference between the employer's share of Scheme assets and the defined benefit obligation.

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Mines Rescue Pty Limited

The method used to determine the employer contributions is the balance of the cost of benefits after the member's contributions of 4% of salary.

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 26: CURRENT LIABILITIES - PAYABLES

Trade and other creditors	5,391	1,241	8,072	1,771
Accrued expenses	805	1,798	820	1,975
Amounts owed to Coal Mines Insurance Pty Ltd	129,210	138,838	-	-
	135,406	141,877	8,892	3,746

NOTE 27: CURRENT LIABILITIES – BORROWINGS

Bank Bill	5,000	-	5,000	-

The following bank bill was secured by the Commonwealth Bank of Australia:

Bank Bill	Principal Amount $'000	Rate
8 July 2009	5,000	3.73%

NOTE 28: CURRENT LIABILITIES – CURRENT TAX

Income tax payable	-	2,802	354	2,802

NOTE 29: CURRENT LIABILITIES – PROVISIONS

Miners' pension fund indemnity	1,700	2,000	1,700	2,000
Miners' pension fund Part 3 liability	1,098	7,686	1,098	7,686
Employee entitlements	2,507	2,287	3,984	3,853
	5,305	11,973	6,782	13,539

During the year, Coal Services Pty Limited at the request of the shareholders approved to fund the value of future pension increase in relation to the CPI component of Auscoal's pension scheme known as Miners' Pension Fund, Part 3 liability. The approved funding amount was $7.69m as per an Actuarial report issued by the fund actuary on 20 May 2008.

a) Miners' pension fund indemnity

The provision for the miners' pension fund indemnity is described in more detail in Note 34.

b) Movements in provisions

Movements in each class of provision during the financial year are set out below:

Parent	Employee entitlements $'000	Miners' Pension Fund $'000	Part 3 Liability $'000	Total $'000
Carrying amount at 1 July 2008	2,287	2,000	7,686	11,973
Transferred to Non Current	-	-	(5,490)	(5,490)
Charged to the income statement	220	(300)	(1,098)	(1,178)
Carrying amount at 30 June 2009	2,507	1,700	1,098	5,305

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	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 30: CURRENT LIABILITIES – OTHER

Premium received in advance	-	-	19	1,531
Rental bonds received	40	119	42	119
	40	119	61	1,650

NOTE 31: LIABILITIES – UNEARNED REVENUE

During the year, Mines Rescue Pty Limited received a grant of $1.2m from The Coal Services Health and Safety Trust to fund the development of Virtual Reality facilities to provide better safety and other training capabilities to the coal industry. The grant is deferred and will be recognised as revenue in line with the effective life of the equipment, being 4 years from financial year 2009.

Unearned Revenue – Current	-	-	1,465	1,561
Unearned Revenue – Non Current	-	-	4,396	4,682
	-	-	5,861	6,243
Carrying amount at 1 July, 2008	-	-	6,243	-
Add: Health & Safety Trust Grant	-	-	1,200	6,243
	-	-	7,443	6,243
Less: Recognised in the period	-	-	(1,582)	-
Balance 30 June 2009	-	-	5,861	6,243

NOTE 32: NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES

The balance comprises temporary differences attributable to:				
Amounts recognized in profit and loss:				
Unrealised gains/(losses) on investments	(3,011)	(14,946)	(3,011)	(14,946)
Accrued income	(15)	(65)	(15)	(65)
Surplus on defined benefit superannuation schemes	-	(103)	(648)	(182)
Revaluation of land and buildings	(224)	87	(224)	87
	(3,250)	(15,027)	(3,898)	(15,106)

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NOTE 32: NON-CURRENT LIABILITIES – DEFERRED TAX LIABILITIES . . . [continued]

	Unrealised gains on investments	Accrued income	Surplus on defined benefit superannuation schemes	Revaluation of land and buildings	Total
	$'000	$'000	$'000	$'000	$'000
Movements – Consolidated					
Carrying amount at 30 June 2007	22,941	72	287	1,156	24,456
Charged to the income statement	(14,946)	(65)	(182)	87	(15,106)
Charged directly to equity	-	-	-	(694)	(694)
Carrying amount at 30 June 2008	7,995	7	105	549	8,656
Charged to the income statement	(3,010)	(15)	(648)	(225)	(3,898)
Charged directly to equity				(152)	(152)
Carrying amount at 30 June 2009	4,985	(8)	(543)	172	4,606

	Unrealised gains on investments	Accrued income	Surplus on defined benefit superannuation schemes	Revaluation of land and buildings	Total
	$'000	$'000	$'000	$'000	$'000
Movements – Parent entity					
Carrying amount at 30 June 2007	22,941	72	103	-	24,456
Charged to the income statement	(14,946)	(65)	(103)	87	(15,106)
Charged directly to equity	-	-	-	(263)	(694)
Carrying amount at 30 June 2008	7,995	7	-	(176)	8,656
Charged to the income statement	(3,010)	(15)	-	(225)	(3,898)
Charged directly to equity			-	-	(152)
Carrying amount at 30 June 2009	4,985	(8)	-	(401)	4,576

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 33: NON-CURRENT LIABILITIES – PROVISIONS

	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Coal Mines Insurance Pty Ltd indemnity	171,245	181,370	-	-
Miners' pension fund indemnity	7,856	8,727	7,856	8,726
Miners' pension fund indemnity part 3 liability	5,490	-	5,490	-
Employee entitlements	464	360	3,893	4,015
	185,055	190,457	17,239	12,741

a) Coal Mines Insurance Pty Limited indemnity

The parent entity has indemnified Coal Mines Insurance Pty Limited, against all claims, payments, damages, costs, outgoings and liabilities arising from the workers' compensation insurance scheme. This has resulted in a net movement of $13.8m (2008 $1.3m) which has been credited to the income statement of Coal Services Pty Limited for the year.

b) Miners' pension fund indemnity

The provision for the miners' pension fund indemnity is described in more detail in Note 34.

c) Movements in provisions

Movements in each class of provision during the financial year are set out below:

Consolidated	Miners' Pension Fund – Indemnity	Part 3 Liability	Employee Entitlements	Total
	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2008	8,727	-	4,014	12,741
Credited to the income statement	(871)	-	(121)	(992)
Reclassified from current provisions	-	5,490	-	5,490
Carrying amount at 30 June 2009	7,856	5,490	3,893	17,239

Parent entity	Coal Mines Insurance Pty Limited - Indemnity	Miners' Pension Fund - Indemnity	Part 3 Pension	Employee Entitlements	Total
	$'000	$'000	$'000	$'000	$'000
Carrying amount at 1 July 2008	181,370	8,727	-	360	190,457
Credited to the income statement & reclassified from current provisions	(10,125)	(871)	5,490	104	(5,402)
Carrying amount at 30 June 2009	171,245	7,856	5,490	464	185,055

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 34: INDEMNITY – MINERS' SUPERANNUATION PENSION FUND

In 1992, with the agreement of the Trustees, the Joint Coal Board indemnified COALSUPER Pty Limited for its liability to pre-1978 pensioners in the Statutory Superannuation Fund. This indemnity was transferred to the parent entity on 1 January 2002. An independent actuarial valuation was undertaken at the balance sheet date to value this indemnity. The results are shown below:

a) Expected future payment

Expected future pension payments - undiscounted	15,025	15,025	15,025	15,025
Discount to present value	1,119	(4,298)	1,119	(4,298)
	16,144	10,727	16,144	10,727
Current – indemnity	2,798	2,000	2,798	2,000
Non-current – indemnity	13,346	8,727	13,346	8,727
	16,144	10,727	16,144	10,727

b) The following average inflation rates and discount rates were used in the measurement of the indemnity:

For the succeeding and subsequent years

Inflation rate	3.0%
Discount rate	6.0%

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NOTE 34: INDEMNITY – MINERS' SUPERANNUATION PENSION FUND . . . [continued]

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

c) The weighted average expected term to settlement of future pension payments from the balance date is estimated to be 4.91years (2008: 4.91 years).

d) Miners' pension expense under indemnity:

Pension payments	1,774	2,026	1,774	2,026
Movement in provision	(1,171)	6,216	(1,171)	6,216
	603	8,242	603	8,242

NOTE 35: EMPLOYEE ENTITLEMENTS

Employee entitlement liabilities

Long service leave entitlement				
Current	1,164	1,199	1,730	1,199
Non-current	464	361	1,784	361
	1,628	1,560	3,514	1,560
Coal industry long service leave				
Current	-	-	694	662
Non-current	-	-	1,618	1,544
	-	-	2,312	2,206
Annual leave entitlements				
Current	1,344	1,088	1,617	1,343
Non-current	-	-	636	596
	1,344	1,088	2,253	1,939
Sick leave entitlement				
Current	-	-	631	649
Non-current	-	-	1,472	1,514
	-	-	2,103	2,163
Total employee entitlements				
Current	2,507	2,287	4,672	3,853
Non-current	464	361	5,510	4,015
	2,971	2,648	10,182	7,868
Employee numbers				
Number of employees at the end of the period	**219**	**202**	**276**	**257**

Coal Industry Long Service Leave

Commonwealth legislation enacted in 1992 established a statutory corporation, Coal Mining Industry (Long Service Leave Funding) Corporation, to assume responsibility for funding of the payment of long service leave entitlements to persons employed in the black coal industry (including Mines Rescue Service employees). A levy is raised on wages paid by employees and a reimbursement is made to employers when long service leave payments are made. The obligation for long service leave entitlements rests with the employer as part of the conditions of employment. The centralised method of financing the payment of long service leave is consistent with the entitlement to be paid, long service leave being based on continuous employment within the coal industry rather than service with a single employer.

Mines Rescue Pty Limited's obligation to employees is inclusive of associated on-costs and is recognised as a liability. The company's right to reimbursement from the statutory corporation excludes associated on-costs, as they are not recoverable from the statutory corporation. The right to reimbursement is recognised as an asset (see Note 18).

NOTE 35: EMPLOYEE ENTITLEMENTS . . . [continued]

Sick leave entitlements

The sick leave entitlements shown above reflect the outstanding entitlements due to employees of Mines Rescue Pty Limited.

Superannuation entitlements

During the period, the consolidated entity participated in various superannuation schemes that offered either defined benefit and/or accumulated benefits to employees on retirement, disability or death.

The parent entity participated in the following Energy Industry Superannuation Schemes (EISS): the Defined Benefit Scheme, the Retirement Scheme and the Accumulation Scheme; as well as various personal superannuation schemes administered by financial institutions.

Mines Rescue Pty Limited, a controlled entity, participated in the Miners Superannuation Plan (formerly the Coal and Oil Shale Workers Superannuation Fund), the Auscoal Superannuation Plan and the Mines Rescue Station Staff Superannuation Plan.

Refer to Note 25 for further details on these schemes.

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	Number of Shares	Number of Shares	$	$

NOTE 36: CONTRIBUTED EQUITY

Share capital				
Ordinary shares – Fully paid	2	2	2	2

Ordinary Shares entitle the holder to participate in dividends and proceeds of the winding up of the company in proportion to the number of shares held. On a show of hands, every holder of ordinary shares present at a meeting, in person or by proxy, is entitled to one vote and upon a poll each share is entitled to one vote.

NOTE 37: RESERVES AND RETAINED PROFITS

a) Reserves

Property, Plant and Equipment revaluation reserve	-	3	1,338	1,973

Movements

Balance at start of year	3	1,151	1,973	3,850
Revaluation of land & buildings	(3)	3	(635)	(1,006)
Transfer to current year profit on disposal	-	(1,151)	-	(871)
Balance at end of year	-	3	1,338	1,973

a) Retained Profits

Balance at start of year	84,616	118,014	92,213	128,316
Net Profit / (loss)	(25,584)	(33,398)	(28,669)	(36,103)
	59,032	84,616	63,544	92,213

b) Nature and purpose of reserves

The property, plant and equipment reserve is used to record increments and decrements on the revaluation of non-current assets, as described in Note 2(l).

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NOTE 38: REMUNERATION OF AUDITORS

During the year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Audit of financial reports Fees paid to KPMG	18	17	177	169
Taxation services Fees paid to KPMG	49	38	49	38
	67	55	226	207

NOTE 39: KEY PERSONNEL COMPENSATION

a) Directors

The following persons were directors of the company during the year and were key personnel for the entire year.

A J Haraldson

R P Land

J Mackrill

W McAndrew

A N Middlebrook

R M Taylor

K P Turner

b) Key personnel compensation included in employee benefits expense in the income statement

	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Short-term employee benefits	1,309	1,587	1,309	1,587
Post-employment benefits	-	-	-	-
Long-term benefits	-	-	-	-
Share-based payments	-	-	-	-
Termination payments	-	-	-	-
	1,309	1,587	1,309	1,587

NOTE 40: RELATED PARTY DISCLOSURE

a) Transactions with directors and director related entities

A director, A N Middlebrook, is a director of Employers Mutual Limited. During 2008 and 2009 financial years, Employers Mutual Limited provided management services and workers' compensation insurance to the parent entity.

Aggregate amounts of each of the above income transactions with directors and director related entities are:

	PARENT ENTITY 2009 $'000	PARENT ENTITY 2008 $'000	CONSOLIDATED 2009 $'000	CONSOLIDATED 2008 $'000
Amounts recognised as an expense				
Workers' compensation insurance	58	57	58	57
Management service	1,313	3,409	1,313	3,409
	1,371	3,466	1,371	3,466

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 40: RELATED PARTY DISCLOSURE . . . [continued]

b) Other related parties

The parent entity holds a nominee directorship in Mount Thorley Coal Loading Limited. The parent entity has made a loan to Mount Thorley Coal Loading Limited which is secured by a bank guarantee. As at the balance sheet date, the amount outstanding on the loan was $1,010,000 (2008: $1,010,000). During the period, the parent entity received $75,749 (2008: $75,749) in interest on this loan.

The majority of directors of the parent entity are also trustees of the Coal Services Health & Safety Trust. During the previous financial year the parent entity has not made any grant to the Coal Services Health & Safety Trust to help fund its research to benefit the New South Wales coal industry. There was no grant made to the Trust this year. A grant of $6.24m had been approved by the Coal Services Health & Safety Trust and paid to Mines Rescue Pty Limited for the development of Virtual Reality facilities to provide better safety and other training capabilities.

c) Controlling entities

The ultimate parent entity in the wholly-owned group is Coal Services Pty Limited. The parent entity is owned 50% by NSW Minerals Subsidiary Company Pty Limited, and 50% by the Construction Forestry Mining and Energy Union. NSW Minerals Subsidiary Company Pty Limited is a company owned by the NSW Minerals Council, an association representing employers in the NSW coal industry. The Construction Forestry Mining and Energy Union is an association representing employees in the NSW coal industry.

Amounts recognised as income				
Reimbursement of directors fees	20	226	20	226
Other services	2	2	2	2
	22	228	22	228
Amounts recognised as expenses				
Director services	128	93	128	93
Other services	53	50	53	50
	181	143	181	143
Transaction with other related parties				
Mount Thorley Coal Loading Limited				
Loan Outstanding	1,010	1,010	1,010	1,010
Interest received	76	76	76	76

NOTE 41: SUBSIDIARIES

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in Note 2c.

Name of entity	Country of Incorporation	Class of Shares	Equity Holding 2009	Equity Holding 2008
Coal Mines Insurance Pty Limited	Australia	Ordinary	100%	100%
Mines Rescue Pty Limited	Australia	Ordinary	100%	100%

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 41: SUBSIDIARIES . . . [continued]

In October 2007, Coal Services Pty Limited (CSPL) Board approved a funding agreement. In accordance with the funding agreement, Coal Services Pty Limited (CSPL) funds the development and construction costs of Mines Rescue Pty Limited (MRS). The funding comprises of a secured interest free loan of $5.00m with a 5 year repayment term and subscription of B Class ordinary shares in MRS for the total consideration of $25.00m.

As at 30 June 2009, $5.00m of the secured loan has been drawn down and $25.0m of Mines Rescue Pty Limited's (MRS) Class B shares have been issued.

NOTE 42: EVENTS OCCURING AFTER THE BALANCE DATE

There are no material events occurring after the balance date that the Group and Company are aware of as at the date of this report.

NOTE 43: CONTINGENCIES

At the reporting date the parent and consolidated entity were not aware of any contingent liabilities.

NOTE 44: COMMITMENTS

a) Capital commitments

Capital expenditure contracted for at the reporting date but not recognised as a liability is as follows:

Property, Plant and Equipment				
Within one year	-	172	-	8,587

b) Lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:				
Within one year	629	637	835	843
Later than one year but no later than five years	2,294	2,544	2,322	2,572
Later than five years	32	410	32	410
	2,955	3,591	3,189	3,825
Representing				
Cancellable operating leases	-	-	179	179
Non-cancellable operating leases	2,954	3,591	3,009	3,646
	2,954	3,591	3,188	3,825

c) Operating leases

Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:				
Within one year	629	637	684	692
Later than one year but no later than five years	2,294	2,544	2,294	2,544
Later than five years	32	410	32	410
	2,955	3,591	3,010	3,646

FOR THE YEAR ENDED 30 JUNE 2009

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 45: RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2009 $'000	2008 $'000	2009 $'000	2008 $'000
Profit/(loss) for the year	(25,584)	(33,398)	(28,669)	(36,103)
Depreciation and amortisation	1,088	810	3,661	1,683
Impairment of property, plant and equipment	686	(27)	2,690	3,268
Impairment of goodwill	-	-		-
Realised (gains)/losses on investments	19,111	10,387	19,137	10,387
Unrealised (gains)/losses on investments	31,317	49,493	31,317	49,670
Net (profit)/loss on disposal of property, plant and equipment	(302)	(682)	5,398	(781)
Decrease/(increase) in trade receivables	806	(314)	(530)	29
Decrease/(increase) in investment income due	-	10,494	-	10,494
Decrease/(increase) in inventories	-	-	(47)	36
Decrease/(increase) in other receivables	(3,507)	668	(3,074)	638
Decrease/(increase) in deferred tax assets	(10,522)	(11,915)	(12,410)	(9,905)
(Decrease)/increase in trade creditors	4,149	(3,310)	4,789	(2,214)
(Decrease)/Increase in unearned revenue	-	-	(382)	6,243
(Decrease)/increase in other operating liabilities	(1,071)	791	(1,232)	289
(Decrease)/increase in deferred tax liabilities	(3,250)	(15,290)	(4,050)	(15,800)
(Decrease)/Increase in current tax liabilities	(2,802)	(24,137)	(2,448)	(24,137)
(Decrease)/increase in claims provision	-	-	(17,053)	(22,739)
(Decrease)/increase in other provisions	(3,750)	7,534	3,234	8,174
Increase/(Decrease) in loan to controlled entity	13,387	(11,892)	-	-
Net cash inflow/(outflow) from operating activities	19,756	(20,788)	331	(20,768)

On behalf of Coal Mines Insurance Pty Limited, a wholly owned subsidiary, the company received cash for premiums and made payments for claims.

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 46: FINANCIAL INSTRUMENTS

The activities of the Company expose it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company's risk management framework recognises the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the company. The key objectives of the Company's asset and liability management strategy are to ensure sufficient liquidity is maintained at all times to meet the Company's obligations, including its settlement of insurance liabilities and, within these parameters, to optimise investment returns for policyholders and shareholders.

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market factors. Market risk comprises three types of risk; currency risk (due to fluctuations in foreign exchange rates), interest risk (due to fluctuations in market interest rates) and price risk (due to fluctuations in market prices).

(i) Price risk

Price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, whether these changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded on the market.

The Company is exposed to price or market value risk on its investment in equities and managed funds. To manage its price risk arising from these investments, the company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the company. The potential impact of movements in the market value of securities on the Company's income statement and balance sheet is shown in the table below.

(ii) Currency risk

Currency risk is the risk of loss arising from an unfavourable move in market foreign exchange rates.

The company does not have direct exposure to investments, receivables and payables denominated in a currency other than Australian dollars. Therefore the company does not have any material exposure to currency risk which would significantly impact the company operating result or the company's equity position.

(iii) Interest rate risk

Financial instruments with a floating rate of interest expose the Company to cash flow interest rate risk, whereas fixed interest rate instruments expose the Company to fair value interest rate risk.

The Company does not hold any interest bearing asset directly. Therefore the company does not have any material exposure to interest risk which would significantly impact the company's operating result or the company's equity position.

(iv) Summarised sensitivity analysis

The following table summarises the sensitivity of the group's financial assets and financial liabilities to interest rate risk and other price risk

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

	Carrying amount $'000	Interest rate risk		Other price risk	
		-1% Profit/equity $'000	+1% Profit/equity $'000	-5% Profit/equity $'000	+5% Profit/equity $'000
2009 Parent					
Financial assets:					
Cash	5,752	(75)	75	-	-
Trade and other receivables	15,299	-	-	-	-
Short term deposit	213	(1)	1	-	-
Commercial loan to controlled entity	215	-	-	-	-
Loan	1,010	(7)	7	-	-
Equity component of interest free loan	1,476	-	-	-	-
Shares in listed companies	51,076	-	-	(1,788)	1,788
Managed fund	191,682	-	-	(6,709)	6,709
	266,723	(83)	83	(8,497)	8,497

	Carrying amount $'000	Interest rate risk		Other price risk	
		-1% Profit/equity $'000	+1% Profit/equity $'000	-5% Profit/equity $'000	+5% Profit/equity $'000
2008 Parent					
Financial assets:					
Cash	2,113	(15)	15	-	-
Trade and other receivables	10,242	-	-	-	-
Short term deposit	7,215	(51)	51	-	-
Commercial loan to controlled entity	520	-	-	-	-
Loan	1,010	(7)	7	-	-
Equity component of interest free loan	1,476	-	-	-	-
Shares in listed companies	64,250	-	-	(2,249)	2,249
Managed fund	228,137	-	-	(7,985)	7,985
	314,964	(73)	83	(10,234)	10,234

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

	Carrying amount $'000	Interest rate risk		Other price risk	
		-1% Profit/equity $'000	+1% Profit/equity $'000	-5% Profit/equity $'000	+5% Profit/equity $'000
2009 Consolidated					
Financial assets:					
Cash	7,554	(75)	75	-	-
Trade and other receivables	12,412	-	-	-	-
Short term deposit	213	(1)	1	-	-
Loan	1,010	(7)	7	-	-
Shares in listed companies	51,076	-	-	(1,788)	1,788
Managed fund	191,682	-	-	(6,709)	6,709
	263,947	(83)	83	(8,497)	8,497

	Carrying amount $'000	Interest rate risk		Other price risk	
		-1% Profit/equity $'000	+1% Profit/equity $'000	-5% Profit/equity $'000	+5% Profit/equity $'000
2008 Consolidated					
Financial assets:					
Cash	3,083	(22)	22	-	-
Trade and other receivables	12,713	-	-	-	-
Short term deposit	7,215	(50)	50	-	-
Loan	1,010	(7)	7	-	-
Shares in listed companies	64,250	-	-	(2,249)	2,249
Managed fund	228,137	-	-	(7,985)	7,985
	316,408	(79)	79	(10,234)	10,234

(b) Credit risk

Credit risk is the risk of loss from a counterparty failing to meet their financial obligations. The Company's credit risk arises predominantly from investment activities and future claims on the reinsurance contracts.

The company does not have any material exposure to an individual reinsurer which would significantly impact the operating result. The credit risk to reinsurers is managed through regular review and monitoring of reinsurers' credit rating as published by appropriate credit rating agencies.

The company's maximum exposure to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the balance sheets.

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

	Not yet due $'000	31-90 days $'000	90+ days $'000	Total past due but not impaired $'000	Past due and impaired $'000	Total $'000
2009 Parent						
Trade and other receivables	14,909	356	34	390	-	15,299
2008 Parent						
Trade and other receivables	9,361	320	566	881	(5)	10,242
2009 Consolidated						
Trade and other receivables	11,472	550	761	940	(371)	12,412
2008 Consolidated						
Trade and other receivables	10,973	693	1,466	1,740	(419)	12,713

The following tables provide information regarding the company's aggregated credit risk exposure by classifying assets according to the S&P's credit rating for each counterparty. AAA is the highest possible rating. The company regularly review its credit risk exposure on the "Not Rated" assets to ensure its credit worthiness. These "Not Rated" assets are primarily units in unlisted trust/funds which have limits governing the allowable credit quality of the underlying investments in the funds.

	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
2009 Parent						
Cash	-	5,752	-	-	-	5,752
Trade and other receivables	-	-	-	-	15,299	15,299
Short term deposit	-	213	-	-	-	213
Commercial loan to controlled entity	-	-	-	-	215	215
Loan	-	-	-	-	1,010	1,010
Equity component of interest free loan	-	-	-	-	1,476	1,476
Shares in listed companies	-	-	-	-	51,076	51,076
Managed fund	41,604	39,000	15,749	7,896	87,433	191,682
	41,604	44,965	15,794	7,896	156,509	266,723

	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
2008 Parent						
Cash	-	1,361	752	-	-	2,113
Trade and other receivables	-	-	-	-	10,243	10,243
Short term deposit	-	-	7,215	-	-	7,215
Commercial loan to controlled entity	-	-	-	-	520	520
Loan	-	-	-	-	1,010	1,010
Equity component of interest free loan	-	-	-	-	1,476	1,476
Shares in listed companies	-	-	-	-	62,250	64,250
Managed fund	21,864	66,243	2,735	1,309	135,986	228,137
	21,864	67,604	10,702	1,309	213,484	314,963

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
2009 Consolidated						
Cash	-	7,554	-	-	-	7,554
Trade and other receivables	-	-	-	-	12,412	12,412
Short term deposit	-	213	-	-	-	213
Loan	-	-	-	-	1,010	1,010
Shares in listed companies	-	-	-	-	51,076	51,076
Managed fund	41,604	39,000	15,749	7,896	87,433	191,682
	41,604	46,767	15,749	7,896	151,931	263,947

	AAA $'000	AA $'000	A $'000	BBB $'000	Not rated $'000	Total $'000
2008 Consolidated						
Cash	-	-	3,083	-	-	3,083
Trade and other receivables	-	-	-	-	12,713	12,713
Short term deposit	-	-	7,215	-	-	7,215
Loan	-	-	-	-	1,010	1,010
Shares in listed companies	-	-	-	-	64,250	64,250
Managed fund	21,864	66,243	2,735	1,309	135,986	228,137
	21,864	66,243	13,033	1,309	213,959	316,408

(d) Liquidity risk

Liquidity risk is concerned with the risk of there being insufficient cash resources to meet payment obligations without affecting the daily operations or the financial condition of the company.

In accordance with the company liquidity policy, a minimum of $6.5m (2008: $11.5m) of consolidated investment and cash must be held in liquid, short term money market securities to ensure that there are sufficient liquid funds available to meet the company's cash flow obligations.

The assets held to back insurance liabilities consist of equities and managed funds which can generally be readily sold or exchanged for cash.

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

Maturity profiles

The tables below summarise the maturity profile of the financial liabilities of the Company based on remaining undiscounted contractual obligations.

	Up to a year $'000	1-3 years $'000	3-5 years $'000	No term $'000	Total $'000
2009 Parent					
Financial Liabilities:					
Trade and other payables	6,196	-	-	-	6,196
Amount due to controlled equity	-	-	-	129,210	129,210
Current tax liabilities	-	-	-	-	-
Indemnity to Miners' Pension Fund	1,700	1,545	6,311	-	9,556
Borrowings	5,000	-	-	-	5,000
Miners' Pension Fund Part 3 liability	1,098	2,196	3,294	-	6,588
Defined benefit superannuation scheme	-	-	-	4,706	4,706
Employee benefits	2,507	464	-	-	2,971
	16,501	4,205	9,605	133,916	164,227

	Up to a year $'000	1-3 years $'000	3-5 years $'000	No term $'000	Total $'000
2009 Parent					
Financial Liabilities:					
Trade and other payables	3,039	-	-	-	3,039
Amount due to controlled equity	-	-	-	138,838	138,838
Current tax liabilities	2,802	-	-	-	2,802
Indemnity to Miners' Pension Fund	2,000	4,500	4,227	-	10,727
Indemnity payable to controlled entity	-	-	-	181,370	181,370
Miners' Pension Fund Part 3 liability	7,686	-	-	-	7,686
Defined benefit superannuation scheme	-	-	-	1,022	1,022
Employee benefits	2,287	361	-	-	2,648
	17,814	4,861	4,227	321,230	348,132

FOR THE YEAR ENDED 30 JUNE 2009

NOTE 46: FINANCIAL INSTRUMENTS . . . [continued]

	Up to a year $'000	1-3 years $'000	3-5 years $'000	No term $'000	Total $'000
2009 Consolidated					
Financial Liabilities:					
Trade and other payables	8,892	-	-	-	8,892
Current tax liabilities	354	-	-	-	354
Miners' Pension Fund Part 3 liability	1,098	2,196	3,294		6,588
Indemnity to Miners' Pension Fund	1,700	1,545	6,311	-	9,556
Borrowings	5,000	-	-	-	5,000
Defined benefit superannuation scheme	-	-	-	6,515	6,515
Employee benefits	3,984	3,893	-	-	7,877
	21,028	7,634	9,605	6,515	44,782

	Up to a year $'000	1-3 years $'000	3-5 years $'000	No term $'000	Total $'000
2008 Consolidated					
Financial Liabilities:					
Trade and other payables	3,746	-	-	-	3,746
Current tax liabilities	2,802	-	-	-	2,802
Miners' Pension Fund Part 3 liability	7,686	-	-		7,686
Indemnity to Miners' Pension Fund	2,000	4,500	4,227	-	10,727
Defined benefit superannuation scheme	-	-	-	1,022	1,022
Employee benefits	7,459	409	-	-	7,868
	23,693	4,909	4,227	1,022	33,851

	PARENT ENTITY		CONSOLIDATED	
	2009	2008	2009	2008
	$'000	$'000	$'000	$'000

NOTE 47: UNEXPIRED RISK RESERVE

Balance at the start of the year	-	-	-	10,720
(Decrease)/Increase in provision recognised in the income statement	-	-	-	(10,720)
Balance at the end of the year	-	-	-	-

The liability adequacy test (LAT) has been conducted using the central estimate of premium liabilities together with the appropriate margin for uncertainty for each portfolio of contracts that are managed as a single portfolio and are subject to broadly similar risks. The test is based on prospective information and so is heavily dependent on assumptions and judgements.

The LAT undertaken as at the balance sheet date has identified a surplus of $0.6 m (2008: $2.8m).

For the purposes of the LAT, the present value of expected future cash flows for future claims (including the risk margin) of $74.1m (2008: $59.1m) comprises the discounted central estimate (including allowances for claims handling and policy administration expenses) of $64.4 m (2008: $52.62), and a risk margin of $9.7 m (2008: $3.7m).

The risk margin used as a percentage of the central estimate is 15% (2008: 7%). The probability of sufficiency represented by LAT is 75% (2008: 66%).

Directors' Declaration

The directors of the company declare that:

The financial statements, comprising the Income Statements, Balance Sheets, Statements of Changes in Equity, Cash Flow Statements, and accompanying notes, are in accordance with the Corporations Act 2001 and:

(a) comply with Accounting Standards and the Corporations Regulations 2001; and

(b) give a true and fair view of the company's and consolidated entity's financial position as at 30 June 2009 and of its performance for the year ended on that date.

(2) In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with the resolution of the Board of Directors and is signed for and on behalf of the directors by:

A J Haraldson Chairman & Director	A N Middlebrook Managing Director/CEO

Sydney

24 September 2009

KPMG

Independent auditor's report to the members of Coal Services Pty Limited

Report on the financial report

We have audited the accompanying financial report of Coal Services Pty Limited (the Company), which comprises the balance sheets as at 30 June 2009, and the income statements, statements of changes in equity and cash flow statements for the year ended on that date, a description of significant accounting policies and other explanatory notes 1 to 47 and the directors' declaration set out on pages 5 to 51 of the Group comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the Company are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In note 2(a), the directors also state, in accordance with Australian Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards (including the Australian Accounting Interpretations), a view which is consistent with our understanding of the Company's and the Group's financial position and of their performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

Auditor's opinion

In our opinion:

(a) the financial report of Coal Services Pty Limited is in accordance with the *Corporations Act 2001*, including:

   (i) giving a true and fair view of the Company's and the consolidated entity's financial position as at 30 June 2009 and of their performance for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 2(a).

KPMG

KPMG

Ian Moyser
Partner

Sydney

24 September 2009

Location of Offices

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Southern Region

Coal Services Health
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Southern Mines Rescue Station
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Email: csh.speerspoint@coalservices.com.au

Coal Mines Insurance
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Tel: (02) 4948 3150
Fax: (02) 4953 0453
Email: cmi.speerspoint@coalservices.com.au

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(PO Box 146, Boolaroo, 2284)
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Occupational Hygiene Services
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(PO Box 146, Boolaroo, 2284)
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Fax: (02) 4958 8932
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Hunter Valley Region

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Coal Mines Insurance
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