Tuesday, 17th February 2015

The Manager
Company Announcements Office
Australian Securities Exchange
Level 45, South Tower Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Sir/Madam,

FY15 Half Year Results

Asciano is pleased to release its financial results for the half year ended 31 December 2014. Please find attached an Appendix 4D Half Year Report.

The Company will conduct an investor briefing commencing at 9.30am this morning. The briefing will be webcast and can be accessed though the Company's website at www.asciano.com.au. The investor briefing pack is also attached to this announcement.

Yours faithfully

Lyndall Stoyles
Group General Counsel & Company Secretary

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Financial Year 2015

Half Year Financial Results

For the six months ended 31 December 2014

Incorporating the requirements of Appendix 4D

APPENDIX 4D

Asciano Limited
Results for announcement to the market
for the half year ended 31 December 2014

Six Months Ended December ($'m)	2013	2014	% chg
Statutory Revenue and other income	2,007.1	1,947.1	(3.0)
Underlying EBITDA [1,3]	539.4	563.9	4.5
Statutory EBITDA[1]	539.4	547.7	1.5
Underlying EBIT [2,4]	373.4	391.1	4.7
Statutory EBIT [2]	369.6	374.9	1.4
Underlying NPAT [5,6] after minority interests	190.2	201.1	5.7
Statutory NPAT[6] after minority interests	187.5	189.7	1.2
Basic earnings per share – cents	19.2	19.4	1.0
Diluted earnings per share – cents	19.1	19.4	1.6
Net tangible asset backing per share – dollars	0.97	1.06	9.3
Interim dividend per share - cents	5.75	8.25	43.5

1. EBITDA refers to earnings before net financing costs, tax, depreciation and amortisation
2. EBIT refers to earnings before net financing costs and tax
3. Pre material costs of $16.2m
4. Pre material costs of $16.2m (pre material costs of $3.8m in FY14)
5. Pre material costs of $11.4m (pre material costs of $2.7m in FY14)
6. NPAT refers to net profit after tax

The Board of Directors determined on 17th February 2015 that a fully franked interim dividend will be paid by Asciano Limited on 18th March 2015. The record date for entitlement to the dividend is 24th March 2015 and the stock will trade ex-entitlement on 20th February 2015. The dividend of $80.5m was not recognised as a liability at 31st December 2014. The dividend reinvestment plan will not be active for this dividend.

The interim results commentary is unaudited. Notwithstanding this, the Appendix D, the MD&A and results presentation includes certain financial data which is extracted or derived from the Half Year Financial report for the six months ended 31 December 2014 which has been reviewed by the Group's Independent Auditor.

Half Year Report

For the six months ended 31 December 2014

Contents

Further Information:

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17 February 2015

Strong restructuring gains drive earnings improvement despite soft top line

Highlights

- ✓ Underlying EBIT up 4.7% (up 10.2% adjusting for Webb Dock settlement)
- ✓ Underlying EPS up 6.2%
- ✓ Result consistent with achieving full year guidance of underlying EBIT growth at a higher rate than the 5% underlying EBIT growth achieved in FY14
- ✓ 5.8% growth in coal tonnes hauled and improved 2Q volume growth in Container Terminals were offset by weak volumes from the agriculture and resource sectors
- ✓ BIP program delivered $56.9m in benefits driving EBITDA margin increase of 200bps
- ✓ Pacific National EBIT increased 18.8% to $291.1m driven by benefits of business integration
- ✓ DPS increased 43.5% over the pcp to 8.25 cps, representing a payout ratio of 40%
- ✓ An after tax material expense of $11.4m was incurred primarily associated with Port Botany
- ✓ Capital expenditure declined 15.3% to $264.3m, FY15 spend remains in range of $600-700m
- ✓ FY16 forecast capital expenditure including known growth projects range $390-440m
- ✓ Operating cash flow up 27.7% on pcp, free cash flow recorded positive turnaround to +$56.8m
- ✓ S&P resolved positive outlook on Asciano corporate credit rating to BBB

Result Summary

Six months ended 31 December ($'m)	2013	2014	%chg
Statutory Revenue and other income (net of coal access)	1,898.1	1,857.3	(2.1)
Underlying EBITDA[1,3]	539.4	563.9	4.5
Underlying EBIT[2,4]	373.4	391.1	4.7
Underlying PBT[5,4]	267.4	284.2	6.3
Underlying NPAT after minority interests [6,7]	190.2	201.1	5.7
Material items after tax	(2.7)	(11.4)	322.2
Statutory NPAT after minority interests[6]	187.5	189.7	1.2
Fully diluted underlying EPS[7] after minority interests (¢)	19.4	20.6	6.2
Fully diluted statutory EPS after minority interests (¢)	19.1	19.4	1.6
DPS (¢)	5.75	8.25	43.5

1. EBITDA refers to earnings before net financing costs, tax, depreciation and amortisation
2. EBIT refers to earnings before net financing costs and tax
3. Pre material costs of $16.2m
4. Pre material costs of $16.2m (pre material costs of $3.8m in FY14)
5. PBT – profit before tax
6. NPAT refers to net profit after tax
7. Pre material costs of $11.4m (pre material costs of $2.7m in FY14)

CEO Commentary

Commenting on the result, CEO and Managing Director of Asciano Mr John Mullen said, "It was a strong half year result given the continuing tough operating environment. Top line growth in some areas, such as coal haulage and container terminals in Q2, coupled with the significant benefits that have started to flow from the merger of the two rail divisions and further tight cost control in the Terminals & Logistics division have driven a 4.7% increase in Underlying EBIT to $391.1m. Removing the one-off impact of the settlement with the Port of Melbourne Corporation[1] included in the 1H FY14 result, EBIT grew 10.2% on the pcp, a good result given the current subdued economic environment.

"The foreshadowed generation of free cash flow coupled with underlying EPS growth of 6.2%, underpinned a 43.5% increase in the interim dividend to 8.25 cps. This represents a payout ratio of 40% which is at the top end of our policy range. The Board will review the payout ratio at the FY15 results.

"An after tax material cost of $11.4m was reported primarily associated with the business disruption caused by the redevelopment of the Port Botany container terminal. In light of the sustained slow down in activity levels at bulk ports around Australia and New Zealand we have also moved to further restructure the Bulk & Auto Port Services Division incurring redundancy costs of $2.5m pre tax.

"Our business improvement program (BIP) continued to deliver significant benefits with a further $56.9m of savings delivered in 1H FY15. The benefits of the Group wide BIP initiatives combined with general cost containment were reflected in the expansion in Group Underlying EBITDA margin (net of coal access) from 28.4% to 30.4%, a strong result given the soft top line growth. Group operating expenses declined 5.8% on the pcp. We continue to expect to reach our five year cumulative Group wide target of $300m in BIP initiatives by the end of FY16.

"Our rail haulage division, Pacific National, reported an 18.8% increase in EBIT to $291.1m on flat revenue growth (net of coal access) compared to the pcp. The Division contributed approximately 73%, or $41.6m of the Group BIP benefits. Key areas driving these savings included a reduction in headcount due to the rationalisation of duplicated activities and labour efficiencies associated with more effective pooling and utilisation of skill sets across the combined Division.

"Capital expenditure for the six month period was $264.3m, down 15.3% on the pcp. Key areas of expenditure during the period included the Port Botany expansion and automation project and the upgrade of capital equipment on site being carried out in conjunction with the development, the ongoing program to repower the NR class locomotives, the upgrade of equipment at intermodal rail terminals in particular at Chullora in NSW, the development of a new PDI facility at Webb Dock in Melbourne and additional train sets to service coal growth tonnage.

"We expect capital expenditure for the full year to be at the lower end of the $600-700m, range. The reduction in capital expenditure combined with a tight focus on working capital drove a strong turnaround in free cash flow in the period.

"Over the six month period we have secured a number of incremental contract wins across the Group utilising existing capacity where possible to service the growth. These contract wins include incremental container shipping contracts servicing Brisbane and Melbourne and new coal haulage contracts adding 8mtpa from existing customers in Queensland and the Hunter Valley.

[1] PoMC - The settlement contributed $25m at the revenue line and $18.5m at the EBITDA and EBIT level in 1H FY14

Dividends

The Board has resolved to pay a fully franked interim dividend of 8.25 cents per share, an increase of 43.5% over the pcp. The dividend represents a payout ratio of 40% at the top end of the current payout range of 20-40%. The Board will review the payout range with the FY15 final result.

Outlook

Assuming no material change in the current business environment, Asciano continues to expect FY15 underlying EBIT growth to be at a higher rate than the underlying EBIT growth of 5% achieved in FY14, driven by modestly improving volume growth across some activities versus the pcp and an ongoing focus on business improvement initiatives, in particular the efficiencies flowing from the integration of the Pacific National rail haulage activities.

Material items in FY15 are now expected to be an expense in the order of $40m pre tax associated with the costs involved in the redevelopment and automation of the Port Botany container terminal and the restructure costs incurred in Bulk & Auto Port Services.

Mr Mullen said, "We continue to expect Pacific National earnings to benefit from the integration program over the last twelve months with an ongoing expectation that it will drive approximately $100m in benefits by the end of FY16.

"Volumes in Terminals & Logistics will remain tied to the economic cycle in Australia, the ongoing movement in shipping line consortia and the increasing level of competition in the Australian stevedoring market. The primary focus of the Division will be the successful completion of the redevelopment of Port Botany and the cutover to an automated terminal whilst minimising the disruption to our customer base. This process is underway with trials of the integrated systems and equipment on the knuckle well advanced.

"The redevelopment and automation of Port Botany will deliver material improvements in safety, economic and customer service outcomes, as evidenced by the measurably superior metrics achieved at our Brisbane terminal. The redevelopment will place the Terminals business in a strong competitive position, enabling it to offer shipping lines servicing the Australian market a superior nation wide service, while also delivering the business the platform to grow and improve performance and returns over the terminal's lifecycle.

"In light of the weakness in resource and agriculture volumes and general stevedoring activity levels across Australia and New Zealand, the Bulk & Auto Port Services result for the full year is now expected to be below the pcp. The Division is looking at both organic and inorganic opportunities to further improve and leverage the business platform.

"The Company continues to focus on achieving our key five year financial metrics, in particular our focus on growing free cash flow enabling the Company to lift the dividend payments at a materially faster rate than EPS growth. In conjunction with this we will look to reduce our leverage to the lower end of our target range over the next two years.

"Asciano will continue to pursue opportunities to generate value through strategic acquisitions, partnerships, joint ventures and divestments across all of its businesses. This will not be at the expense of free cash flow, reducing leverage or previously stated capital management objectives around lifting the dividend payout ratio. To this end the Company continues to be in discussions with third parties regarding the strategic opportunities across the Patrick businesses. These discussions are incomplete, but should they result in a definitive outcome we will advise the market at that time.

"I would like to once again thank our key stakeholders, in particular our employees and our customers, for their support and understanding in the face of a flat business environment that has created uncertainty and challenges for everyone. Asciano's management team is extremely focused on continuing to build a strong integrated logistics platform that can meet the changing needs of the market place, strengthening the relationships we have with our customer base in an increasingly competitive market and ensuring that each of our Divisions has a sustainable long term future, irrespective of the business environment" concluded Mr Mullen.

END

Financial Year 2015

Half Year Financial Results

Management Discussion & Analysis

Management Discussion & Analysis - Table of Contents

"Underlying" Earnings Classification

The Management Discussion & Analysis includes references to "Underlying" earnings (Revenue, EBITDA, EBIT, NPAT, EPS) which excludes certain items, as determined by the Board and management, that are either significant by virtue of their size and impact on earnings, or are deemed to be outside normal operating activities. It reflects an assessment of the result for the ongoing business of Asciano. "Underlying" earnings has been calculated in accordance with AICD/FINSIA principles for reporting underlying profit and ASIC's Regulatory guide 230 – Disclosing non-IFRS financial information. "Underlying" earnings have not been reviewed by the Group's external auditors however the adjustments have been extracted from the books and records that have been reviewed by the Group's independent auditor.

MANAGEMENT DISCUSSION & ANALYSIS

1 Group Operating Performance

1.1.1 1H FY15 Earnings Summary

Six Months Ended 31 December $('m)	2013	2014	% chg
Revenue and other income	**2,007.1**	**1,947.1**	**(3.0)**
Pacific National	1,249.6	1,231.3	(1.5)
- Bulk Rail	769.4	752.5	(2.2)
- Bulk Rail(net of coal access)	660.4	662.7	0.3
- National Intermodal	480.2	478.8	(0.3)
Terminals & Logistics	383.2	388.1	1.3
Bulk & Automotive Port Services	400.7	349.0	(12.9)
Eliminations / unallocated	(26.4)	(21.3)	(19.3)
Underlying EBITDA[1]	**539.4**	**563.9**	**4.5**
Underlying Depreciation[1]	142.5	149.3	4.8
Amortisation	23.5	23.5	0.0
Underlying EBIT[1]	**373.4**	**391.1**	**4.7**
Pacific National	245.1	291.1	18.8
- Bulk Rail	179.4	213.5	19.0
-National Intermodal	65.7	77.6	18.1
Terminals & Logistics[1]	83.9	86.7	3.3
Bulk & Automotive Port Services[1]	65.1	29.1	(55.3)
Corporate	(20.7)	(15.8)	(23.7)
Net interest and associated costs	(106.0)	(106.9)	0.8
Underlying Profit[1] before tax	267.4	284.2	6.3
Underlying Tax[1] expense	(75.0)	(82.6)	10.1
Outside equity interests	(2.2)	(0.5)	(77.3)
Underlying Net Profit[1] after tax and minority interests	**190.2**	**201.1**	**5.7**
Material items before tax	(3.8)	(16.2)	326.3
Material items after tax	(2.7)	(11.4)	322.2
Profit attributable to owners of Asciano Limited	**187.5**	**189.7**	**1.2**
Full time employees at period end	8,983	8,534	(5.0)
EBITDA margin net of coal access (%)	28.4	30.4	2.0
EBIT margin net of coal access (%)	19.7	21.1	1.4
Underlying[1] fully diluted EPS (¢)	19.4	20.6	6.2
Basic Earnings per share (¢)	19.2	19.4	1.0
Diluted Earnings per share (¢)	19.1	19.4	1.6
Basic weighted average shares (m)	974.7	975.2	0.1
Diluted weighted average shares (m)	979.4	977.9	(0.2)

1. Pre material items - For further details on material items refer paragraph 1.1.10

Revenue and other income declined 3% for the six month period to 31 December 2014 to $1.95bn reflecting increased volumes in some areas of Pacific National and Terminals & Logistics more than offset by a number of factors noted below:

- A 0.3% increase in Bulk Rail revenue (net of coal access) driven by a 4.9% increase in Coal NTKs and a 5.8% increase in tonnes hauled offset to a large exteant by a 56.4% decline in export grain volumes and a 12.6% decline in domestic grain volumes.;
- Flat Intermodal Rail revenue reflecting a 1.8% increase in second quarter volumes compared to the pcp partially offsetting the 2.4% decline in first quarter volumes relative to the pcp; combined with the inclusion of the hook and pull revenue under a contract with Mineral Resources which commenced 1 July 2014 and a focus on optimising the efficiency of the service offering;
- Adjusting for the removal of the carbon tax levy and the decline in fuel prices, Bulk revenue increased 3.1% and Intermodal revenue increased 3.0%;
- A 1.3% increase in revenue from Terminals & Logistics driven by a 5.5% increase in revenue on the pcp reported by the Container Terminals business reflecting a stronger second quarter at East Swanson Dock, Fremantle and Fisherman Islands and an 8.3% decline in revenue from the Logistics business compared to the pcp; and
- A 12.9% decline in revenue generated by the BAPS division was driven by the inclusion in 1H FY14 of a $25m settlement with the Port of Melbourne Corporation (PoMC) covering the costs associated with transition arrangements and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne, in conjunction with soft volumes across a number of sites in Australia and New Zealand.

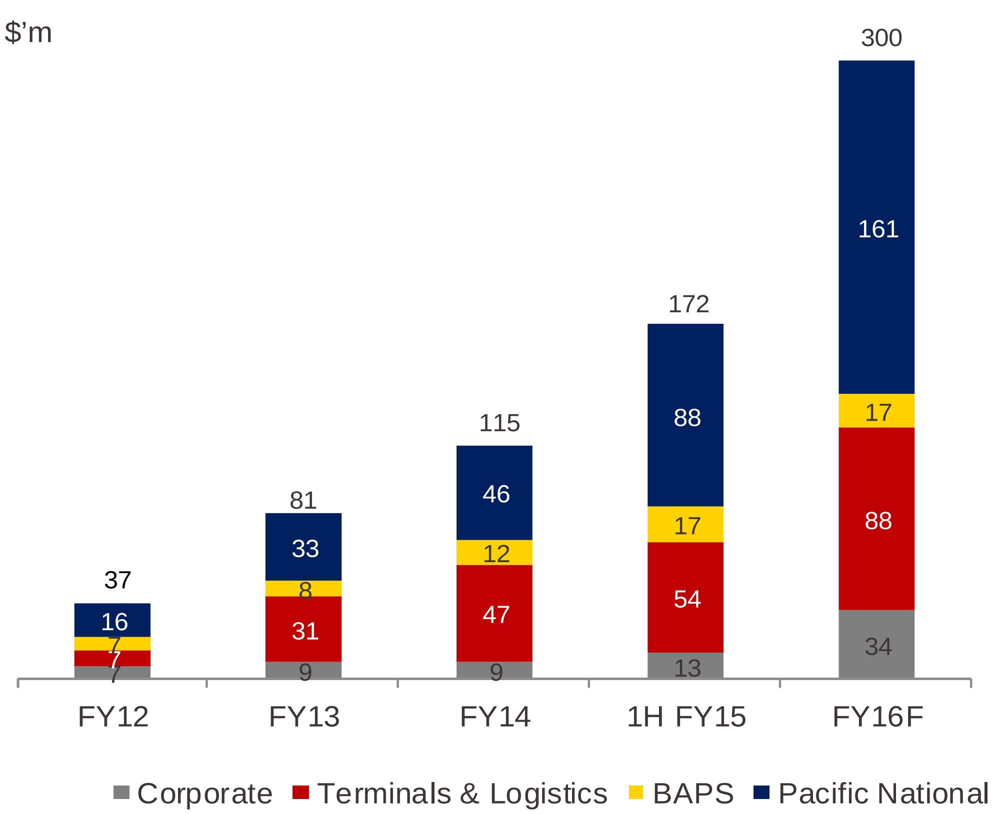
For further detail on the factors driving revenue please refer to the Divisional Performance in Section 2

Operating expenses declined 5.8% over the pcp. Key factors driving the decline include:

- Employee benefits declined 1.9% reflecting a fall in full time employees of 3.3% since 30 June 2014 and 5.0% on the pcp reflecting primarily redundancies associated with the integration of the Pacific National rail businesses. The reduction in FTE’s offset contractual wage rises across the Group;
- A 7.5% decline in rail access charges reflecting lower volumes in some parts of Pacific National;
- A 12% reduction in fuel, oil and power expenses reflecting lower diesel prices and the removal of the carbon tax (average fuel price for the six month period was 4.7% below the pcp)
- A 6.7% decline in repairs and maintenance costs reflecting primarily the integration of the Pacific National rail businesses

Asciano continued to focus on its business improvement plan (BIP) over the six month period. Over the period the program delivered a further $56.9m of business improvement initiatives. The largest category of savings came from the reduction in FTE’s across the business which generated savings in the order of $32m.

Cumulative BIP Savings Under 5 Year Plan



The cumulative benefits derived following the introduction of the five year FY16 BIP plan now stand at $171.9m. The Company is on track to deliver $100m+ in FY15 and achieve the FY16 target of $300m in cumulative benefits

Asciano's operating[2] EBITDA margin (net of coal access) improved 260bps over the pcp reflecting the benefits of the BIP initiatives and general cost cutting.

1.1.2 Reconciliation of Statutory EBITDA to Underlying EBITDA

Six mths ended 31 Dec 2014 ($'m)	Group	Pacific National	Terminals & Logistics	Bulk & Auto	Corporate
Statutory EBITDA	**547.7**	**414.7**	**98.4**	**42.1**	**(7.5)**
Port Botany redevelopment costs	14.3	-	14.3	-	
Other Restructuring	1.9	-		2.5	(0.6)
Total Material Items before Tax	**16.2**	**-**	**14.3**	**2.5**	**(0.6)**
Underlying EBITDA	**563.9**	**414.7**	**112.7**	**44.6**	**(8.1)**

For further detail on the factors driving EBITDA please refer to the Divisional Performance in Section 2

[2]Operating earnings calculated before the inclusion of the settlement with the PoMC associated with the planned redevelopment of Webb Dock in FY14. The impact was $25m at the revenue line and $18.5m at the EBITDA line

1.1.3 Depreciation and Amortisation

The 4.8% increase in depreciation over the pcp was driven by the significant capital expenditure program over the last few years. This was offset to an extent by the scrapping of equipment in Pacific National and Terminals & Logistics over the period.

Amortisation was flat on the pcp

Depreciation and amortisation for the full year is now expected to be in the range of $350-360m. The lower than expected range reflects the scrapping of more rolling stock than was previously expected under the Pacific National integration process and the delay in the phasing of capital expenditure over the year. Depreciation and amortisation is expected to increase in FY16 to be in the range $400-420m.

1.1.4 Reconciliation of Statutory EBIT to Underlying EBIT

Six months ended 31 Dec 2014 $'m	2013	2014
Statutory EBIT	**369.6**	**374.9**
Port Botany redevelopment costs	3.8	14.3
Bulk & Auto Port Services Restructure	-	2.5
Corporate net reversal of prior period expense	-	(0.6)
Underlying EBIT	**373.4**	**391.1**

1.1.5 Reconciliation of Divisional Statutory EBIT to Underlying EBIT

Six months ended 31 Dec 2014 ($'m)	Total Group	Pacific National	Terminals & Logistics	Bulk & Auto	Corporate
Statutory EBIT	**374.9**	**291.1**	**72.4**	**26.6**	**(15.2)**
Port Botany redevelopment costs	14.3		14.3		
Bulk & Auto Restructuring	2.5			2.5	
Corporate – net restructuring	(0.6)		-	-	(0.6)
Total Material Items before tax	**16.2**		**14.3**	**2.5**	**(0.6)**
Underlying EBIT	**391.1**	**291.1**	**86.7**	**29.1**	**(15.8)**

The difference between the statutory reported EBIT and Asciano's underlying EBIT relates to the items listed in the table above which have been treated as a material item for the purposes of this report. *Further details on this item are included in the disclosure on Material Items in paragraph 1.1.10*

1.1.6 Group Underlying EBIT Bridge

$'m	Bridge to 1H FY15 EBIT	1H FY15 actual	1H FY14 actual
1H FY14 Underlying EBIT[1]	**373.4**		
Price/ Mix/ Volume	10.9	-	-
Costs	(23.2)	-	-
BIP	56.9	-	-
Business Restructure and other[2]	(20.9)	(3.7)	17.2
Actuarial valuations	(6.0)	(1.8)	4.2
1H FY15 Underlying EBIT[1]	**391.1**		

1. Underlying – pre-material items
2. 1H FY14 includes net settlement with PoMC of $18.5m associated with the redevelopment of Webb Dock

The key items driving EBIT in 1H FY15 compared to 1H FY14 include:

- Strong contribution from the BIP program offsetting relatively flat top line growth and contractual increases in some costs across the business
- A negative turnaround in actuarial valuations of $6m compared to the pcp
- The 1H FY14 EBIT result benefited from the $18.5m settlement with the POMC over the redevelopment of Webb Dock. The settlement will be offset by expenses and lost business incurred through to FY17

Net corporate costs at the EBIT line were $15.8m compared to an expense of $20.7m in the pcp. The result included:

- A benefit of $3.5m associated with BIP initiatives
- Lower IT costs which will increase in 2H FY15 as new systems are rolled out

The FY15 full year net corporate cost impact on EBIT is expected to be approximately $40-50m (remains subject to actuarial valuation movements beyond the impact on 1H FY15).

1.1.7 Reconciliation of Statutory Net Financing Costs to Cash Net Financing Costs

Six months ended 31 December $('m)	2013	2014
Statutory net[1] financing costs	**106.0**	**106.9**
Net accrued interest and borrowing costs	(11.3)	(0.5)
Capitalised interest	3.6	12.2
CVA[2] adjustment on derivatives	(6.5)	7.9
Fair value of derivatives	1.3	(15.5)
Other non-cash	(2.4)	(3.3)
Cash net[1] financing costs	**90.7**	**107.7**

1. Net of interest income
2. CVA – credit value adjustment as per AASB 13

Cash net financing costs increased 18.7% over the pcp to $107.7m however net statutory financing costs were flat over the pcp at $106.9m. The key differences between statutory and cash net interest relate to:

- Higher capitalised interest primarily associated with the Port Botany redevelopment project;
- The non cash impact of the fair value calculation on outstanding derivatives; and
- The non cash impact of credit value adjustments.

The increase in cash net financing costs primarily reflects the timing of coupon payments under the EMTN program issued in October 2013.

Capitalised interest related to the Port Botany project was $12.2m in the period and is expected to be approximately $22m in the FY15 result. Capitalised interest in FY16 is expected to be significantly lower than in FY15.

1.1.8 Tax

Six Months Ended 31 December $(‘m)	2013	2014
Reconciliation of income tax expense to prima facie tax payable		
Profit before tax	263.6	268.0
Income tax at 30% (2013: 30%)	79.1	80.4
Other non-deductible items	0.5	0.9
Recognition and de-recognition of temporary differences	(0.4)	(1.8)
Non-assessable equity accounted profit	(3.5)	(2.4)
Assessable income and distributions from associate investments	3.1	2.3
Franking credits on taxable dividends	(2.6)	(1.6)
Adjustments of deferred tax for prior periods	(2.3)	
Income tax expense recognised in the profit or loss	**73.9**	**77.8**
Tax recognised directly in other comprehensive income		
Changes in fair value of cash flow hedge	(9.0)	8.5
Defined benefit superannuation funds actuarial gains/(losses)	4.8	(4.8)

Tax expense increased 5.3% to $77.8m. The difference in the effective tax rate (before material items) of 29% (28% in the pcp) compared with the corporate tax rate of 30% was primarily driven by:

- Non assessable equity accounted profits;
- Dividends received; and
- Adjustments for deferred tax in prior periods.

1.1.9 Reconciliation of Statutory NPAT to Underlying NPAT

Six Months Ended 31 December $('m)	2013	2014
Statutory NPAT after minority interests	**187.5**	**189.7**
Port Botany redevelopment costs	2.7	10.1
Bulk & Auto Port Services		1.7
Corporate		(0.4)
Total Material items after tax	2.7	11.4
Underlying NPAT after minority interests	**190.2**	**201.1**

The difference between the 1H FY15 Statutory NPAT and Asciano's underlying 1H FY15 NPAT relates to the items listed in the table above which have been treated as material items for the purposes of this report. *Further details on these items are included in the disclosure on Material Items in section 1.1.10 below along with a description of the material item reported in 1H FY14*.

1.1.10 Material Items

Material items pre tax totalled to $16.2m ($11.4m after tax) compared to a pre tax cost of $3.8m ($2.7m cost after tax) in 1H FY14.

Six months ended 31 December 2014	$'m
Terminals & Logistics	
Port Botany redevelopment costs	14.3
Bulk & Auto. Port Services	
- Restructure of business (primarily redundancy costs)	2.5
Corporate	
- net restructuring costs /write back of prior period expenses	(0.6)
Total material Items before tax	**16.2**
Tax benefit attributable to material items	(4.8)
Total material items after tax	**11.4**

Material items in 1H FY15 relate to:

- Terminals & Logistics reported costs associated with the Port Botany redevelopment including:
    - business disruption caused by construction on the existing terminal site
    - commissioning costs including staff training
    - legal and general industrial relations costs
- The Terminals & Logistics division is expected to incur a full year FY15 material charge associated with the Port Botany redevelopment in the order of $35m pre tax.
- A material cost of $2.5m pre tax reported by Bulk & Auto Port Services relating to redundancies associated with the restructure of that business in response to weak operating environment. The division is expected to incur further redundancy costs associated with the restructure in the 2H FY15 and is forecast to report a FY15 material expense of approximately $5m pre tax.
- Corporate reported a net material benefit related to the partial recovery of a previous restructuring provision

1.1.11 Cash flow

Six Months Ended 31 December $('m)	2013	2014	% chg
Underlying EBITDA	**539.4**	**563.9**	**4.5**
Material Items	(3.8)	(16.2)	na
Net operating working capital[2]	(108.3)	(63.4)	(41.5)
Other non cash items	(18.9)	(9.8)	(48.1)
Operating cash flow before interest and tax	**408.4**	**474.5**	**16.2**
Net interest and other costs of finance paid	(90.7)	(107.7)	18.7
Tax paid	(80.2)	(63.5)	(20.8)
Net operating cash flows	**237.5**	**303.3**	**27.7**
Net capital expenditure	(309.2)	(246.5)	(20.3)
Other investing cash flows [1]	(86.4)	-	na
Free cash flow	**(158.1)**	**56.8**	**na**
Financing cash flows	201.8	(40.3)	(120.0)
Net movement in cash	**43.7**	**16.5**	**(62.2)**
Cash conversion % (OCF before interest and tax / EBITDA)	76.1	86.7	10.6

1. Includes acquisition of Mountain Industries in 1H FY14
2. Includes the settlement with the PoMC in relation to Webb Dock in 1H FY14

Net operating cash flow after tax and net financing costs increased 27.7% to $303.3m reflecting:

- A strong improvement in working capital driven in part by an improvement in cash conversion from 76.1% to 86.7%;
- A turnaround in non cash items;
- A 20.8% decline in tax paid reflecting a change from quarterly to monthly ATO instalments announced in FY13 which normalised in FY15; and
- An increase in net interest paid reflecting higher net debt levels and the timing of coupon payments under the EMTN program issued in October 2013.

Free cash flow after capital expenditure and investment in acquisitions improved from negative $158.1m in the pcp to positive cash flow of $56.8m primarily the result of cash capital expenditure declining 20.3% over the pcp and the absence of acquisitions over the period.

The cash impact in FY15 of material expenses reported in FY15 combined with material expenses reported in prior periods (primarily redundancy and other employee related costs associated with the Port Botany redevelopment) is expected to be approximately $93m ($30m in 1H FY15).

1.1.12 Capital Expenditure

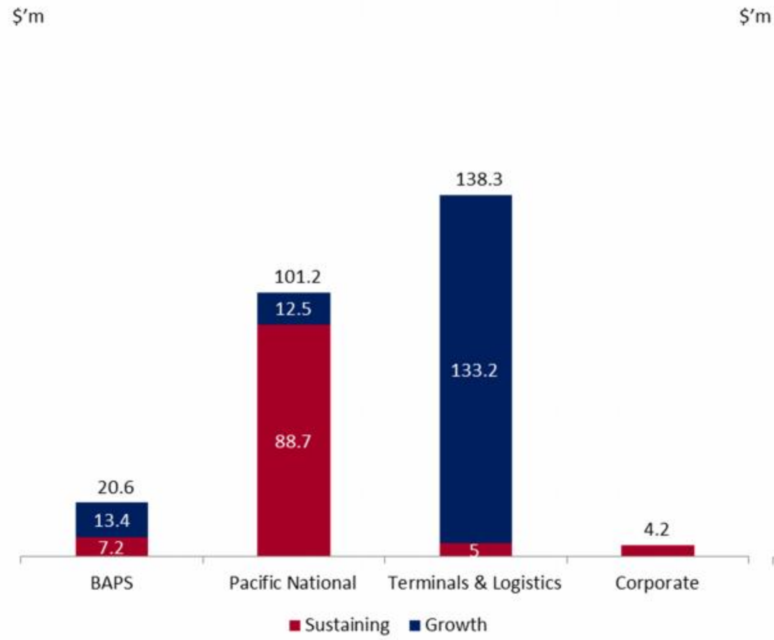
Six months ended December ($'m)	2013	2014	% chg
Total Capital Expenditure	**312.2**	**264.3**	**(15.3)**
Growth Capital Expenditure	182.7	158.1	(13.5)
Sustaining Capital Expenditure	129.5	106.2	(18.0)

Refer Section 2 for further information about divisional capital expenditure

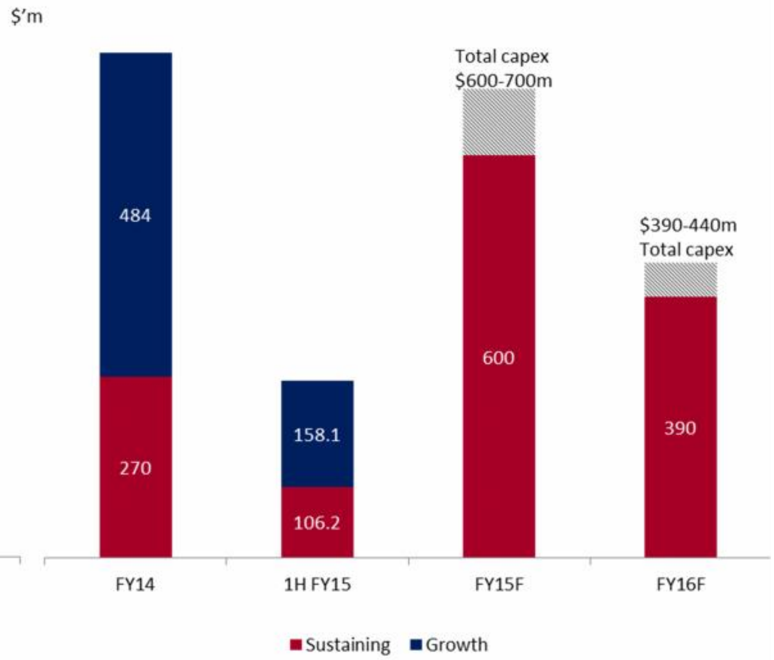
Key capital expenditure projects in 1H FY15 included:

- The redevelopment of Port Botany
- Three new cranes designed specifically for the 'knuckle' area at Port Botany
- The ongoing midlife component change-out of the NR class locomotive fleet
- Rolling stock for new contracts and replacement rolling stock
- Equipment upgrade at intermodal rail terminals

1H FY15 Capital Expenditure[1] by Division



Forecast Capital Expenditure[2]



1. Includes capitalised interest
2. Includes capital expenditure recorded as inventory on the balance sheet

FY15 capital expenditure is expected to be in the previously forecast range of $600-700m with current expectations being at the lower end of the range. Capital expenditure projects in the 2H FY15 will include:

- The acquisition of the final Queensland rail terminal property from Toll Group;
- The Dampier floating deck platform;
- The upgrade of the Rail interstate terminals,
- Rolling stock for growth tonnage in coal haulage; and
- The Port Botany redevelopment

Sustaining capital expenditure combined with known growth capital expenditure in FY16 is expected to be in the range of $390-440m.

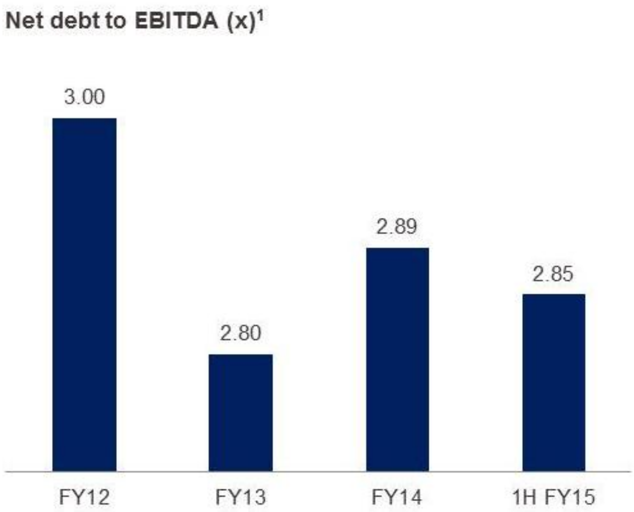
1.1.13 Balance Sheet

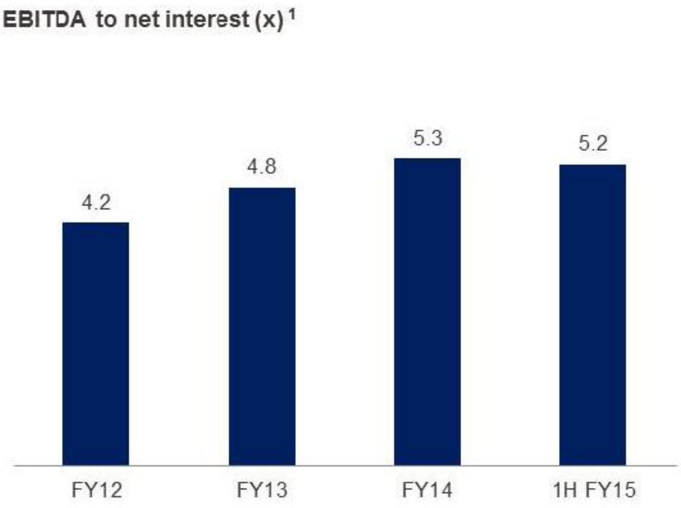
Net Debt and Net Interest Cover

$m	Dec 13	June 14	Dec 14
Gross borrowings at hedged values	**3,118.2**	**3,208.0**	**3,252.7**
Debt Issuance costs and the unamortised discount on the capital market debt	(20.3)	(22.5)	(20.0)
FX and Fair value adjustments to International bonds	313.9	185.1	547.8
Borrowings per balance sheet	3,411.8	3,370.6	3,780.5
Cash	(73.4)	(167.3)	(183.8)
Net Debt	**3,338.4**	**3,203.3**	**3,596.7**
Leverage (Net Debt to EBITDA) (times)[1]	2.96	2.89	2.85
Interest cover (times)[2]	5.2	5.3	5.2

1. Net interest and EBITDA based on a rolling 12 month period. Net debt is based on hedged values
2. Includes capitalised interest

At 31 December 2014 Asciano's rolling 12 month net debt to EBITDA was 2.85x (excluding the impact of mark to market and non cash movements) marginally lower than at 30 June 2014. Gross debt at hedged values increased over the six month period by 1.4%. The rolling 12 month interest cover was down marginally at 5.2x compared to 30 June 2014 however remains comfortably above the target of 'greater than 3.5x'.





1. Net interest and EBITDA based on rolling 12 month period and includes capitalised interest. Net debt reflected at hedged values. Calculation excludes mark to market and other non cash movements

At 31 December 2014 the interest rate on approximately 70% of the Company's debt was fixed and had a diversified mix of funding sources with approximately 66% of total debt raised in international debt capital markets and the remaining drawings and capacity from a syndicate of 11 banks.

Asciano has no drawn debt due until September 2015 and a weighted average debt maturity profile of 4.4 years. The Company is presently assessing a number of different options to refinance the debt due in September and has sufficient undrawn capacity under its existing banking facilities to repay the due debt if required.

In October 2014 S&P resolved the positive outlook on Asciano's corporate credit rating to BBB.

1.1.13.1 Reconciliation of Loans and Borrowings

Facility	Type	Maturity	Drawn A$'m	Undrawn A$'m
Syndicated Bank Facility	cash advance	Oct-16	650.0	-
Syndicated Bank Facility	cash advance	Oct-19	45.0	605.0
US$ bonds	144a/Reg S	Sep-15	428.8	
US$ bonds	144a/Reg S	Apr-18	727.6	
US$ bonds	144a/Reg S	Sep-20	643.2	
US$ bonds	144a/Reg S	Apr-23	242.6	
GBP bonds	MTN	Sep 23	514.0	
Total hedged A$ equivalent balance			**3,251.2**	**605.0**
Less: Unamortised Discount on US$ bonds			(5.3)	
Less: Unamortised Debt issuance costs			(14.7)	
Add: Unrealised foreign exchange loss on US$ bond and GBP notes			463.6	
Add: Fair Value adjustments to US$ bonds			84.2	
Add : C3 Finance Lease			1.5	
Loans & Borrowings as per stat. balance sheet at 31 Dec 2014			**3,780.5**	
Cash and liquid assets as at 31 December 2014			(183.8)	183.8
Net Debt/available liquidity as at 31 December 2014			**3,596.7**	**788.8**

Available liquidity at 31 December 2014 was $788.8m consisting of $183.8 m in cash and liquid assets and $605m in undrawn facilities.

1.1.13.2 Reconciliation of drawn bank debt and the statutory balance sheet

$'m	Dec 2013	June 2014	Dec 2014
Drawn bank debt (excluding bank guarantees)	560.0	650.0	695.0
US$ bonds (at hedged values)	2,042.2	2,042.2	2,042.2
GBP notes (at hedged values)	514.0	514.0	514.0
Less: unamortised discount on US$ bonds	(6.3)	(5.9)	(5.3)
Less: unamortised debt issuance costs	(14.0)	(16.6)	(14.7)
Add (Less): unrealised foreign exchange movement on US$ bonds & GBP notes	243.4	108.3	463.6
Add: fair value adjustments to US$ bonds	70.5	76.8	84.2
Add: C3 Finance Lease	2.0	1.8	1.5
Loans and borrowings as per statutory balance sheet	**3,411.8**	**3,370.6**	**3,780.5**

Loans and borrowings in the balance sheet increased 12.2% to 3.8bn over the six months to 31 December 2014 driven primarily by a significant increase in the unrealised fair value adjustments to the foreign currency hedges on offshore bond issues.

1.1.14 Shareholder Returns

Six Months Ended December (%)	2013	2014	bps chg
ROCE	10.9	10.7	(15bps)
ROCE (excluding WIP)	11.8	12.0	19bps
ROCE (excluding Goodwill)	18.2	17.3	(90bps)
ROE	9.8	9.6	(23bps)
Divisional ROCE			
Pacific National	12.4	13.4	106bps
Terminals & Logistics	6.8	6.7	(19bps)
Bulk & Automotive Port Services	18.4[1]	8.9	-

1. Calculated before the impact of the settlement with the PoMC on the redevelopment of Webb Dock in 1H FY15

Group ROCE was down marginally compared to the pcp but improved on the position at 30 June 2014. ROCE excluding WIP improved 19 basis points on the pcp reflecting the impact of the 56.3% increase in WIP over the 12 months period to $854.8m. The majority of the increase in WIP relates to the Port Botany redevelopment project, and the Group wide IT upgrade program.

1.1.14.1 Dividends

Six Months Ended December (cps)	2013	2014	% chg
Interim dividend	5.75	8.25	43.5
Payout ratio (%)	29.5	40.0	35.6

The Board has resolved to pay a fully franked interim dividend of 8.25 cents per share an increase of 43.5% over the pcp representing a payout ratio of 40% at the top end of the current 20-40% payout range. The Board has committed to review the current payout range at the FY15 final result.

2 Divisional Performance

2.1 Pacific National

2.1.1 1H FY15 Earnings and Volume Overview

Six months ended 31 December	2013	2014	% chg
Volume Bulk Rail			
Total Coal NTKs (m)	**14,513.6**	**15,218.9**	**4.9**
Queensland Coal	6,256.3	6,500.1	3.9
South East Australia Coal	8,257.3	8,718.8	5.6
Other Bulk Rail NTKs	**2,486.8**	**2,387.0**	**(4.0)**
Total Coal Tonnes (m)	**78.7**	**83.3**	**5.8**
- Queensland Coal	24.6	26.8	8.9
- South East Australia Coal	54.1	56.5	4.4
Other Bulk Tonnes (m)	**7.3**	**7.1**	**(2.7)**
Volume National Intermodal			
- NTKs (m)	11,245.6	11,205.6	(0.4)
- TEUs (‘000)	432.1	398.4	(7.8)
- Steel tonnes (‘000)	1,466.6	1,488.8	1.5
Revenue and other income ($’m)	**1,249.6**	**1,231.3**	**(1.5)**
- Coal access revenue ($’m)	109.0	89.8	(17.6)
Revenue net of coal access ($’m)	**1,140.6**	**1,141.5**	**0.1**
- Bulk Rail Revenue	769.4	752.5	(2.2)
– Bulk Rail revenue net of coal access	660.4	662.7	0.3
- National Intermodal Revenue	480.2	478.8	(0.3)
EBITDA ($’m)	**361.8**	**414.7**	**14.6**
- Bulk Rail	262.3	299.8	14.3
- National Intermodal	99.5	114.9	15.5
EBIT ($’m)	**245.1**	**291.1**	**18.8**
- Bulk Rail	179.4	213.5	19.0
- National Intermodal	65.7	77.6	18.1
Operating EBITDA margin (%) (net of coal access)	31.7	36.3	4.6
Operating EBIT margin (%) (net of coal access)	21.5	25.5	4.0
ROCE (%)	12.4	13.4	106bps
ROCE exclusive WIP (%)	13.5	14.7	119bps
Cash Conversion (%) (Operating cash flow / EBITDA)	77.2	85.4	8.1
Total capex ($’m)	181.6	101.2	(44.3)
Growth capex ($’m)	94.2	12.5	(86.7)
Sustaining capex ($’m)	87.4	88.7	1.5
Full time employees	3,837	3,631	(5.4)

2.1.2 Key Business Statistics as at 31 December 2014

Total annualised contracted coal tonnage in FY16	180 mtpa
Number of Locomotives	594
Number of Wagons	14,068
Total Insured Value of Fleet ($bn)	3.9
Average coal contract maturity (years)	7.63

Pacific National reported flat total revenue (net of coal access) over the pcp at $1.1bn. Adjusting for a reduction in the fuel price and the removal of the carbon tax levy, revenue increased by approximately 3% over the pcp.

Bulk Rail revenue (net of coal access) adjusted for fuel price reductions and the removal of the carbon tax levy increased 3.1% over the pcp driven by:

- A good performance from Queensland coal haulage with a 3.9% increase in NTKs and an 8.9% increase in tonnes. This reflects flat contract utilisation over the pcp at 88% and a full six month benefit from the Hail Creek contract with Rio Tinto Australia
- A strong performance from NSW coal haulage reporting a 5.6% increase in NTKs and a 4.4% increase in tonnes reflecting an increase in tonnes hauled to contract over the pcp of 5.5% to 93.7% for the six month period
- Increases in volumes of construction, minerals and special products
- Weak grain haulage volumes reflecting the weather impacts on crops with export grain volumes declining 56.4% over the pcp and domestic grain volumes declining 12.6% over the pcp. While grain volumes are expected to improve over 2H FY15 they are now not expected to reach tonnage levels hauled in FY14.

Intermodal revenue adjusted for fuel price reductions and the removal of the carbon tax levy was up 3% on the pcp primarily driven by:

- Additional hook & pull revenue with Mineral Resources Ltd from 1 July 2014;
- A 0.4% decline in Intermodal NTK's comprised of a soft 1Q which was 2.4% below the pcp, partly offset by a stronger 2Q, 1.8% above the pcp;
- Lower East - West Express TEUs were offset by a 2.5% increase in Forwarder TEUs over the pcp;
- Automotive volumes were down 18% over the pcp;
- North - South TEU's also declined 7.0% over the pcp; and
- Despite declines in NTKs and TEUs over the pcp, freight efficiency activities resulted in a 0.2% increase in tonnes hauled over the pcp, with Forwarders tonnes up 2.4% and steel tonnes up 1.5% over the pcp. Growth in other products was broadly in line with TEU movements on the pcp.

2.1.3 Pacific National EBIT Bridge

($'m)	Bridge to 1H FY15 EBIT	1H FY15 actual	1H FY14 actual
1H FY14 EBIT	**245.1**	-	-
Price/ Mix/ Volume	24.7	-	-
Costs	(20.3)	-	-
BIP	41.6	-	-
1H FY15 EBIT	**291.1**	**-**	**-**

EBIT increased 18.8% on the pcp to $291.1m. The result was driven by:

- The growth in volumes in some parts of the business and the increase in utilisation under Coal haulage contracts in NSW;
- The Division's BIP program contributed $41.6m from key initiatives including a significant reduction in employee benefits, repairs and maintenance costs and general expenses; and
- A 6.6% increase in depreciation charges over the period reflecting assets flowing out of WIP and into productive assets, offset to an extent by the scrapping of rolling stock as part of the integration of the Pacific National businesses.

Capital expenditure over the period was $101.2m a decline of 44.3% over the pcp. Expenditure during the period related to a number of projects including the ongoing mid life component change-out repowering of the NR class locomotive fleet, new rolling stock for replacement and new contract work and the completion of the upgrade of the interstate intermodal rail terminals. Total FY15 capital expenditure is expected to be in the range of $260-280m.

ROCE increased from 12.4% in the pcp to 13.4% now comfortably above the Group's cost of capital reflecting the benefits of the new contracts commenced over the last twelve months and the Division's BIP program. ROCE excluding WIP was 14.7% for the period.

2.1.4 Outlook

Pacific National's performance will be impacted by a number of factors including:

- Coal haulage in both Queensland and NSW is currently anticipated to stay around present railing levels over 2H FY15 subject to any disruption caused by the weather over the next two months;
- Incremental volumes of 8mtpa secured with existing coal customers are expected to drive some growth in tonnage;
- Due to the current lower coal prices, a number of smaller mines have been put on care and maintenance, these have not had a material impact on Pacific National's performance levels due to volume increases from other mines in the network and existing contractual obligations;
- National Intermodal volumes will reflect Australian economic activity;
- Grain volumes, in particular export volumes will be influenced by both the grain harvest and the timing of export intentions. The division continues to work with all stakeholders to identify avenues to create a more efficient and reliable logistics platform for the industry;
- While the integration of the two rail divisions has contributed significantly to earnings growth in 1H FY15 its full annualised benefit is still to be realised. An ongoing focus on extracting the full benefits of the integration will continue to deliver increased earnings into FY16; and
- The 12 year 4mtpa haulage agreement with Q-Coal is expected to commence during FY16 with a ramp up in the contract in line with production at the mine.

2.2 Patrick Terminals & Logistics

2.2.1 Key Business Statistics as at 31 December 2014

Container Terminal Presence	Lease Term	Footprint	Equipment
Port Botany	2043	1,000 mtrs quay line, following completion of the knuckle 1,400mtrs 3 berths (4 berths post knuckle)	7 cranes, 48 straddle carriers and other cargo handling equipment
East Swanson Dock	2034	885 mtrs quay line 3 berths	7 cranes, 49 straddle carriers and other cargo handling equipment
Fisherman Islands	2045	922 mtrs quay line 3 berths	4 cranes, 30 straddle carriers and other cargo handling equipment
Fremantle	2017	766 mtrs quay line 2 berths	4 cranes, 41 cargo handling pieces of equipment
Key Customers	AAA consortium, COSCO, Maersk, MSC		

2.2.2 1H FY15 Earnings and Volume Overview

Six months ended 31 December	2013	2014	% chg
Container Volumes			
Terminal Volumes - Lifts ('000)[1]	1,033.4	1,079.0	4.4
Terminal Volumes - TEUs ('000)[2]	1,541.4	1,596.4	3.6
Revenue and other income ($'m)	**383.2**	**388.1**	**1.3**
Underlying EBITDA[3] ($'m)	110.1	112.7	2.4
Underlying EBIT[3] ($'m)	**83.9**	**86.7**	**3.3**
Underlying EBITDA margin (%)	28.7	29.0	30 bps
Underlying EBIT margin (%)	21.9	22.3	40 bps
ROCE (%)	6.8	6.7	(19bps)
ROCE excl WIP (%)	7.4	7.7	38bps
Cash Conversion (%) (Operating cash flow / EBITDA)	81.2	101.5	20.3
Total capex ($'m)	94.5	138.3	46.3
Growth capex ($'m)	76.9	133.2	73.2
Sustaining capex ($'m)	17.6	5.1	(71.0)
Full time employees	1,880	1,865	(0.8)

1. Includes volume subcontracted out due to disruption at Port Botany and volume subcontracted in for other operators.
2. TEU-twenty foot equivalent unit
3. Pre material items

Terminals & Logistics reported a 1.3% increase in revenue on the pcp to $388.1m. Revenue was driven by:

- A 5.5% increase in revenue from the Container Terminals business driven by a 4.4% increase in lifts reflecting good growth at East Swanson Dock and Fremantle and lower lift volumes at Fisherman Islands and Port Botany over the pcp;
- Container Terminals reported a 7% increase in lifts in 2Q FY 15 over the pcp compared to 1.9% increase in 1Q FY15[3] versus the pcp. The 2Q FY15 result reflects a strong performance at East Swanson Dock, Fremantle and Fisherman Islands offset by ongoing weakness at Port Botany impacted by the disruption caused by the redevelopment of the site and a loss of market share by key customers;
- Market share over the six months (excludes subcontracted volume from external parties but includes contracted volume that has been subcontracted out due to disruption) was 47.4% (rolling 3 month average at the end of December 47.9%); and
- The Logistics business reported an 8.3% decline in revenue primarily reflecting the impact of the loss of contracts over the period combined with the impact of ongoing weakness in the general economy.

2.2.3 Terminals & Logistics Underlying[4] EBIT Bridge

	Bridge to 1H FY15 EBIT ($'m)	1H FY15 actual ($'m)	1H FY14 actual ($'m)
1H FY14 Underlying EBIT	**83.9**	-	-
Price/ Mix/ Volume	4.7	-	-
Costs / Other	(8.7)	-	-
BIP	6.8	-	-
1H FY15 Underlying EBIT[4]	**86.7**	-	-

Underlying[4] EBIT increased 3.3% to $86.7m:

- Reflecting relatively flat top line growth;
- Underlying Terminals EBIT increased 6.5%
- The impact of the loss of contracts on the Logistics result; and
- The benefits of the BIP initiatives delivering a further $6.8m and the general cost containment program across the Division.

The Division reported a material expense of $14.3m pre tax ($10m after tax) associated with the redevelopment of Port Botany including:

- business disruption caused by construction on the existing terminal site;
- commissioning costs including staff training; and
- legal and general industrial relations costs.

[3] Lifts in 1Q FY15 were actually 534,790 versus the 525,439 reported in the 1H FY15 1st quarter result released to the market on 23 October 2014
[4] Pre material items in 1H FY15 and 1H FY14

Capital expenditure for the period increased 46.3% to $138.3m reflecting expenditure on the redevelopment of Port Botany, the replacement of older equipment at Fisherman's Island and general upgrade work across the business.

ROCE declined marginally to 6.7%. ROCE excluding WIP increased to 7.7%. ROCE excluding goodwill remains well above cost of capital at 19.1%.

2.2.4 Outlook

The outlook for Terminals & Logistics will be impacted by:

- The growth in container volumes, which is forecast to be generally in line with Australian GDP growth. Patrick will benefit from the impact of a full period contribution of new contracts in Fisherman Islands in Brisbane and East Swanson Dock in Melbourne;
- The impact of an increase in competition between shipping line customers and Australian stevedores for business will continue to create pressure on volumes;
- The focus of the business will continue to be on providing superior customer service and improving operational performance. The Division will continue to focus on its BIP initiatives including extracting the benefits of the redevelopment and automation of Port Botany;
- The Division expects to report an FY15 material expense associated with the Port Botany redevelopment in the order of $35m pre tax. Costs for the full year include an increase in operational costs associated with congestion at the Terminal, costs associated with site commissioning including asset obsolescence and legal costs. The cash cost associated with this expense combined with the payment of redundancy and employee incentive costs provided for in previous periods as the cut over to an automated terminal takes place is estimated to be $73m; and
- The Division continues to look at strategies to grow and improve the performance of the Logistics platform.

The Division will continue to negotiate with the Port Authority as part of the EOI process to renew its lease at Fremantle in 2017.

2.3 Bulk & Automotive Port Services

2.3.1 Key Business Statistics as at 31 December 2014

Operational Sites	Over 40 sites across Australia and New Zealand
Fleet	820 strong fleet of equipment including trucks, trailers, auto containers and cranes owned by the business
Ownership Interests	Patrick Ports & Stevedoring – 100% ownership Patrick Autocare – 80% owned joint venture with NYK Line.
Joint Ventures	
– **Port of Geelong Unit Trust**	Asciano owns 50% of the Port of Geelong Unit Trust with Deutsche RREEF owning the remaining 50%. Patrick operates the port as well as carrying out stevedoring activities at the port.
– **Australian Amalgamated Terminals**	Asciano owns 50% of AAT with Qube owning the remaining 50% interest. AAT focuses on the development and operation of multi user facilities in port areas, such as providing specialist cargo handling facilities for stevedores and other waterfront service providers.
– **Albany Bulk Handling**	Asciano owns 50% of a joint venture with Itochu owning the remaining 50%. The joint venture is a woodchip export facility in Albany, Western Australia.
– **Car Compounds Australia**	Asciano owns 50% of a joint venture with Mitsui O.S.K Lines. Patrick Autocare manages the joint venture

2.3.2 1H FY15 Earnings and Volume Summary

Six months ended 31 December	2013	2014	% chg
Vehicles processed ('000)	287.3	269.9	(6.1)
Vehicle storage days ('000)	11,721.7	8,110.4	(30.8)
Vehicle movements ('000)	540.5	519.8	(3.8)
Underlying Revenue and other income($'m)	**400.7**	**349.0**	**(12.9)**
Underlying EBITDA ($'m)	79.5	44.6	(43.9)
Underlying EBIT ($'m)	**65.1**	**29.1**	**(55.3)**
Underlying EBITDA margin (%)	19.8	12.8	(7.0)
Underlying EBIT margin (%)	16.3	8.3	(8.0)
Operating ROCE[1] (%)	18.4	8.9	-
Cash Conversion (%) (Operating cash flow / EBITDA)	67.3	127.9	60.6
Total capex ($'m)	29.4	20.6	(29.9)
Growth capex ($'m)	11.0	13.4	21.8
Sustaining capex ($'m)	18.4	7.2	(60.9)
Full Time Employees	2,992	2,758	(7.8)

1. Operating earnings exclude the settlement with Port of Melbourne Corporation (PoMC) that occurred in 1HFY14 to cover the costs associated with transition arrangement and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne representing $25m in revenue and $18.5m in EBITDA and EBIT in the 1H FY14 result

Underlying revenue for the six month period declined 12.9% on the pcp to $349m. The result was driven by:

- A 24% drop in revenue from stevedoring activities around sites in Australia and New Zealand in particular volumes servicing the Gorgon project in Western Australia and reduced volumes at ports in southern Australia including Melbourne (including the impact of the closure of Webb Dock in Melbourne), Adelaide and Geelong.
- A 13% drop in revenue from the Autocare business (adjusted for PoMC settlement a decline of 8.7%) primarily due to a significant drop in storage volume levels reflecting the manufacturers winding down the record levels reached at the end of 2013.
- The performance against the pcp was impacted by the inclusion of a settlement in 1H FY14 with the PoMC to cover the cash outlays associated with the transition arrangements and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne. The revenue impact of this settlement was $25m

Underlying EBITDA declined 43.9% to $44.6m on the pcp, The result included a 13.2% decline in the after tax contribution from equity accounted joint ventures driven by:

- A significant decline in contribution from Car Compounds of Australia
- A 23% increase in the contribution from the Geelong unit trust
- A 1.8% increase in the contribution from AAT joint venture

2.3.3 Bulk & Automotive Port Services Underlying EBIT Bridge

	Bridge to 1H FY15 EBIT ($'m)	1H FY15 actual ($'m)	1H FY14 actual ($'m)
1H FY14 Underlying EBIT	**65.1**	-	-
Price/ Mix/ Volume	(18.5)	-	-
Costs	(1.6)	-	-
BIP	5.0	-	-
Business Restructure[1]	(20.9)	(3.7)	17.2
1H FY15 Underlying EBIT	**29.1**	-	-

1. 1H FY14 Includes the $18.5m settlement with PoMC over the redevelopment of Port Botany

Underlying EBIT declined 55.3% to $29.1m. Operating[5] EBIT declined 37.6%. The result was driven by:

- Softer volumes across Stevedoring sites including the impact of the ongoing wind down of the Agility contract servicing the Gorgon project in Western Australia;
- Lower storage volumes in the Autocare business;
- A lower contribution from equity accounted profits;

[5] Operating earnings exclude the settlement with Port of Melbourne Corporation (PoMC) that occurred in 1HFY14 to cover the costs associated with transition arrangement and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne representing $25m in revenue and $18.5m in EBITDA and EBIT in the 1H FY14 result

- Lower volumes in C3 for the majority of the six month period reflecting softer export demand from key timber markets;
- BIP initiatives contributed $5m for the six month period and primarily related to labour and equipment efficiencies;
- The 1H FY14 result included a settlement with the PoMC to cover the cash outlays associated with the transition arrangements and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne. The impact of this settlement on EBIT in 1HFY14 was $18.5m.

Operating[5] ROCE declined significantly reflecting the decline in volumes over the period.

Capital expenditure over the period declined 29.7% on the pcp to $20.6m and includes spend on the new PDI facility at Webb Dock.

The Division reported a material cost of $2.5m pre tax associated with the first stage of a restructure of the Division into three streamlined business units. The costs were primarily associated with redundancy costs. The restructure of the business unit has continued into the 2H FY15 with a material item of approximately $5m expected to be reported for the FY15 period.

2.3.4 Outlook

Bulk & Automotive Port Services performance for the 2H FY15 will be impacted by a number of factors including:

- Volume flowing through regional ports in Australia and New Zealand that will be influenced by activity levels in the agricultural and resources sector. The result will be impacted by the winding down of the contract to service the Gorgon project now expected to be finalised in June 2015. At the current time the Division is not forecasting a significant lift in stevedoring activity levels in 2H F15;
- Global demand for timber logs in particular the Chinese market which was soft in 1H FY15;
- Demand for imported cars, storage volumes and transport demand will impact the Autocare result. At this stage the Division is not forecasting a significant lift in storage volumes from current levels;
- In response to the current environment and outlook, the Division is currently undergoing a restructure of its business to streamline the structure and reduce overhead. The restructure will continue in 2H FY15 and the Division now expects to report an FY15 full year material expense of approximately $5m associated with the restructure; and
- The Division is now expected to report a FY15 EBIT result materially below the pcp

3 Group Outlook

- Assuming no material change in the current business environment Asciano currently expects to report underlying EBIT growth in FY15 at a higher rate than the underlying EBIT growth reported in FY14 of 5%.
    - Expect to report a material loss in the order of $40m pre tax associated with the Port Botany site commissioning and the cut over to an automated terminal and the Bulk & Auto Ports restructure costs
- Key factors driving earnings over 2H FY15 include:
    - Ongoing progress on the integration of Pacific National's rail activities including achieving the BIP benefits identified as part of the process;
    - Rail volumes will be impacted by macro factors in particular Australian domestic demand, demand for coal exports and weather impacts on coal and agricultural volumes. Intermodal volumes will also be impacted by the market share of Asciano's major freight forwarding customers;
    - Volumes through the Container terminals will be impacted by Australian economic activity combined with the ongoing movement in shipping line consortia which continues to create volatility in volume metrics;
    - The full period impact of new contracts secured in Melbourne and Brisbane offset by any further impact of sub contract volumes at Port Botany;
    - The successful completion and cut over to the expanded Port Botany container terminal while minimising the impact of the disruption on our customer base; and
    - Activity levels in the Bulk & Auto Port Services division will be impacted by agricultural and resource related volumes at regional ports in Australia and New Zealand and in particular the wind down of a number of project related contracts.
- Capital expenditure is expected to be in the range of $600-700m in FY15 with the current expectation that it will be at the low end of the range. The forecast range for Sustaining capital expenditure going forward is $300-400m. Based on known growth projects at the current time total capital expenditure in FY16 is expected to be in the range $390-440m.
- Continue to expect that free cash flow in FY15 and FY16 will deliver the ability to increase the full year dividend at a materially faster rate than earnings growth.
- The Company continues to focus on extracting benefits from its BIP. Asciano remains on track to achieve its FY16 target of $300m.
- The Company will continue to pursue opportunities to generate value through strategic acquisitions, partnerships, joint ventures and divestments. This will not be at the expense of free cash flow, reducing leverage or previously stated capital management objectives around lifting the payout ratio:
    - Larger inorganic growth opportunities will not be considered unless the above objectives are met;
    - Opportunities to further build the sustainability of the Bulk & Auto Port Services and Logistics activities,; and
    - The Company continues to be in discussions with third parties regarding strategic opportunities across the Patrick portfolio of businesses. These discussions are incomplete, but should they result in a definitive outcome we will advise the market at that time.

ENDS

4 Definitions

- **Revenue -** Revenue and other income
- **Material items -** Material items include continuing material items, discontinued material items and gains or losses on sale of discontinued operations
- **EBITDA -** Profit before interest, tax, depreciation and amortisation
- **EBIT -** Profit before interest and tax
- **NPAT -** Net profit after tax
- **OCFPIT -** Operating cash flow pre interest and tax
- **PCP -** Prior corresponding period
- **ROCE** - Return on capital employed (EBIT / average capital employed) 12 months rolling
- **ROE** – Return on equity (NPAT and material items/ Average Total Equity)
- **EPS** - Earnings per share (NPAT / weighted average number of shares outstanding)
- **Capital employed** - Net assets less cash, debt, other financial assets/liabilities, tax, and intercompany accounts (for divisional ROCE), 12 months rolling
- **Cash conversion (group) -** OCFPIT / EBITDA
- **Cash conversion (divisional) -** Operating cash flow / EBITDA
- **Operating cash flow** - EBITDA plus change in net working capital plus interest paid plus tax paid
- **Free cash flow** – after interest, tax and capital expenditure
- **BAPS** – Bulk & Automotive Port Services
- **WIP**- Work in Progress
- **BIP** – Business Improvement Program
- **DPS** – Dividend per share
- **TSR** – total shareholder return
- **TEU** – twenty foot equivalent unit
- **FY-** financial year
- **1H** – first half
- **2H** – second half
- **PoMC** – Port of Melbourne Corporation
- **PDI** – Pre delivery inspection

ASCIANO LIMITED

ABN 26 123 652 862

4D - HALF YEAR REPORT

For the half year ended 31 December 2014

Asciano comprises of Asciano Limited and its controlled entities.

Contents	**Page**

Asciano Limited

ABN 26 123 652 862

Directors' Report
For the half year ended 31 December 2014

This half year report does not include all the notes of the type normally included in an annual report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Asciano Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The Directors present their report, together with the consolidated half year report of Asciano Limited ("Company" or "Parent") and its controlled entities (collectively referred to as "Asciano") and the auditor's review report thereon, for the half year ended 31 December 2014**.**

1. Directors

The following persons were Directors of the Company during the whole of the half year and up to the date of this report, unless otherwise stated:

Malcolm Broomhead

John Mullen

Chris Barlow

Robert Edgar

Peter George

Shirley In't Veld

Geoff Kleemann

Ralph Waters

2. Operating and financial review

Overview

During the period, Asciano progressed its key strategic objectives of delivering value to shareholders in the medium to long-term. The primary elements of Asciano's strategy and initiatives are:

- Targeting leadership positions in fast growing structurally attractive market sectors;
- Leveraging our strategic assets and deep expertise in operationally complex multi-user supply chains across freight types and modes;
- Collaborating with diverse stakeholders to create and deliver solutions for our customers;
- Attracting, developing and inspiring talented and capable people;
- Developing, managing and operating integrated infrastructure based supply chains by bringing together our Group capabilities; and
- Innovating in partnership with customers to achieve differentiated performance within standalone and integrated supply chains.

Reporting structure changes

With effect from 1 July 2014 Asciano amended its segmental reporting structure following the decision to integrate Pacific National Coal and Pacific National Rail into a consolidated Pacific National Business. With effect from this date the Pacific National business is reported as one reporting segment encompassing all bulk rail haulage activities including coal, grain, construction materials and other bulks and all National Intermodal activities.

All prior year segment comparatives in this report have been restated to reflect these changes.

Redevelopment of Port Botany

As previously reported the automation project at Port Botany is expected to commence cut over to a fully automated terminal in the third quarter of the current financial year.

Executive team changes

On 21 August 2014, Asciano announced a number of changes to its executive team.

The Director of the Group's Ports and Stevedoring business, Philip Tonks, has moved into a Group-wide role to support the Group's focus on growth opportunities. As a result, Murray Vitlich, who has been with the business since January 2012 in the role of Director Strategy and Business Development, was appointed to the role of Director Bulk Automotive and Ports Services. Saul Cannon, who has been with the Group for over seven years and held the role of Group General Counsel and Company Secretary, transferred into the role of Director Strategy and Business Development. Ms Lyndall Stoyles, who was the Senior Legal Counsel for the Group's Patrick Terminals and Logistics business, replaced Mr Cannon in the role of Group General Counsel and Company Secretary. In addition to these changes, the Group integrated the leadership of our Human Resources, Corporate Affairs and cross company customer initiatives under the leadership of the existing Human Resources Director, Ms Alex Badenoch.

Operating and financial review (continued)

Financing

Asciano's funding consists of a mix of revolving bank credit facilities, US dollar denominated 5, 7, 10 and 12 year bonds (swapped to Australian dollars), GBP denominated 10 year bonds (swapped to Australian dollars) and a bank guarantee facility (currently partly drawn in the form of bank guarantees and performance bonds). Asciano's loans and borrowings mature in the period between September 2015 and September 2023.

Asciano had total committed bank credit facilities of $1,450.0 million (30 June 2014: $1,450.0 million) and net bank debt of $511.2 million at 31 December 2014 (30 June 2014: $482.7 million). Of the total committed credit facilities $695.0 million of bank debt and $78.3 million of the bank guarantee facility were utilised at 31 December 2014 leaving undrawn credit facilities at 31 December 2014 of $605.0 million (30 June 2014: $650.0 million).

Going concern

Asciano has a net current asset deficiency at 31 December 2014 of $441.6 million which includes a USD bond of U$400.0 million which matures on 23 September 2015. Asciano intends to refinance part or all of the maturing bond during the current financial year. Given that Asciano has an unutilised syndicated revolving credit facility of $605.0 million maturing in October 2019, the Directors believe Asciano has the capacity to pay its debts in full as and when they fall due.

Review and results of operations

Asciano reported a net profit after tax ("NPAT") attributable to the owners of Asciano Limited of $189.6 million for the current reporting period, representing a $2.1 million increase on the profit of $187.5 million for the half year ended 31 December 2013. The reported NPAT for the current reporting period included a material item (loss) of $11.4 million consisting mainly of current period costs borne in connection with terminal congestion and sub-contracting arising as a direct result of the ongoing Port Botany redevelopment (31 December 2013: material items (loss) of $2.7 million).

A reconciliation of the reported NPAT and the underlying NPAT for the various components of the after tax material items are provided in the table below:

	Half year 2015 $M	Half year 2014 $M
NPAT attributable to the owners of Asciano Limited	189.7	187.5
Costs arising as a direct result of the Port Botany redevelopment, net of tax	10.1	2.7
Restructuring expenses, net of tax	1.3	–
Underlying NPAT	**201.1**	**190.2**

The increase of 5.7% in the underlying NPAT was primarily driven by the significant cost benefits that have started to flow from the merger of the two rail divisions and further tight cost control in the Container Terminals business, offset by a slight decline at the revenue line. NPAT in the prior comparative period also benefited from the one-off impact of the settlement with the Port of Melbourne Corporation for the early termination of the Webb Dock East leases.

The increase of 1.1% in the reported NPAT reflects the impacts on underlying NPAT described above offset by net material items of $11.4 million largely attributable to costs associated with the ongoing Port Botany redevelopment.

A review of, and information about, the Asciano Group's operations, including the results of those operations and changes in the state of affairs of the Asciano Group during the reporting period together with information about the Group's financial position, business strategies and prospects for future financial years appears in the Management Discussion and Analysis ("MD&A") which constitutes the operating and financial review and forms part of the Directors' Report.

Operating and financial review (continued)

3. Dividends

The Board of Directors determined on 17 February 2015 that a fully franked interim dividend of 8.25 cents per share is payable by Asciano Limited on 18 March 2015 (31 December 2013: 5.75 cents per share). The record date for entitlement to the dividend is 24 February 2015. The dividend of $80.5 million was not recognised as a liability at 31 December 2014.

A fully franked final dividend of 8.50 cents per share was paid on 19 September 2014, with a record date for entitlement to the dividend of 1 September 2014.

4. Business strategies, prospects and likely developments

The operating and financial review sets out information on the business strategies and prospects for future financial years, and refers to likely developments in Asciano's operations and the expected results of those operations in future financial years (refer to the MD&A accompanying this Directors' Report). Information in the MD&A is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Asciano Group. Information that could give rise to likely material detriment to Asciano, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in the MD&A, information about other likely developments in Asciano's operations and the expected results of these operations in future financial years has not been included.

5. Events subsequent to the reporting date

Other than for the resolution to pay a fully franked interim dividend of 8.25 cents per share, there has not arisen in the interval between 31 December 2014 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Board, to affect significantly the operations of Asciano, the results of those operations, or the state of affairs of Asciano in future financial years.

6. Rounding of amounts

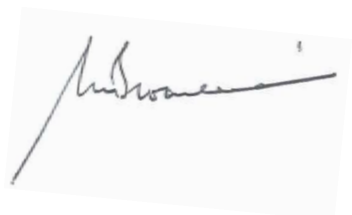
Asciano is an entity of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission ("ASIC"), relating to the rounding off of amounts in the Directors' Report and the financial statements. Amounts in the Directors' Report have been rounded off in accordance with that class order to the nearest one hundred thousand dollars, or in certain cases, to the nearest one thousand dollars.

7. Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the Corporations Act 2001 is set out on the following page and forms part of the Directors' Report.

In line with previous years and in accordance with the Corporations Act 2011, the Directors' Report including the Operating and financial review is unaudited. Notwithstanding this, the Directors' Report including the Operating and financial review contains disclosures which are extracted or derived from the Consolidated Interim Financial Report for the half year ended 31 December 2014 which has been reviewed by the Group's Independent Auditor.

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



Malcolm Broomhead

Chairman

Sydney

17 February 2015

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Asciano Limited

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2014 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review; and

(ii) no contraventions of any applicable code of professional conduct in relation to the review.

KPMG

Steven Gatt
Partner

Sydney

17 February 2015

Asciano Limited

ABN 26 123 652 862

Financial Report
For the half year ended 31 December 2014

Consolidated Statement of Profit or Loss
For the half year ended 31 December 2014

	Note	First half 2015 $M	First half 2014 $M
Revenue from services rendered	7	1,933.9	1,974.9
Other income	7	13.2	32.2
Share of net profit of associates	11	7.9	8.6
Operating expenses excluding depreciation and amortisation	9	(1,407.3)	(1,476.3)
Profit before depreciation, amortisation, net finance costs and tax		**547.7**	**539.4**
Depreciation	9	(149.3)	(146.3)
Amortisation	9	(23.5)	(23.5)
Profit before net finance costs and tax		**374.9**	**369.6**
Finance income	8	1.5	1.1
Finance expense	8	(108.4)	(107.1)
Profit before tax		**268.0**	**263.6**
Tax expense	10	(77.8)	(73.9)
Profit after tax		**190.2**	**189.7**
Attributable to:			
Owners of Asciano Limited		189.7	187.5
Non-controlling interests		0.5	2.2
		190.2	189.7
Earnings per Parent share			
Basic – cents	6	19.4	19.2
Diluted – cents	6	19.4	19.1

The above Consolidated Statement of Profit or Loss should be read in conjunction with the accompanying notes.

Consolidated Statement of Comprehensive Income

For the half year ended 31 December 2014

	Note	First half 2015 $M	First half 2014 $M
Profit after tax		**190.2**	**189.7**
Other comprehensive income/(loss)			
Items that will not be reclassified to profit or loss:			
Defined benefit superannuation funds actuarial (loss)/gain		(14.7)	16.1
Income tax on items that will not be reclassified to profit or loss		4.8	(4.8)
Total items that will not be reclassified to profit or loss net of tax		(9.9)	11.3
Items that may be reclassified subsequently to profit or loss:			
Effective portion of changes in fair value of cash flow hedges	8	26.7	(30.0)
Foreign currency translation differences for foreign operations	8	1.3	2.7
Income tax (expense)/benefit on items that may be reclassified subsequently to profit or loss	8	(8.5)	9.0
Total items that may be reclassified subsequently to profit or loss net of tax		19.5	(18.3)
Other comprehensive income/(loss) net of tax		**9.6**	**(7.0)**
Total comprehensive income		**199.8**	**182.7**
Total comprehensive income attributable to:			
Owners of Asciano Limited		199.3	180.5
Non-controlling interests		0.5	2.2
		199.8	182.7

The above Consolidated Statement of Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position
As at 31 December 2014

	Note	December 2014 $M	June 2014 $M
Current assets			
Cash and cash equivalents		183.8	167.3
Trade and other receivables		433.8	429.2
Prepayments		36.4	25.7
Inventories		37.9	33.3
Derivative financial assets		76.5	4.1
Other assets		2.6	–
Total current assets		**771.0**	**659.6**
Non-current assets			
Trade and other receivables		55.1	58.1
Prepayments		1.2	2.2
Inventories		29.2	31.6
Derivative financial assets		402.8	165.9
Net deferred tax assets		103.8	116.2
Equity accounted investments	11	30.1	30.9
Property, plant and equipment		4,405.3	4,306.7
Intangible assets		2,795.2	2,810.3
Other assets		1.0	1.7
Total non-current assets		**7,823.7**	**7,523.6**
Total assets		**8,594.7**	**8,183.2**
Current liabilities			
Trade and other payables		421.5	464.4
Loans and borrowings	12	490.1	0.6
Derivative financial liabilities		29.2	61.4
Current tax liabilities		15.2	10.4
Provisions and employee benefits		256.6	276.2
Total current liabilities		**1,212.6**	**813.0**
Non-current liabilities			
Trade and other payables		150.3	136.1
Loans and borrowings	12	3,290.4	3,370.0
Derivative financial liabilities		16.1	57.8
Deferred tax liabilities		7.1	7.0
Provisions and employee benefits		84.8	83.1
Total non-current liabilities		**3,548.7**	**3,654.0**
Total liabilities		**4,761.3**	**4,467.0**
Net assets		**3,833.4**	**3,716.2**
Equity			
Contributed equity	13	8,609.1	8,609.3
Reserves		(4,439.0)	(4,721.2)
Accumulated losses		(354.6)	(189.3)
Equity attributable to owners of Asciano Limited		**3,815.5**	**3,698.8**
Non-controlling interests	14	17.9	17.4
Total equity		**3,833.4**	**3,716.2**

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

For the half year ended 31 December 2014

First half 2015 $M	Contributed equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total
Balance at 1 July 2014	**8,609.3**	**(4,721.2)**	**(189.3)**	**3,698.8**	**17.4**	**3,716.2**
Profit after tax	–	–	189.7	189.7	0.5	190.2
Other comprehensive income (“OCI”):						
Net movement in cash flow hedge reserve	–	26.7	–	26.7	–	26.7
Defined benefit superannuation funds remeasurements	–	–	(14.7)	(14.7)	–	(14.7)
Foreign currency translation differences for foreign operations	–	1.3	–	1.3	–	1.3
Income tax benefit on OCI	–	(8.5)	4.8	(3.7)	–	(3.7)
Total comprehensive income	–	**19.5**	**179.8**	**199.3**	**0.5**	**199.8**
Treasury shares acquired	**(3.3)**	–	–	**(3.3)**	–	**(3.3)**
Treasury shares allocated	**3.1**	–	–	**3.1**	–	**3.1**
Transactions with owners in their capacity as owners:						
Profits transferred to profit reserve	–	345.1	(345.1)	–	–	–
Dividends paid	–	(82.9)	–	(82.9)	–	(82.9)
Employee equity benefits	–	0.5	–	0.5	–	0.5
	–	262.7	(345.1)	(82.4)	–	(82.4)
Balance at 31 December 2014	**8,609.1**	**(4,439.0)**	**(354.6)**	**3,815.5**	**17.9**	**3,833.4**

First half 2014 $M	Contributed equity	Reserves	Accumulated losses	Total	Non-controlling interests	Total
Balance at 1 July 2013	8,606.1	(4,703.5)	(295.1)	3,607.5	14.8	3,622.3
Profit after tax	–	–	187.5	187.5	2.2	189.7
Other comprehensive income:						
Net movement in cash flow hedge reserve	–	(30.0)	–	(30.0)	–	(30.0)
Defined benefit superannuation funds remeasurements	–	–	16.1	16.1	–	16.1
Foreign currency translation differences for foreign operations	–	2.7	–	2.7	–	2.7
Income tax benefit on OCI	–	9.0	(4.8)	4.2	–	4.2
Total comprehensive income	–	(18.3)	198.8	180.5	2.2	182.7
Treasury shares allocated	2.1	–	–	2.1	–	2.1
Transactions with owners in their capacity as owners:						
Profits transferred to profit reserve	–	96.7	(96.7)	–	–	–
Dividends paid	–	(60.9)	–	(60.9)	–	(60.9)
Employee equity benefits	–	4.8	–	4.8	–	4.8
	–	40.6	(96.7)	(56.1)	–	(56.1)
Balance at 31 December 2013	8,608.2	(4,681.2)	(193.0)	3,734.0	17.0	3,751.0

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

For the half year ended 31 December 2014

	Note	First half 2015 $M	First half 2014 $M
Operating cash flows			
Receipts from customers		2,179.7	2,226.0
Payments to suppliers and employees		(1,713.6)	(1,826.3)
Interest and other costs of finance paid		(109.3)	(92.2)
Interest received		1.6	1.5
Dividends received from associates		8.4	8.7
Net income tax payments		(63.5)	(80.2)
Net operating cash inflows		**303.3**	**237.5**
Investing cash flows			
Payments for property, plant and equipment and intangible assets		(272.4)	(317.3)
Proceeds from sale of property, plant and equipment and intangible assets		25.9	8.1
Acquisition of subsidiary, net of cash acquired		–	(86.4)
Net investing cash outflows		**(246.5)**	**(395.6)**
Financing cash flows			
Treasury shares acquired		(3.3)	–
Proceeds from exercise of share options		1.1	1.2
Proceeds from GBP bond issuance, net of transaction costs		–	511.7
Repayment of borrowings		(130.0)	(530.0)
Drawdown of borrowings		175.0	280.0
Payment of finance lease liabilities		(0.2)	(0.2)
Dividends paid		(82.9)	(60.9)
Net financing cash (outflows)/inflows		**(40.3)**	**201.8**
Net increase in cash and cash equivalents		**16.5**	**43.7**
Cash and cash equivalents at the beginning of the half year		167.3	29.7
Cash and cash equivalents at the end of the half year		**183.8**	**73.4**

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. Basis of preparation of the half year report

This consolidated interim financial report for the half year reporting period ended 31 December 2014 has been prepared in accordance with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Act 2001.

This half year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2014 and any public announcements made by Asciano Limited during the interim reporting period in accordance with the continuous disclosure requirements of the Corporations Act 2001.

The accounting policies adopted are consistent with those of the previous financial year with the exception of the accounting policies described below. Certain comparative amounts have been reclassified to conform with the current period's presentation.

Changes in accounting policies

The Group has adopted the following new standards and amendments to standards, including any consequential amendments to other standards, with a date of initial application of 1 January 2014.

- IFRIC 21 Levies
- Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)
- Offsetting Financial Assets and Financial Liabilities (Amendments to IAS 36)
- Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)
- Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The new accounting standards and amendments to standards listed above have no significant impact on the Group's financial position and performance for the current reporting period.

Going concern

Asciano has a net current asset deficiency at 31 December 2014 of $441.6 million which includes a USD bond of U$400.0 million which matures on 23 September 2015. Asciano intends to refinance part or all of the maturing bond during the current financial year. Given that Asciano has an unutilised syndicated revolving credit facility of $605.0 million maturing in October 2019, the Directors believe Asciano has the capacity to pay its debts in full as and when they fall due.

2. Critical accounting estimates and judgements

The preparation of half year financial reports requires management to make estimates, judgements and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation and critical judgements in applying accounting policies that have had the most significant effect on the amounts recognised in the financial statements are described below.

Further details of the nature of these assumptions and conditions may be found in the annual report for the year ended 30 June 2014.

Impairment

Asciano assesses at least annually whether goodwill and intangible assets with indefinite useful lives are impaired. These calculations involve an estimation of the recoverable amount of the cash-generating units ("CGUs") to which goodwill and intangible assets with indefinite useful lives have been allocated. The recoverable amounts of CGUs have been determined, based on value-in-use calculations. These calculations require the use of assumptions.

Asciano assesses impairment by evaluating conditions specific to Asciano and to the particular asset, which may lead to impairment. These include technological, market, economic or legal environments in which Asciano operates. If an indicator of impairment exists, the recoverable amount of the asset is reassessed.

Taxation

Interpretation and application of tax legislation

Asciano's accounting for income tax requires management's judgement as to the types of arrangements considered to be subject to tax. Judgement is also required in relation to the application of existing tax legislation, including the impact of Australian Taxation Office interpretation and ongoing Federal Government reviews of existing legislation.

As a result of these judgements, there is a possibility that changes in circumstances may occur resulting in amendments to amounts previously claimed as deductions and/or the measurement of deferred taxes and adjustment to the statement of profit or loss.

2. Critical accounting estimates and judgements (continued)

Incident provision

Where Asciano is involved in an incident, such as a train derailment, and it is probable that Asciano will be held liable for the consequential damage, a provision equal to the estimated cost of third party claims is set aside. The cost estimate where material, is made having regard to input from loss adjusters but the final quantum of the potential claims can be significantly different to the estimate. Adjustments to the provision are booked to earnings in the period in which the finding is made.

Site restoration provision

The provision is the best estimate of the present value of the expenditure required to settle the restoration obligation at the reporting date, based on current legal requirements and technology. Future restoration costs are reviewed annually and any changes are reflected in the present value of the provision at the end of the reporting period.

Significant uncertainties exist as to the amount of restoration obligations that will be incurred due to the uncertainty as to the remaining life of existing operating sites, and the impact of changes in environmental legislation.

Assumptions have been made as to the remaining life of existing sites based on studies conducted by independent technical advisers.

Travel passes

The travel passes provision relates to the cost of retiree rail travel passes, including the associated fringe benefit tax, and is based on an independent actuarial assessment conducted by ABS (PL) Pty Limited. Retiree rail travel passes relate to retired ex-employees of FreightCorp (the business acquired by an Asciano subsidiary in 2002) who held a life-long travel pass and ex-employees of FreightCorp who became employees of Pacific National who were expected to become entitled to a retiree pass on exiting the business. The amount and timing of the expenditure is dependent upon the age of the passholder, length of service, expected exit date and life expectancy.

Defined benefit superannuation funds

A liability or asset in respect of defined benefit superannuation funds is recognised in the statement of financial position, and is measured as the present value of the defined benefit obligation less the fair value of the superannuation fund's assets 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 at the reporting date, calculated annually by independent actuaries using the projected unit credit method. Assumptions have been made by the actuaries as to expected future wage and salary levels, experience of employee departures and periods of service.

3. Segment reporting

First half 2015 $M	Pacific National	Terminals & Logistics	Bulk & Auto Port Services	Eliminations/ unallocated	Total
Revenue					
External revenue	1,217.5	367.8	344.9	3.7	1,933.9
Inter-segment revenue	7.3	20.0	–	(27.3)	–
	1,224.8	387.8	344.9	(23.6)	1,933.9
Other income	6.5	0.3	4.1	2.3	13.2
Revenue and other income	**1,231.3**	**388.1**	**349.0**	**(21.3)**	**1,947.1**
Operating expenses	(816.6)	(276.0)	(311.7)	13.2	(1,391.1)
Share of net profit of joint ventures	–	0.6	7.3	–	7.9
Profit/(loss) before depreciation, amortisation, net finance costs, material items and tax	**414.7**	**112.7**	**44.6**	**(8.1)**	**563.9**
Depreciation	(108.2)	(24.4)	(14.5)	(2.2)	(149.3)
Amortisation	(15.4)	(1.6)	(1.0)	(5.5)	(23.5)
Profit before net finance costs, material items and tax	**291.1**	**86.7**	**29.1**	**(15.8)**	**391.1**
Finance income					1.5
Finance expense					(108.4)
Profit before material items and tax					**284.2**
Material items					
Costs associated with Port Botany redevelopment	–	(14.3)	–	–	(14.3)
Restructuring expenses	–	–	(2.5)	0.6	(1.9)
Profit before tax					**268.0**
Tax expense					(77.8)
Profit after tax					**190.2**

3. Segment reporting (continued)

First half 2014 (RESTATED[1]) $M	Pacific National	Terminals & Logistics	Bulk & Auto Port Services	Eliminations/ unallocated	Total
Revenue					
External revenue	1,234.8	361.6	372.6	5.9	1,974.9
Inter-segment revenue	11.5	21.8	–	(33.3)	–
	1,246.3	383.4	372.6	(27.4)	1,974.9
Other income	3.3	(0.2)	28.1	1.0	32.2
Revenue and other income	1,249.6	383.2	400.7	(26.4)	2,007.1
Operating expenses	(887.8)	(273.9)	(329.0)	14.4	(1,476.3)
Share of net profit of joint ventures	–	0.8	7.8	–	8.6
Profit/(loss) before depreciation, amortisation, net finance costs, material items and tax	361.8	110.1	79.5	(12.0)	539.4
Depreciation	(101.4)	(25.2)	(13.2)	(2.7)	(142.5)
Amortisation	(15.3)	(1.0)	(1.2)	(6.0)	(23.5)
Profit/(loss) before net finance costs, material items and tax	245.1	83.9	65.1	(20.7)	373.4
Finance income					1.1
Finance expense					(107.1)
Profit before material items and tax					267.4
Material items					
Costs associated with the Port Botany redevelopment	–	(3.8)	–	–	(3.8)
Profit before tax					263.6
Tax expense					(73.9)
Profit after tax					189.7

$M December 2014	Pacific National	Terminals & Logistics	Bulk & Auto Port Services	Eliminations/ unallocated	Total
Segment assets	**4,293.2**	**2,609.1**	**669.6**	**1,022.8**	**8,594.7**
Segment liabilities	**(548.2)**	**(376.0)**	**(330.1)**	**(3,507.0)**	**(4,761.3)**
June 2014 (RESTATED[1])					
Segment assets	4,307.6	2,493.3	674.9	707.4	8,183.2
Segment liabilities	(499.2)	(380.1)	(328.6)	(3,259.1)	(4,467.0)

1. This segment note has been restated for the change to Asciano's segmental reporting structure whereby the Pacific National Coal and Pacific National Rail businesses have been combined into one single operating segment.

Asciano operates principally in Australia and has no single external customer for which revenues amount to 10% or more of total revenue.

4. Financial instruments

Carrying amounts versus fair values

The fair values of financial assets and financial liabilities, together with the carrying amounts in the consolidated statement of financial position, are as follows:

2015	Carrying Amount $M	Fair Value $M
Financial assets		
Cash and cash equivalents	183.8	183.8
Trade and other receivables	432.7	432.7
Forward exchange contracts	10.0	10.0
Loans to joint ventures	56.2	56.2
Cross-currency swaps – fair value hedging instruments	84.2	84.2
Cross-currency swaps – cash flow hedging instruments	385.0	385.0
	1,151.9	1,151.9
Financial liabilities		
Trade and other payables	(436.5)	(436.5)
Syndicated bank loans	(695.0)	(695.0)
Forward exchange contracts	(3.4)	(3.4)
US dollar bonds, gross of discount	(2,532.2)	(2,590.8)
GBP bonds, gross of discount	(571.9)	(639.0)
Interest rate swaps – cash flow hedging instruments	(3.0)	(3.0)
Interest rate swaps – at fair value through profit or loss	(17.4)	(17.4)
Cross-currency swaps – cash flow hedging instruments	(21.5)	(21.5)
	(4,280.9)	(4,406.6)
Net financial liabilities	**(3,129.0)**	**(3,254.7)**

Financial risk management

The Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 30 June 2014.

Financial instruments carried fair value

Fair value hierarchy

The table below analyses recurring fair value measurements for financial assets and financial liabilities. These fair value measurements are categorised into different levels in the fair value hierarchy based on the inputs to valuation techniques used. The different levels are defined as follows.

- Level 1: quoted price (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3: inputs for the asset or liability that are not based on observable market data.

All of Asciano's financial instruments fall into the Level 2 classification.

The Group determines Level 2 fair values for debt securities using a discounted cash flow technique, which uses contractual cash flows and a market-related discount rate.

4. Financial Instruments (continued)

Level 2 fair values for simple over-the-counter derivative financial instruments are calculated by discounting expected future cash flows using market interest rate for a similar instrument at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty when appropriate.

The Group recognises transfers between levels of the fair value hierarchy as of the end of the reporting period during which the transfer has occurred. There were no transfers between Level 1 to Level 2 of the fair value hierarchy during the six months ended 31 December 2014.

The Group has an established control framework with respect to the measurement of fair values. This framework mandates that valuations are reported directly to the Chief Financial Officer, who has overall responsibility for all significant fair value measurements.

Regular reviews are conducted on significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then management assesses and documents the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of AASBs, including the level in the fair value hierarchy the resulting fair value estimate should be classified.

Significant valuation issues are reported to the Group Audit & Risk Committee.

5. Dividends

On 17 February 2015, the Board resolved to pay a fully franked interim dividend of 8.25 cents per share. The record date for entitlement to the dividend is 24 February 2015 (31 December 2013: 5.75 cents per share). The dividend of $80.5 million was not recognised as a liability at 31 December 2014.

	Cents per share	Total amount $M	Franked/ unfranked	Date of payment
Interim dividend	8.25	80.5	Fully franked	18 March 2015

6. Earnings per share

	First half 2015 cents	First half 2014 cent
Parent basic earnings per share	19.4	19.2
Parent diluted earnings per share	19.4	19.1

The calculation of earnings per share was based on the information as follows:

	2015 $M	2014 $M
Profit attributable to Parent shareholders	189.7	187.5

In thousands of shares		
Basic weighted average number of ordinary shares	975,229	974,657
Shares issuable under equity-based compensation plans	2,677	4,747
Diluted weighted average number of ordinary shares	977,906	979,404

7. Revenue and other income

	First half 2015 $M	First half 2014 $M
Revenue		
Services rendered	1,933.9	1,974.9
Other income		
Net gain on sale of property, plant and equipment	2.0	0.3
Lease rental income	9.6	5.5
Other	1.6	26.4
Total other income	**13.2**	**32.2**

Other income in the 2014 half year was inclusive of the income arising on the settlement reached with the Port of Melbourne Corporation in relation to the early lease termination at Webb Dock.

8. Finance income and expense

Finance income and expense is reconciled to the Consolidated Statement of Profit or Loss and Consolidated Statement of Comprehensive Income as follows:

	First half 2015 $M	First half 2014 $M
Interest income	1.5	1.1
Finance Income	**1.5**	**1.1**
Interest expense	(106.5)	(98.0)
Borrowing costs capitalised to qualifying assets	12.2	3.6
Amortisation of capitalised borrowing costs	(2.0)	(2.0)
Guarantee and commitment fees	(3.0)	(3.9)
Unwind of discount on long-term provisions	(1.5)	(1.6)
(Loss)/gain on net change in fair value of derivatives not designated in a hedge relationship	(15.5)	0.3
Gain/(loss) on credit spread adjustment recognised in the profit or loss	7.9	(5.5)
Finance expense	**(108.4)**	**(107.1)**
Recognised directly in the Statement of Comprehensive Income		
Effective portions of changes in fair value of cash flow hedges	26.7	(30.0)
Foreign currency translation difference for foreign operations, no tax effect	1.3	2.7
Income tax benefit/(expense) on items that may be reclassified subsequently to profit or loss	(8.5)	9.0
Finance expense recognised directly in the Statement of Comprehensive Income, net of tax	**19.5**	**(18.3)**

9. Expenses

First half 2015	Expenses before material items $M	Material items $M	Expenses after material items $M
Employee benefits	610.5	4.3	614.8
Rail access	216.8	–	216.8
Fuel, oil and power	185.6	–	185.6
Repairs and maintenance	152.3	–	152.3
Lease and hire	67.7	–	67.7
Rates and taxes	12.1	–	12.1
Hire expenses	17.5	–	17.5
Insurance related	23.3	–	23.3
Other	105.3	11.9	117.2
Operating expenses excluding depreciation and amortisation	**1,391.1**	**16.2**	**1,407.3**
Depreciation	149.3	–	149.3
Amortisation	23.5	–	23.5
Total expenses	**1,563.9**	**16.2**	**1,580.1**
First half 2014			
Employee benefits	622.2	–	622.2
Rail access	234.4	–	234.4
Fuel, oil and power	210.8	–	210.8
Repairs and maintenance	163.2	–	163.2
Lease and hire	64.6	–	64.6
Rates and taxes	12.3	–	12.3
Hire expenses	22.4	–	22.4
Insurance related	24.5	–	24.5
Other	121.9	–	121.9
Operating expenses excluding depreciation and amortisation	1,476.3	–	1,476.3
Depreciation	142.5	3.8	146.3
Amortisation	23.5	–	23.5
Total expenses	1,642.3	3.8	1,646.1

Material items – Port Botany redevelopment

The Terminals & Logistics division has recognised a material item for $14.3 million for the period relating to the Port Botany redevelopment that includes costs related to the business disruption caused by construction on the existing terminal site, commissioning costs including staff training, and legal and general industrial relations costs.

Material items – Other restructuring costs

On 18 February 2014, Asciano announced an expansion of its Business Improvement Program including a review of corporate and divisional support functions as well as operational functions across the Group. As a result of these ongoing reviews, the Group has recognised other restructuring costs of $1.9 million during the period including $2.5 million of employee restructuring costs in the Bulk & Automotive Port Services business, offset by the reversal of $0.6 million in the Corporate function due to the sub-letting of a lease previously treated as being onerous.

10. Taxes

	First half 2015 $M	First half 2014 $M
Reconciliation of income tax expense to prima facie tax payable		
Profit before tax	268.0	263.6
Income tax at 30% (2014: 30%)	80.4	79.1
Other non-deductible items	0.9	0.5
Recognition and derecognition of temporary differences	(1.8)	(0.4)
Non-assessable equity accounted profit	(2.4)	(3.5)
Assessable income and distributions from equity accounted investments	2.3	3.1
Franking credits on taxable dividends	(1.6)	(2.6)
Adjustments of deferred tax for prior periods	–	(2.3)
Income tax expense recognised in the profit or loss	**77.8**	**73.9**
Tax recognised directly in other comprehensive income		
Changes in fair value of cash flow hedges	8.5	(9.0)
Defined benefit superannuation funds actuarial (losses)/gains	(4.8)	4.8
	3.7	(4.2)

11. Equity accounted investments

	December 2014 $M	June 2014 $M
Equity accounted investments	30.1	30.9

Asciano's share of profit after tax in its equity accounted investees was $7.9 million (31 December 2013: $8.6 million).

Summary financial information for material equity accounted investees, not adjusted for the percentage ownership held by Asciano, is as follows:

	Owned %	First half 2015 $M	First half 2014 $M
1-Stop Connections Pty Limited[1]	50	1.8	2.0
Albany Bulk Handling Pty Limited	50	2.0	1.7
Australian Amalgamated Terminals Pty Limited	50	11.4	11.2
Car Compounds of Australia Pty Limited	50	(0.3)	4.2
Geelong Unit Trust	50	4.8	3.9
Insync Solutions	50	0.7	0.7
Smart Cargo Logistics Limited	50	–	0.1
		20.4	23.8
Income tax expense		(4.6)	(5.6)
Profit after tax		15.8	18.2

1. Reporting date is 31 December.

Distributions received from joint ventures during the half year ended 31 December 2014 totalled $8.4 million (31 December 2013: $8.7 million).

All material joint venture entities were incorporated or formed in Australia, apart from Insync Solutions and Smart Cargo Logistics Limited which are incorporated in New Zealand.

12. Loans and borrowings

	December 2014 $M	June 2014 $M
Current		
Finance lease liabilities	0.6	0.6
US dollar bonds, net of discount	489.5	–
	490.1	0.6
Non-current		
Syndicated bank loans	695.0	650.0
US dollar bonds, net of discount	1,954.8	2,116.3
GBP bonds, net of discount	570.2	542.3
Unrealised fair value loss on US dollar bonds	84.2	76.8
Capitalised borrowing costs	(14.7)	(16.6)
Finance lease liabilities	0.9	1.2
	3,290.4	3,370.0

As at 31 December 2014, all syndicated bank loans, US dollar bonds and GBP bonds were unsecured.

12. Loans and borrowings (continued)

Bank facilities

The following table provides details of the components of the bank facilities and cash:

		December 2014		June 2014	
$M	Maturity	Facility	Utilised	Facility	Utilised
Syndicated revolving credit facility	October 2016	650.0	650.0	650.0	650.0
Syndicated revolving credit facility	October 2019	650.0	45.0	650.0	–
Less: cash and cash equivalents		–	(183.8)	–	(167.3)
Net bank debt		1,300.0	511.2	1,300.0	482.7
Bank guarantee facility[1]	June 2016	150.0	78.3	150.0	73.7
		1,450.0		1,450.0	

1. All drawings under the bank guarantee facility are in the form of performance bonds and bank guarantees.
2. Asciano pays interest on its bank facilities at a margin above the bank bill swap rate. As at 31 December 2014 Asciano's bank debt was hedged to 28.8% (30 June 2014: 30.8%) by interest rate swaps.

US dollar bonds

The following table provides details of the components of the US dollar bonds:

		December 2014		June 2014	
$M	Maturity	US$	A$[1]	US$	A$
US dollar 5 year bonds	September 2015	400.0	489.6	400.0	424.1
US dollar 7 year bonds	April 2018	750.0	918.0	750.0	795.2
US dollar 10 year bonds	September 2020	600.0	734.4	600.0	636.1
US dollar 12 year bonds	April 2023	250.0	306.0	250.0	265.1
Discount on US dollar bonds		(3.7)	(3.7)	(6.0)	(4.2)
		1,996.3	2,444.3	1,994.0	2,116.3

1. Australian dollar equivalent calculated at the spot rate on 31 December 2014.

The US dollar bonds maturing in 2015 and 2020 are hedged by cross-currency swaps, which were entered into at the time the bonds were priced, in order to convert US dollar fixed rate borrowings into Australian dollar fixed rate borrowings.

The US dollar bonds maturing in 2018 and 2023 are hedged by cross-currency swaps, which were entered into at the time the bonds were priced, to convert US dollar fixed rate borrowings (in combination with redesignated interest rate swaps) into Australian dollar fixed rate and Australian dollar floating rate borrowings.

Sterling bonds

The following table provides details of the components of the GBP bonds:

		December 2014		June 2014	
$M	Maturity	GB£	A$[1]	GB£	A$
GBP 10 year bonds	September 2023	300.0	571.9	300.0	544.0
Discount on GBP bonds		(0.9)	(1.7)	(1.1)	(1.7)
		299.1	570.2	298.9	542.3

1. Australian dollar equivalent calculated at the spot rate on 31 December 2014.

The GBP bonds maturing in 2023 are hedged by cross-currency swaps, which were entered into on 19 September 2013 to convert GBP fixed rate borrowings into Australian dollar fixed rate borrowings.

As at 31 December 2014, Asciano had fixed the interest rates in respect of 77% of the US bonds (30 June 2014: 77%) and fully hedged its currency exposure (30 June 2014: 100%).

As at 31 December 2014, Asciano had fixed 100% of the interest rates on GBP bonds (30 June 2014: 100%) and fully hedged its currency exposure (30 June 2014: 100%). Details of exposure to risks from current and non-current borrowings are set out in note 4.

13. Contributed equity

There is no 'par value' for ordinary shares. The holders of ordinary shares are entitled to receive dividends as declared from time to time, and are entitled to one vote per share at meetings of the Company.

Movement in number of issued shares

December 2014	Date	Number of fully paid ordinary shares	$M
Parent			
Balance at	1 July 2014	975,385,664	8,609.3
Treasury shares acquired			(3.3)
Treasury shares allocated			3.1
Balance	**31 December 2014**	**975,385,664**	**8,609.1**
June 2014			
Balance at	1 July 2013	975,385,664	8,606.1
Treasury shares acquired			(4.7)
Treasury shares allocated			7.9
Balance	30 June 2014	975,385,664	8,609.3

Treasury shares consist of shares held in trust for Asciano employees in relation to equity compensation plans.

These shares will transfer to the participating executives on satisfaction of the relevant time and/or performance-based conditions. As at 31 December 2014 there were 224,373 shares (30 June 2014: 210,136) held in trust and classified as treasury shares.

512,985 treasury shares were allocated during the period in relation to the vesting of 391,756 deferred Short-term incentive (STI) rights and the exercise of 121,229 vested options.

14. Operating and finance leases

	December 2014 $M	June 2014 $M
Non-cancellable operating lease rentals are payable as follows:		
Within one year	124.8	124.1
One year or later and no later than five years	354.8	343.4
Later than five years	794.3	842.7
	1,273.9	1,310.2

Asciano leases property under non-cancellable operating leases expiring between two to 45 years. Lease payments comprise a base amount plus an incremental contingent rental (if required). Contingent rentals are based on either movements in the CPI or operating criteria.

	December 2014 $M	June 2014 $M
Non-cancellable finance lease rentals are payable as follows:		
Within one year	0.6	0.6
One year or later and no later than five years	0.9	1.2
	1.5	1.8

Asciano leases property under non-cancellable finance leases expiring between two and five years.

15. Capital and other commitments

	December 2014 $M	June 2014 $M
Plant and equipment		
Contracted capital expenditure committed but not yet payable:		
Within one year	270.6	305.0
One year or later and no later than five years	64.6	161.7
Later than five years	8.3	9.3
	343.5	476.0
Maintenance commitments		
Non-cancellable maintenance contracts committed but not yet payable:		
Within one year	17.7	19.7
One year or later and no later than five years	32.8	30.6
	50.5	50.3
Other commitments		
Non-cancellable other contracts committed but not yet payable:		
Within one year	16.0	24.9
One year or later and no later than five years	3.2	0.5
	19.2	25.4

16. Contingencies

Litigation

From time to time, Asciano is subject to claims and litigation during the normal course of business. The Board has given consideration to such matters, which are or may be subject to litigation at the half year end and, subject to specific provisions raised, is of the opinion that no material liability exists.

Environmental liabilities

Asciano provides for all known environmental liabilities. While the Board believes that its provisions for environmental rehabilitation are adequate, there can be no assurance that material new provisions will not be required as a result of new information or regulatory requirements with respect to known sites or identification of new remedial obligations at other sites.

17. Events subsequent to the reporting date

Other than for the resolution to pay a fully franked interim dividend of 8.25 cents per share (refer to note 5), there has not arisen in the interval between 31 December 2014 and the date of this report, any item, transaction or event of a material and unusual nature likely, in the opinion of the Board, to affect significantly the operations of Asciano, the results of those operations, or the state of affairs of Asciano in future financial years.

Directors' Declaration

For the half year ended 31 December 2014

In the opinion of the Directors of Asciano Limited ("Company"):

1. the financial statements and notes, set out on pages 7 to 24, are in accordance with the Corporations Act 2001, including:
   (a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2014 and of its performance for the half year ended on that date; and
   (b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.

Malcolm Broomhead
Chairman
Sydney
17 February 2015

Independent auditor's review report to the members of Asciano Limited

Report on the financial report

We have reviewed the accompanying half-year financial report of Asciano Limited (the Company), which comprises the Consolidated Statement of Financial Position as at 31 December 2014, Consolidated Income Statement, Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows for the half-year ended on that date, notes 1 to 17 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2014 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Asciano Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

Conclusion

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

(a) giving a true and fair view of the Group's financial position as at 31 December 2014 and of its performance for the half-year ended on that date; and

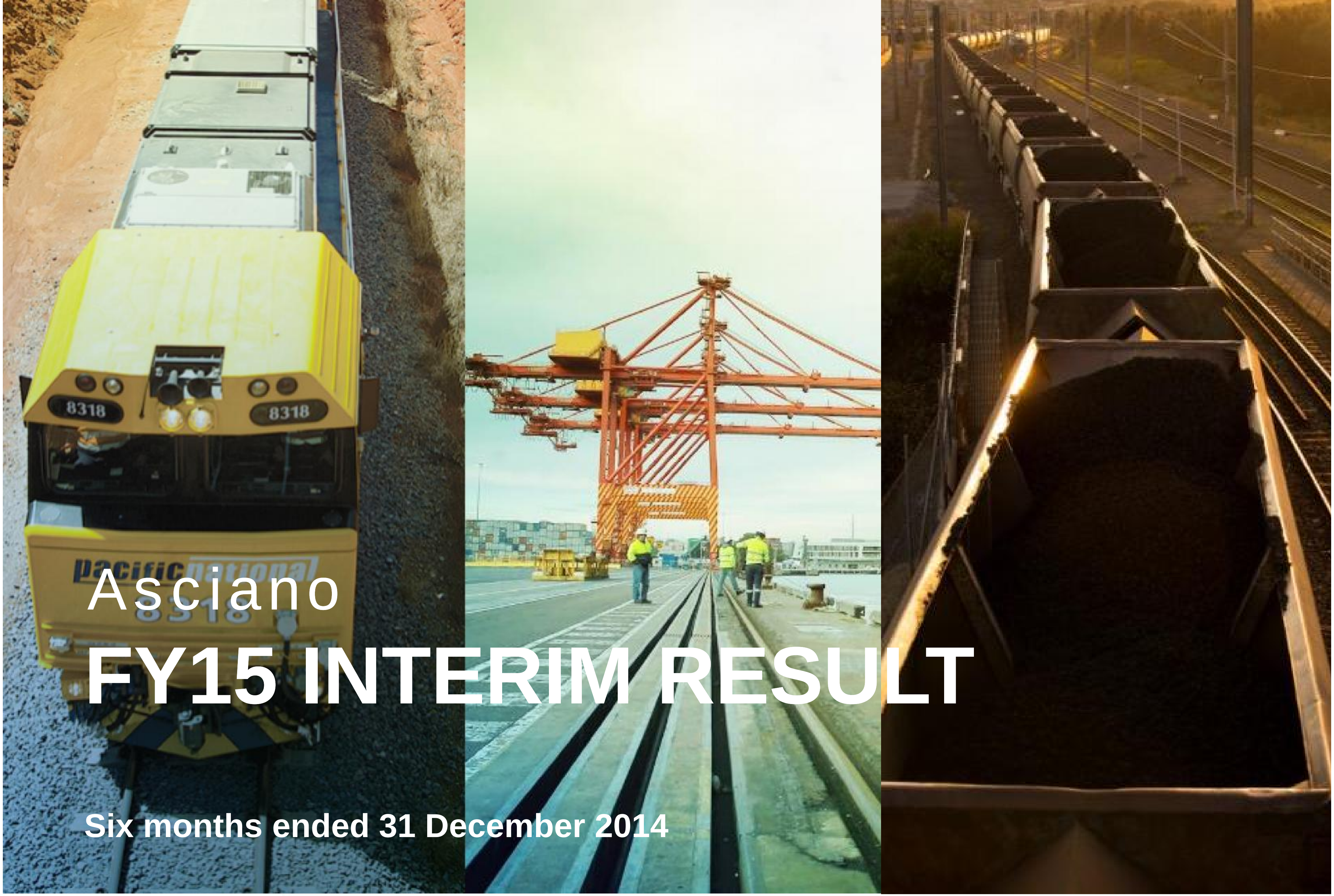
(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

KPMG

Steven Gatt
Partner

Sydney

17 February 2015



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FY15 INTERIM RESULT

Six months ended 31 December 2014

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AGENDA

1 Highlights

2 Financial Analysis

3 Outlook

4 Appendices

JOHN MULLEN
CEO

1H FY15 GROUP HIGHLIGHTS

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Strong restructuring gains drive earnings improvement despite soft top line

Financial Performance	• In line with guidance for the full year of > 5% EBIT growth • Underlying[1] EBIT ↑ 4.7% on pcp (↑ 10.2% adjusting for Webb Dock[2] settlement) • Underlying fully diluted EPS growth of 6.2% on pcp • DPS growth of 43.5% on pcp, payout ratio of 40% • Operating cash flow increased 27.7%. Free cash flow turnaround to +$56.8m • Capital expenditure declined 15.3% to $264.3m • Continuing to aim for 5 year financial metric targets
Factors Driving Result	• Operating expenses ↓ 5.8% on pcp • BIP delivered $56.9m primarily from rail haulage business integration • Pacific National EBIT ↑ 18.8% driven by benefits of integration • On track to meet FY16 Group BIP target of $300m in initiatives • BIP benefits going through to bottom line • Slow recovery in 2Q intermodal – optimising efficiency of services • Resource and agriculture sector weakness impacted result • Port Botany automation on track • Strategic opportunities still being actively pursued across Patrick

1. Pre material items
2. Webb Dock settlement in 1H FY14 represented $25m in revenue and $18.5m in EBIT

HIGHLIGHTS – PACIFIC NATIONAL

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Ongoing growth in coal volumes and business integration benefits drive 18.8% increase in EBIT

Financial Performance	• Bulk NTKs ↑3.6% Bulk tonnes ↑5.1% and improved Q2 Intermodal volumes offset very soft grain volumes • Coal contract utilisation in NSW ↑ from 88.8% in the pcp to 93.7%, Qld flat at 88% • Revenue adjusted for carbon tax levy and fuel price reductions ↑ 3.0% • EBIT ↑ 18.8% to $291.1m • ROCE ↑ 106bps to 13.4%, ROCE excluding WIP 14.7% • Capital Expenditure ↓ 44.3% to $101.2m • BIP initiatives contributed $41.6m in benefits

Factors Driving Result	• BIP initiatives included removal of duplicated activities, more efficient utilisation of rolling stock pool and restructure of maintenance contracts • Lower than expected grain harvest unlikely to meet last years level of haulage • Coal contract renegotiations extend average weighted contract maturity to 7.6 yrs • Incremental increases in tonnage signed with existing customers of 8mtpa • Rationalisation of services and efficiency gains drive improved intermodal result

HIGHLIGHTS – TERMINALS & LOGISTICS

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Stronger 2Q container volumes from new contract wins drive 3.3% increase in EBIT

Financial Performance	• Lifts ↑ 4.4%, TEUs ↑ 3.6% on pcp, stronger 2Q with lifts ↑ 7% on pcp • Terminals revenue ↑ 5.5%, Logistics revenue ↓ 8.3% • Underlying EBIT[1] ↑ 3% on pcp at $86.7m. Underlying Terminals EBIT[1] ↑ 6.5% • Capital expenditure up 46.3% to $138.3m reflecting Port Botany redevelopment • Material expense of $14.3m pre tax re completion of Port Botany redevelopment
Factors Driving Result	• Market share for six months 47.4%, rolling three month market share 47.9% • Strong BIP initiatives and general cost containment performance • Volume from new contract wins in Fremantle, Brisbane and Melbourne • Continued focus on protection of existing market share • Disruption from Port Botany project impacted result • Customer performance metrics ex Botany remain strong • Logistics competitive, marginal financial impact but strategically important • Actively exploring opportunities to strengthen logistics platform

1. Pre material items

HIGHLIGHTS -
BULK & AUTOMOTIVE PORT SERVICES

Roll off of key projects and soft agriculture and resource sector activity drive weak result

Financial Performance	• Vehicles processed ↓ 6.1%, Vehicle storage days ↓ 30.8% • Operating Revenue ↓ 7.1% , EBITDA[1] ↓ 27%, EBIT[1] ↓ 37.6% • Total capital expenditure ↓ 29.9% to \$20.6m • ROCE declined to 8.9%

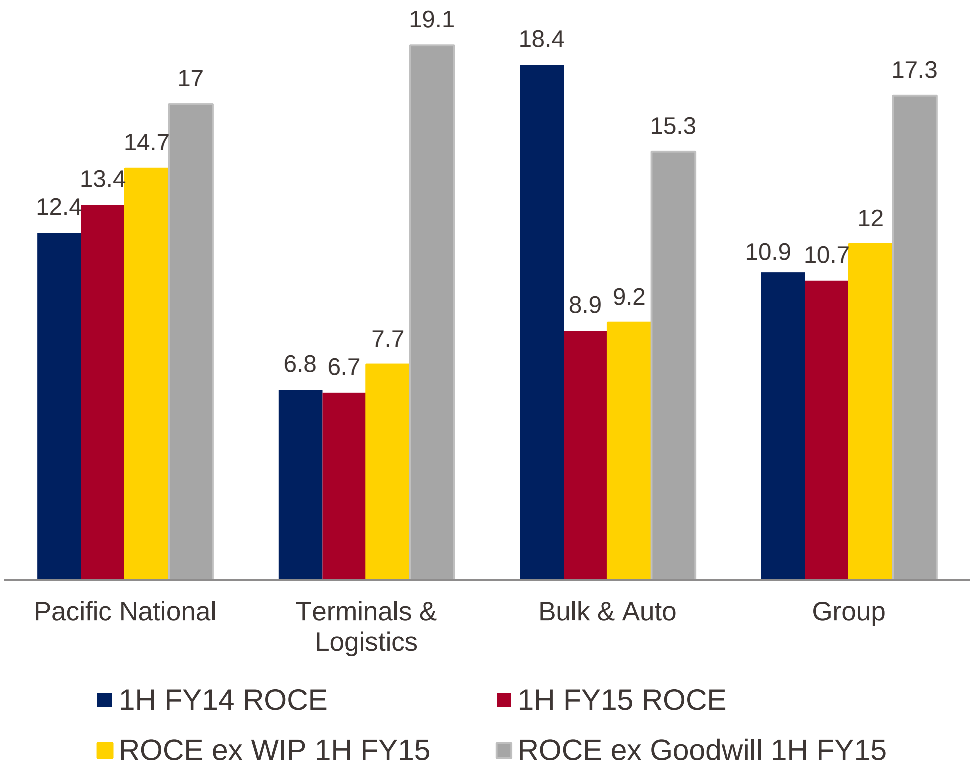
Factors Driving Result	• Result reflects weak activity in agriculture and resource sectors • Car storage volumes down over 50% from peak levels in January 2014 • Result reflects wind down of activity associated with Gorgon Project • Redevelopment of Webb Dock impacting business and pcp comparison • Divisional restructuring commenced; initial redundancy expense of \$2.5m • Looking at opportunities to further improve and leverage the business platform

1. Operating result calculated prior to the inclusion of the settlement with the PoMC in 1HFY14. The settlement represented $25m in revenue and $18.5m in earnings in 1H FY14

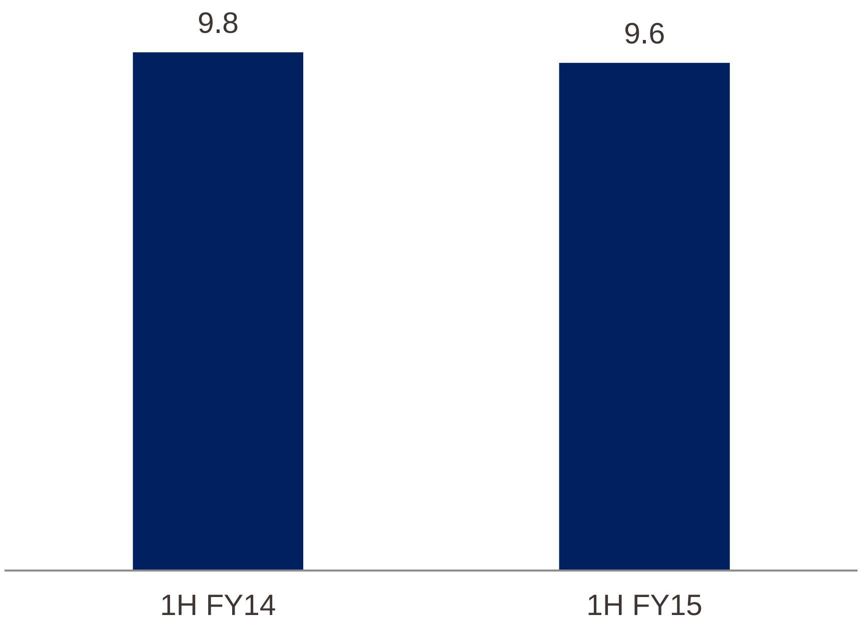
FINANCIAL RETURNS

Underlying returns performance ex goodwill remains well above cost of capital and will improve further after capex catch-up is completed

ROCE[1] performance %



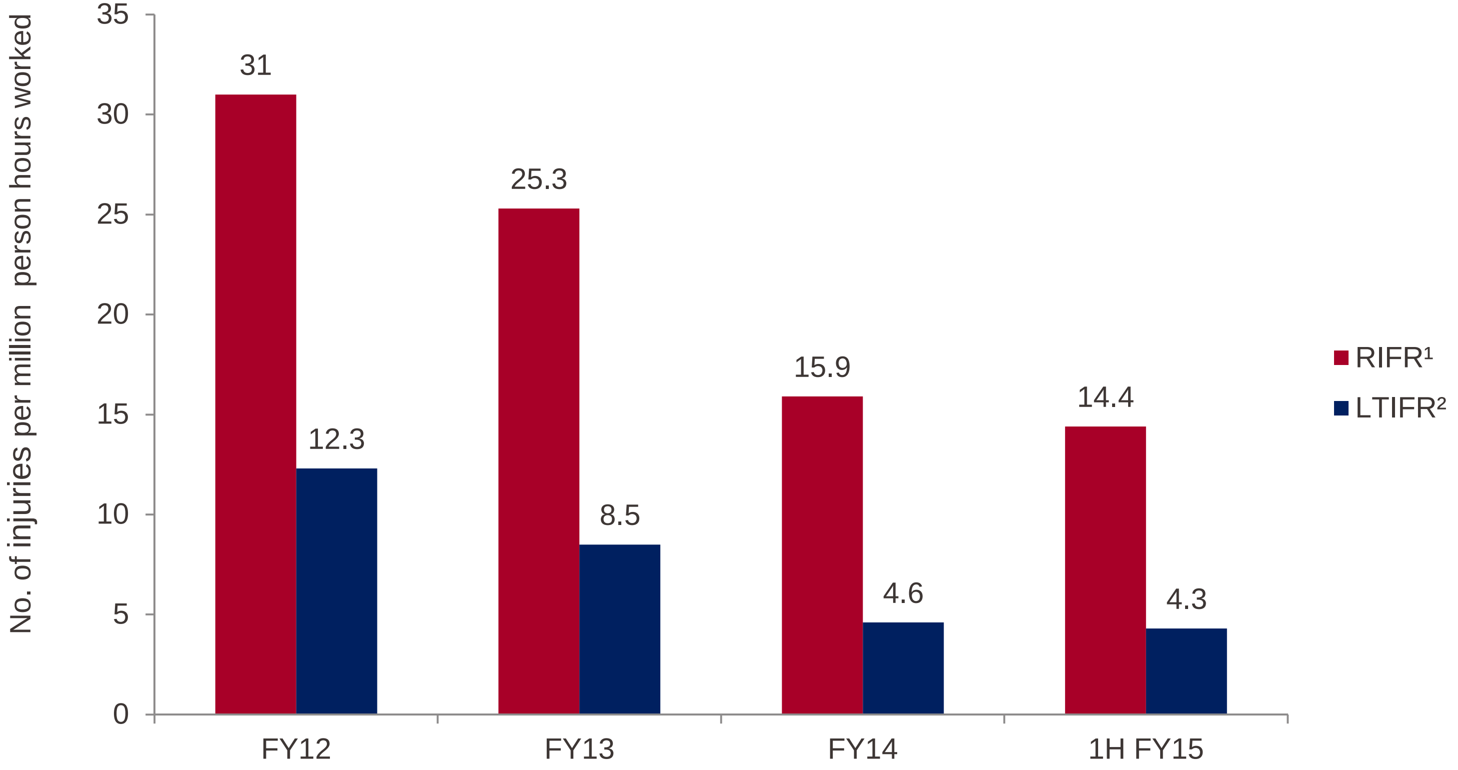
ROE pre material items performance %



1. 1H FY14 ROCE reflects BAPS ROCE prior to the inclusion of the PoMC settlement

HOME SAFELY– 1H FY15

Safety statistics continue to improve – significant further gains targeted



1. Recordable Injury Frequency Rate
2. Lost Time Injury Frequency Rate


FINANCIAL ANALYSIS
ROGER BURROWS, CFO
NR 29

EARNINGS SUMMARY

Six months Ended December ($'m)	2013	2014	% chg
Revenue and other income	2,007.1	1,947.1	(3.0)
Underlying EBITDA[1]	539.4	563.9	4.5
Statutory EBITDA	539.4	547.7	1.5
Underlying EBIT[2]	373.4	391.1	4.7
Statutory EBIT	369.6	374.9	1.4
Underlying NPAT [3] after minority interests	190.2	201.1	5.7
Statutory NPAT after minority interests	187.5	189.7	1.2
Fully diluted underlying EPS after minority interests (¢)[3]	19.4	20.6	6.2
Fully diluted Statutory EPS (¢)	19.1	19.4	1.6

1. Underlying EBITDA excludes material items of $16.2m . Details of the adjustments and a reconciliation are on page 11 and 12 of the MD&A
2. Underlying EBIT excludes material items of $16.2m (FY13 $3.8m). Details of the adjustments and a reconciliation between underlying EBIT and statutory EBIT is at page 12 and 13 of the MD&A
3. Underlying NPAT excludes material items of $11.4m (FY13 $2.7m). A reconciliation between underlying NPAT and statutory NPAT is at page 15 of the MD&A

EARNINGS RECONCILIATION

Six Months Ended December 2014 ($'m)	Revenue	EBITDA	EBIT	NPAT
Underlying Result[1]	**1,947.1**	**563.9**	**391.1**	**201.1**
Material items:				
Port Botany redevelopment charges		14.3	14.3	10.1
Bulk & Auto. Port Services redundancy costs		2.5	2.5	1.7
Corporate reversal of prior period		(0.6)	(0.6)	(0.4)
Statutory Result	**1,947.1**	**547.7**	**374.9**	**189.7**

- Terminals & Logistics reported a pre tax material expense of $14.3m associated with the Port Botany redevelopment including:
  - business disruption caused by construction on the existing terminal site
  - commissioning costs including staff training
  - legal and general industrial relations costs
- The material expense of $2.5m pre tax reported by Bulk & Auto Port Services relates to redundancies associated with the restructure of that business in response to weak operating environment.
- Corporate reported a net material benefit related to the partial recovery of a previous restructuring provision

1. Pre material items

GROUP – UNDERLYING EBIT BRIDGE

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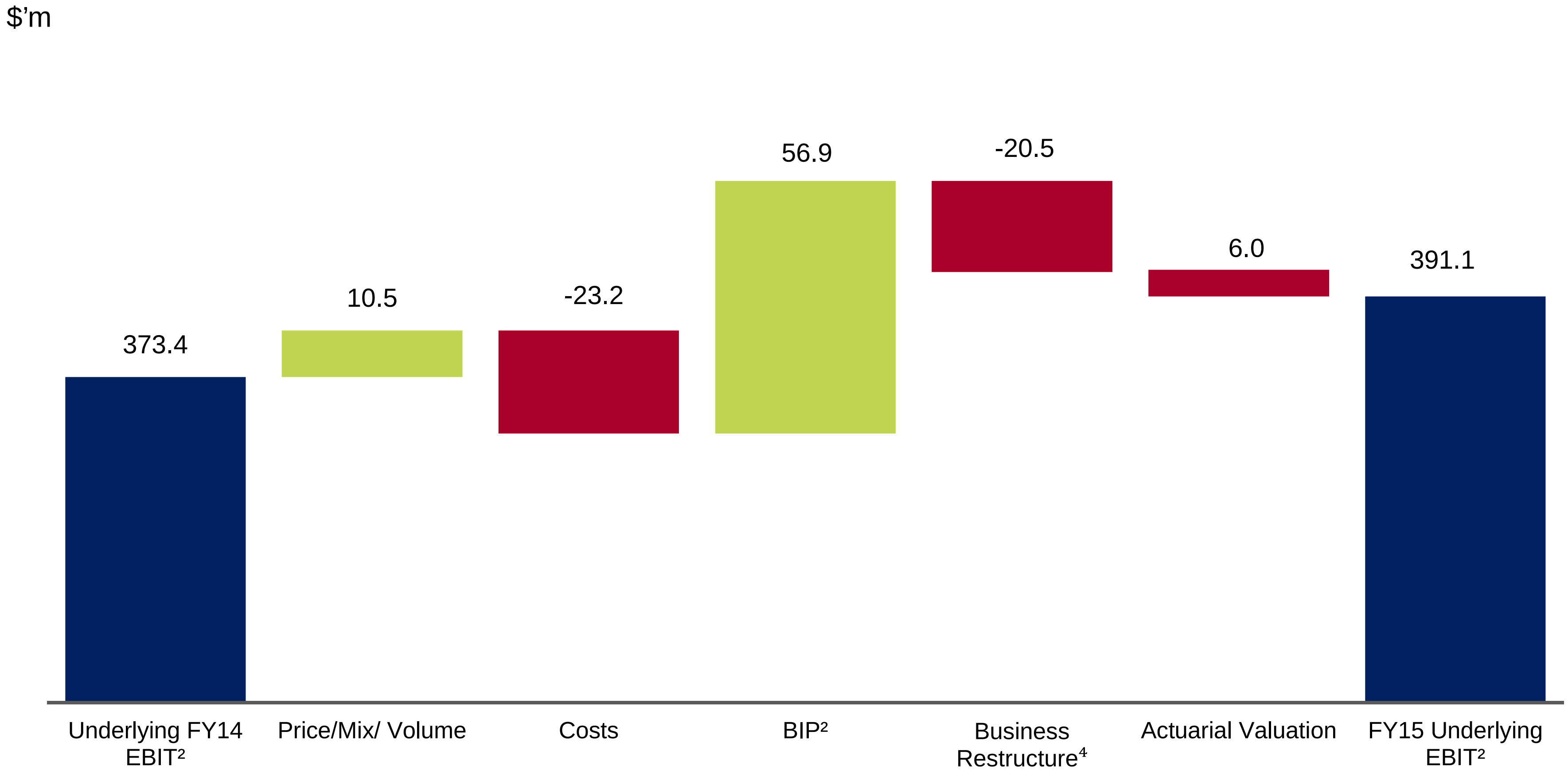
Underlying EBIT² growth driven primarily by BIP initiatives



1. Further detail on the EBIT bridge is available in the Management Discussion & Analysis paragraph 1.4.6 Group Underlying EBIT Bridge
2. Pre material items
3. Business Improvement Program
4. Business restructure reflects the inclusion in the 1H FY14 result of a $18.5m settlement with POMC associated with the redevelopment of Webb Dock

NET FINANCING COSTS

Six months ended 31 December $(‘m)	2013	2014
Statutory net[1] financing costs	**106.0**	**106.9**
Net accrued interest and borrowing costs	(11.3)	(0.5)
Capitalised interest	3.6	12.2
CVA[2] adjustment on derivatives	(6.5)	7.9
Fair value of derivatives	1.3	(15.5)
Other non-cash	(2.4)	(3.3)
Cash net[1] financing costs	**90.7**	**107.7**

- Cash net financing costs increased 18.7% over the pcp to $107.7m however net statutory financing costs were flat over the pcp at $106.9m. The key differences between statutory and cash net interest relate to:
  - Higher capitalised interest primarily associated with the Port Botany redevelopment project;
  - The non cash impact of the fair value calculation on outstanding derivatives; and
  - The non cash impact of credit value adjustments.
- The increase in cash net financing costs mainly reflects the timing of coupon payments under the EMTN program issued in October 2013
- Capitalised interest related to the Port Botany project was $12.2m over the period. The FY15 capitalised interest is expected to be in the order of $22m. Capitalised interest is expected to be significantly lower in FY16.

1. Net of interest income
2. CVA – credit value adjustment as per introduction of AASB 13

BUSINESS IMPROVEMENT PROGRAM

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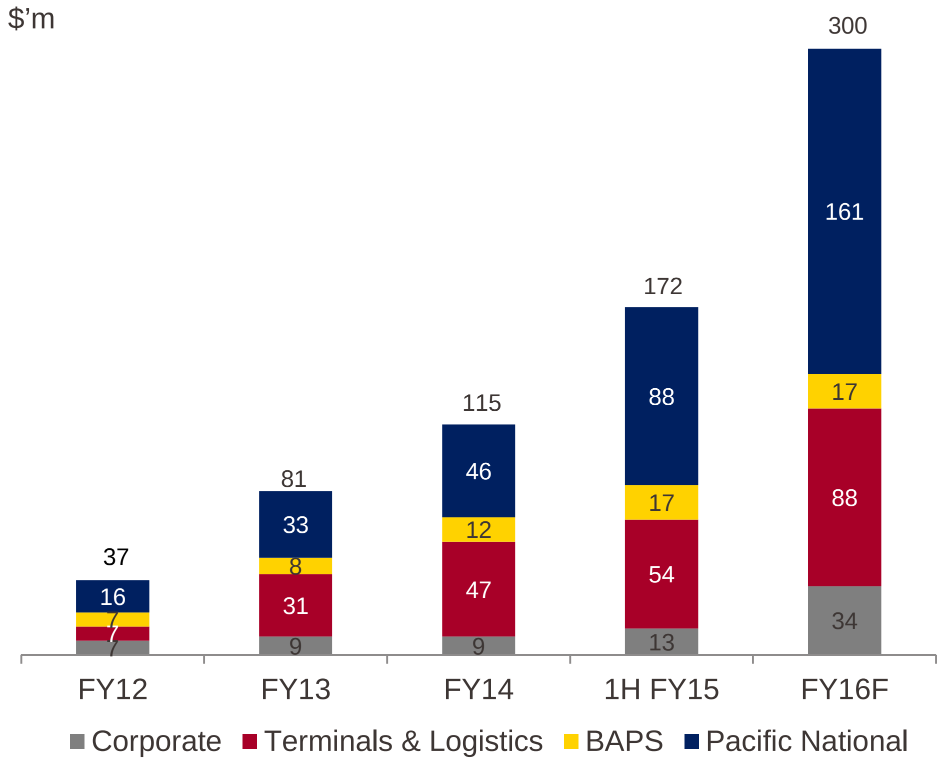
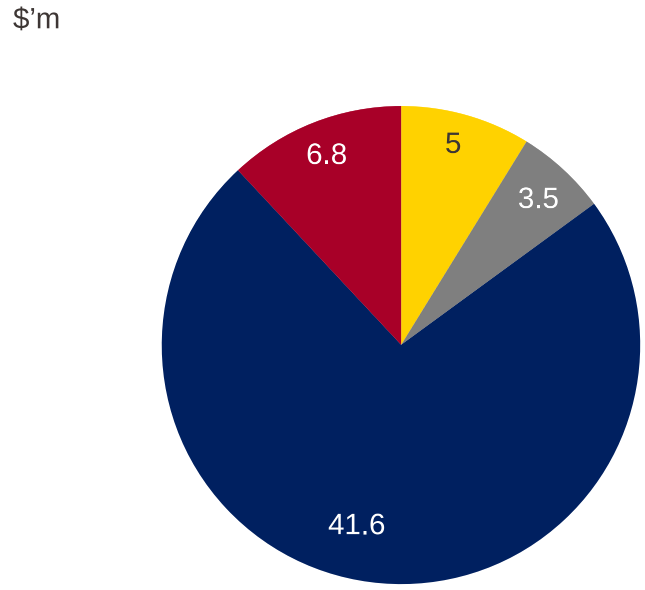
Business Improvement Program (BIP) delivered a further $56.9m in benefits

Cumulative BIP Savings Under 5 Year Plan



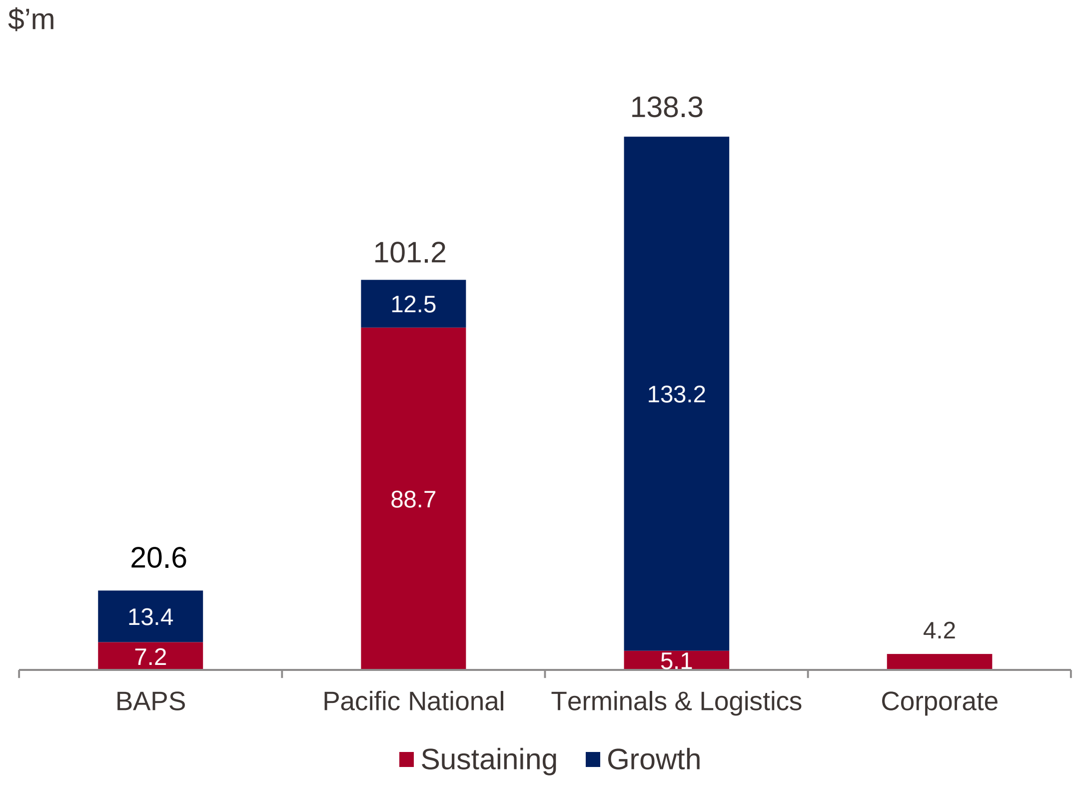
1H FY15 BIP divisional split



- Asciano achieved BIP savings of $56.9m taking cumulative benefits to $171.9m
- On track to deliver $100m+ in FY15 and achieve FY16 target of $300m in cumulative benefits

CAPITAL EXPENDITURE

1H FY15 capital expenditure[1] focused on investment in the Port Botany redevelopment and the upgrade and maintenance of terminals and equipment in Pacific National



Capital expenditure declined 15.3% on the pcp to $264.3m. Key projects included:

- The redevelopment of Port Botany
- New cranes designed specifically for operation on the 'knuckle' area at Port Botany
- The mid-life component change out of the NR class locos
- Rolling stock for new contracts
- Completion of equipment upgrade at intermodal rail terminals

1. Includes capitalised interest

CAPITAL EXPENDITURE – OUTLOOK

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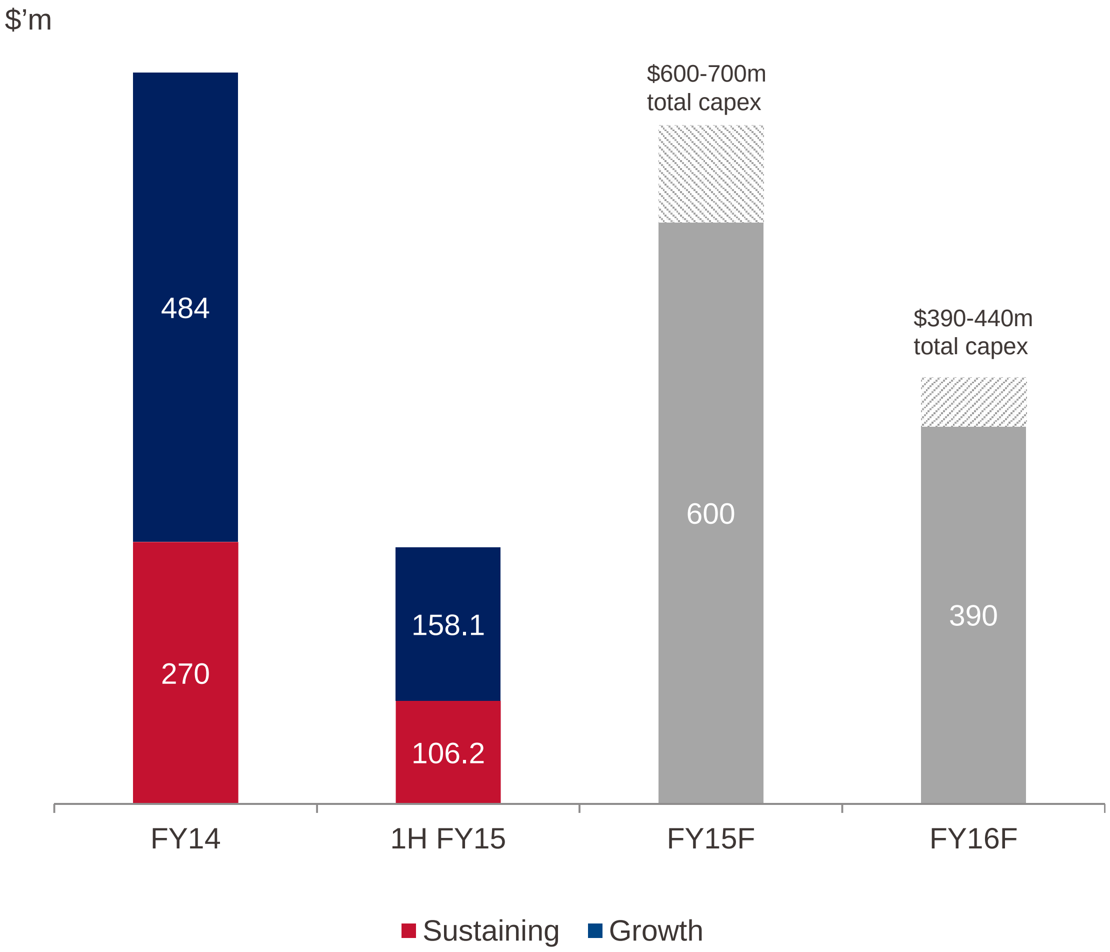
Capital expenditure[1] is expected to reduce materially over the next two years



- Capital expenditure in FY15 is currently expected to be at the low end of the forecast $600-700m range
- 2H capital expenditure is expected to be higher than 1H and will include the acquisition of the final Queensland property from Toll Group for $20.7m, the Dampier floating deck platform, the upgrade of the Rail interstate terminals, rolling stock for growth tonnage in coal haulage and the Port Botany redevelopment
- Annual sustaining capital expenditure for the foreseeable future expected to be $300-400m. Based on known growth projects at the current time total capital expenditure is expected to be in the range of $390-440m in FY16

1. Includes capital expenditure recorded as inventory on the balance sheet

STRONG GROWTH IN OPERATING CASH FLOW

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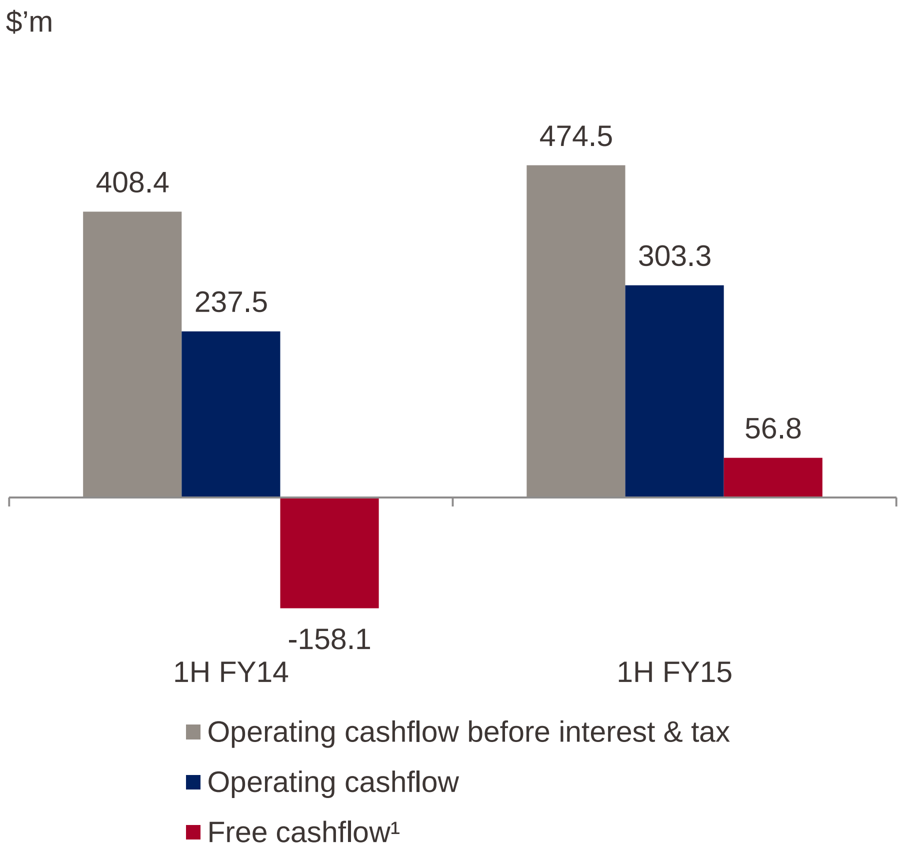
Significant turnaround in operating and free cash flow



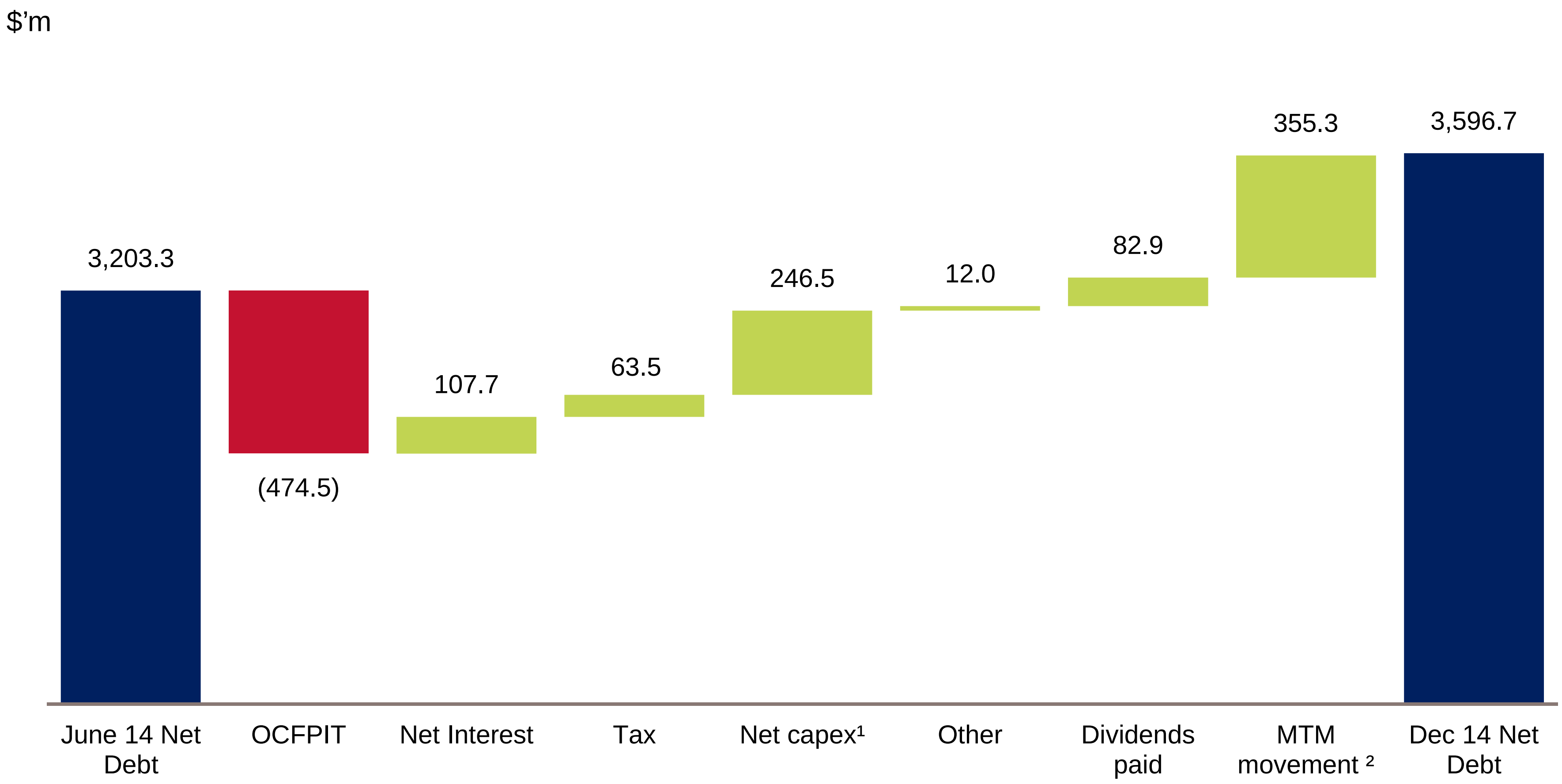
Net operating cash flow after tax and net financing costs increased 27.7% to $303.3m reflecting:

- A strong improvement in working capital driven in part by an improvement in cash conversion from 76.1% to 86.7%;
- A 20.8% decline in tax paid reflecting a change from quarterly to monthly ATO instalments during FY13 which normalised in FY15; and
- An increase in net interest paid reflecting higher net debt levels and the timing of coupon payments on the EMTN program issued in October 2013.

Free cash flow after capital expenditure and investment in acquisitions improved from negative $158m in the pcp to positive cash flow of $56.8m in 1H FY15.

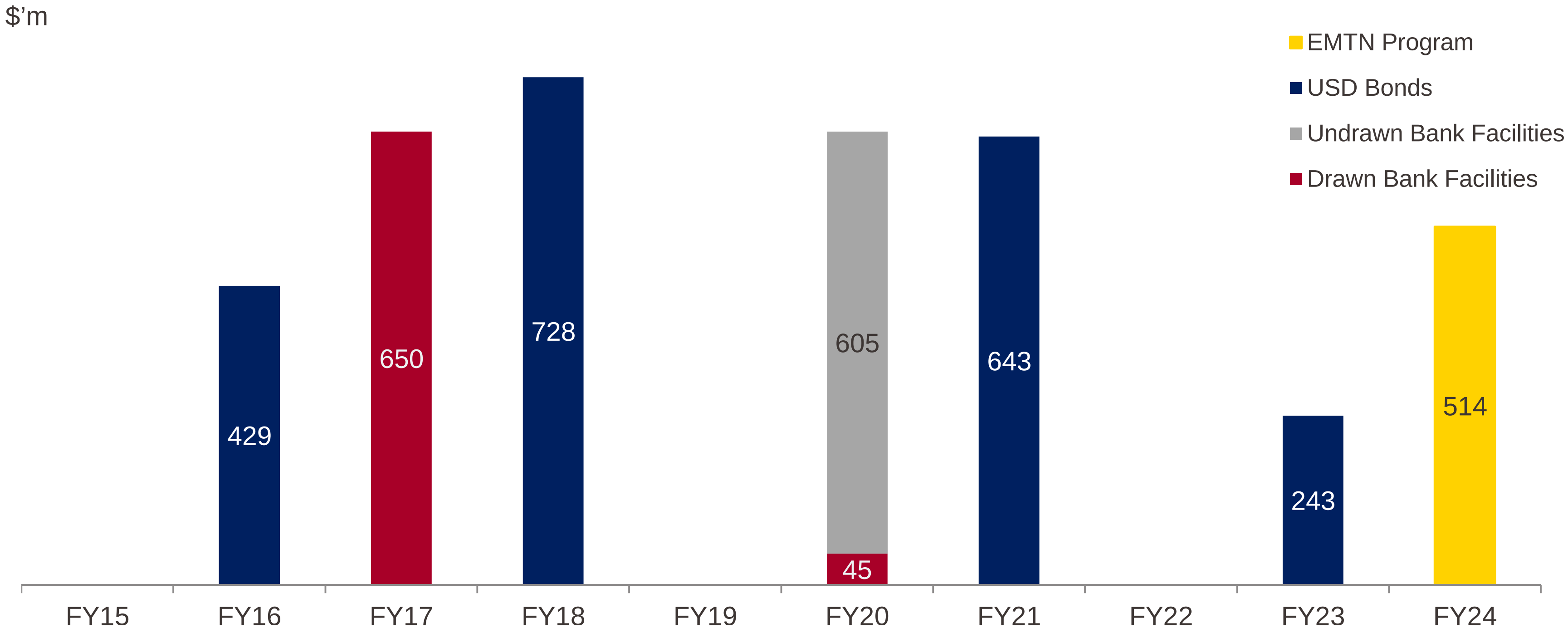
1. After capital expenditure, asset sales and acquisitions

CASH FLOW TO NET DEBT



1. Includes capital expenditure recorded as inventory on the balance sheet. Net of the proceeds from the sale of PPE
2. Includes the $355m non cash mark to market movement on the GBP and USD debt

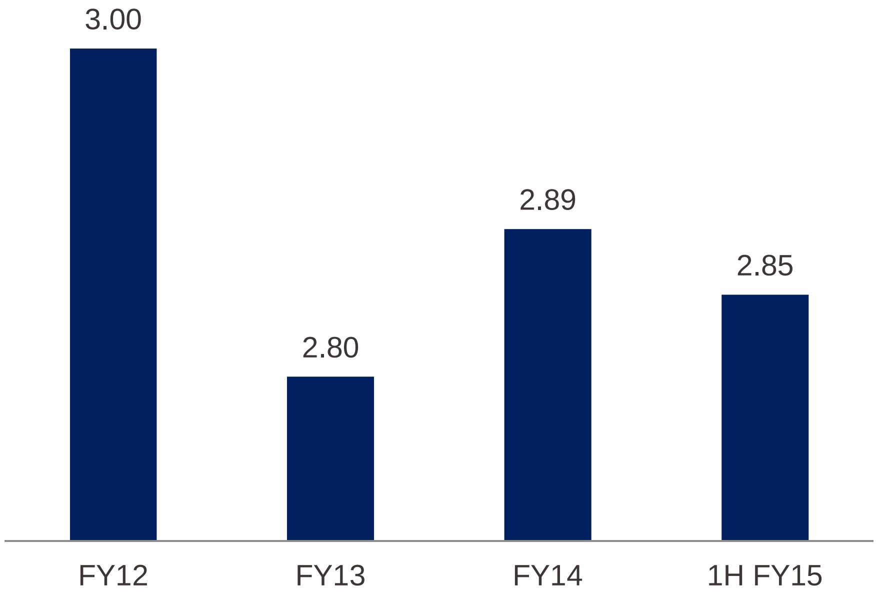
DEBT MATURITY PROFILE



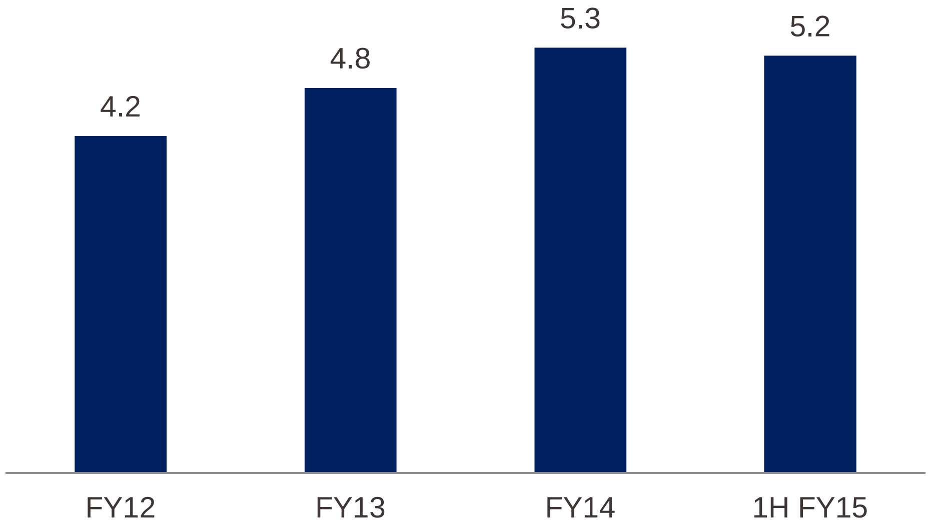
- At 31 December 2014 Asciano had a weighted average debt maturity of 4.4 years
- Average cost of debt at 31 December 2014 was approximately 6.5% (excluding upfront fees); all-in cost 6.8%
- At 31 December 2014 the interest rate on approximately 70% of the Company's debt was fixed
- The first US 144A bond issue matures in September 2015; expect to cover maturity over the next few months; AIO has sufficient undrawn capacity under its existing banking facilities to repay the debt
- Expect new issues to price inside outstanding bonds and maintain long maturities
- S&P corporate credit upgrade to BBB

LEVERAGE AND INTEREST COVER METRICS REMAIN WITHIN TARGET RANGE

Net debt to EBITDA (x)[1]



EBITDA to net interest (x)[1]

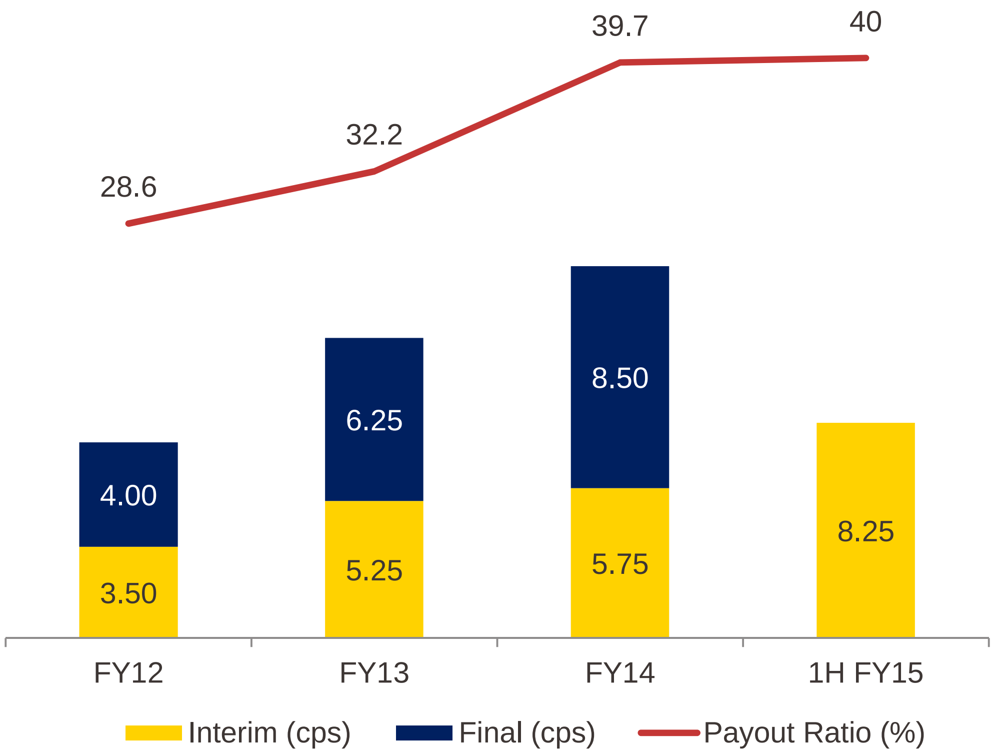


- AIO's target leverage range is 2.5x – 3.0x
- Expect leverage to decline to the lower end of the range by FY16
- Interest cover target is above 3.5x

1. Net interest and EBITDA based on rolling 12 month period and includes capitalised interest
   Net debt is reflected at hedged values
   Calculation excludes mark to market and other non cash movements

DIVIDENDS AND PAYOUT RATIO

43.5% increase in 1H FY15 dividend on pcp represents payout ratio of 40%



- The Board resolved to pay a 1H FY15 fully franked interim dividend of 8.25¢ per share representing an increase of 43.5% on the pcp.
- Payout ratio of 40% at top end of the range. Range to be reviewed at FY15 final result
- FY15 dividend growth expected to continue to be greater than underlying earnings growth

OUTLOOK
JOHN MULLEN

STRATEGIC PLAN ON TRACK

Phase 1 and 2 delivered or on track for delivery by FY16 despite weak top line growth. Phase 3 now the focus

Phase 1

Remaining Focus

Sustaining capex back to depreciation levels

Lift dividend payout ratio

Phase 2

Remaining Focus

Revised BIP target of $300m by FY16

Deliver ROCE target

5 year EBIT CAGR

Phase 3

Primary Focus

Driving free cash flow and delivering improved shareholder returns

Strategic opportunities and partnerships being explored across Patrick businesses

Focus on leveraging existing businesses and skill sets in Australia and potentially offshore

Disciplined around ROCE, EPS and Cash flow /DPS criteria

OUTLOOK – PACIFIC NATIONAL

Pacific National's FY15 earnings driven by stable volumes and integration program benefits

Earnings Outlook

- Haulage trends in 1H FY15 expected to continue in 2H FY15 - relatively flat top line expected
- FY15 earnings will be driven by the strong full year impact of BIP initiatives
- Improving utilisation of assets and business platform following complete review of service offering

Intermodal Volumes

- Intermodal volumes expected to continue to be stable
- Steel volumes are expected to continue to show some growth for the remainder of the year reflecting increasing infrastructure investment in Australia

Bulk Volumes

- Proportion of coal hauled versus contracted expected to remain high for foreseeable future
- 8mtpa of new contracted tonnage from existing customers offsets a small no. of mine closures
- Grain volumes are expected to be down on pcp due to weather impact on harvest
- Ongoing work with grain industry stakeholders to review the total supply chain

OUTLOOK – TERMINALS & LOGISTICS

Underlying earnings driven by GDP growth, shipping line consortia changes and contract wins

Earnings Outlook	– Growth in container volumes forecast to be generally in line with Australian GDP growth. – Benefit from full period contribution of new contracts in Brisbane and Melbourne – Port Botany automation on track for end March 2015 and expected to deliver strong benefits – Final FY15 Port Botany redevelopment material expense of ~$35m pre tax to be booked
Container Terminals	– Focus of business over next few months is successful transition to full automation at Port Botany – Market remains volatile and activity levels subject to customer market share & consortia changes – Focus is on protection of current market share in the face of increasing competition – Lease negotiation process in Fremantle ongoing as part of the EOI process. Final announcement expected in early 2016
Logistics	– Actively pursuing opportunities to restructure, right size and focus activities

OUTLOOK– BULK & AUTOMOTIVE PORT SERVICES

Activity levels will continue to be impacted by resource project activity and agriculture volumes

Earnings Outlook

- The Division is expected to report a FY15 EBIT result materially below the pcp
- Result driven by project wind-downs and one-off impacts in pcp
- Full year material expense of c$5m expected as business is restructured

Bulk & Automotive Port Services

- Volume will be influenced by activity levels in the agricultural and resources sectors. At the current time the Division is not forecasting a significant lift in stevedoring activity levels in 2H F15
- Stevedoring volume still impacted by the winding down of the contract to service the Gorgon project now expected to finish in June 2015
- C3 result impacted by demand for logs, especially from China, which was soft in 1H FY15
- Demand for imported cars, storage volumes and transport demand will impact the Autocare result. At this stage the Division is not forecasting a significant lift in storage volumes from current levels.
- New organic and inorganic growth opportunities being considered
- In the interim divisional restructuring to improve earnings through cost reduction

OUTLOOK – ASCIANO GROUP

2H FY15 earnings growth expected from cost reduction & gradually improving market conditions

Earnings	– Assuming no material change in the current business environment Asciano still expects to report EBIT growth in FY15 at a higher level than the growth of 5% reported in FY14 – Material items charge of c$40m pre tax expected from final wind-up of Port Botany project and the Bulk Ports restructure
BIP	– Continued focus on BIP initiatives. On track for FY16 target of $300m in cumulative benefits
Capex	– Capital expenditure still expected to be $600-700m in FY15 – Forecast range for sustaining capital expenditure going forward remains $300 - $400m. Current outlook for FY16 capital expenditure is $390 - $440m including known growth capex
Free Cashflow	– Free Cash Flow growth to continue as capital expenditure reduces and earnings increase

OUTLOOK – ASCIANO GROUP

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Continued focus on strategic development…

Dividend

- 43.5% increase in dividend at the half year
- Board to consider revising payout ratio at the full year

Strategic Development

- Opportunities to generate value through strategic acquisitions, partnerships, joint ventures and divestments continued to be pursued. However;
  - This will not be at the expense of free cash flow, reduced leverage or lifting the payout ratio;
  - Opportunities to further build the sustainability of the BAPS division and our Logistics activities continue to be pursued

Patrick

- The Company continues to be in discussions with third parties regarding strategic opportunities across the Patrick portfolio of businesses. These discussions are incomplete, but should they result in a definitive outcome we will advise the market at that time.

APPENDICES

GROWTH IN EARNINGS

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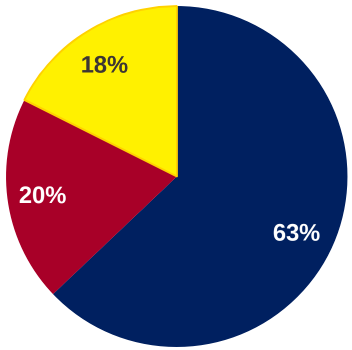
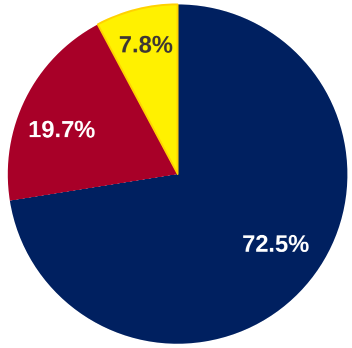
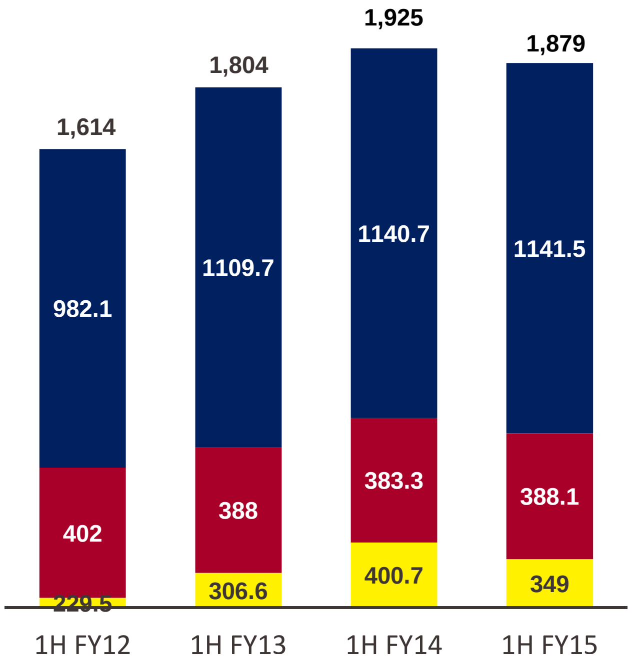
1H FY15 Revenue Split by Division[1]



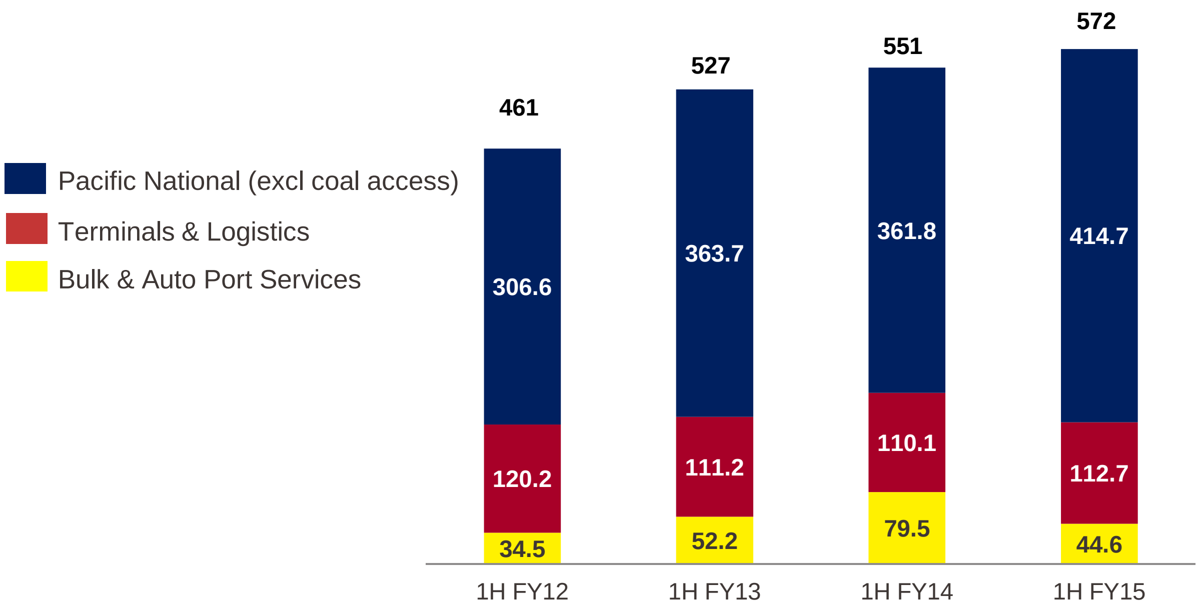
1H FY15 EBITDA Split by Division[1]



Historical Revenue by Division[1] ($m)



Historical EBITDA by Division[1] ($m)



1. Does not include corporate/eliminations

RESULT – PACIFIC NATIONAL

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18.8% increase in EBIT driven primarily by the benefits flowing from the merger of the rail haulage activities

Six months ended 31 December ($'m)	2013	2014	% chg
Volume Bulk Rail			
Total NTKs (m) - Coal	**14,513.6**	**15,218.9**	**4.9**
- Queensland	6,256.3	6,500.1	3.9
- South East Australia	8,257.3	8,718.8	5.6
NTKs - Other Bulk Rail	**2,486.8**	**2,387.0**	**(4.0)**
Total Tonnes (m) - Coal	**78.7**	**83.3**	**5.8**
- Queensland	24.6	26.8	8.9
- South East Australia	54.1	56.5	4.4
Tonnes - Other Bulk Rail	**7.3**	**7.1**	**(2.7)**
Volume National Intermodal			
- NTK (m)	11,245.6	11,205.6	(0.4)
- TEUs ('000)	432.1	398.4	(7.8)
- Steel tonnes ('000)	1,466.6	1,488.8	1.5
Revenue and other income ($'m)	**1,249.6**	**1,231.3**	**(1.5)**
- Coal access revenue ($'m)	109.0	89.8	(17.6)
Revenue net of access ($'m)	**1,140.6**	**1,141.5**	**0.1**
- Bulk Rail revenue	769.4	752.5	(2.2)
- Bulk Rail revenue net of coal access	660.4	662.7	0.3
- National Intermodal revenue	480.2	478.8	(0.3)
EBITDA ($'m)	**361.8**	**414.7**	**14.6**
- Bulk Rail	262.3	299.8	14.3
- National Intermodal	99.5	114.9	15.5
EBIT ($'m)	**245.1**	**291.1**	**18.8**
- Bulk Rail	179.4	213.5	19.0
- National Intermodal	65.7	77.6	18.1
Underlying EBITDA margin (%) (net of access)	31.7	36.3	4.6
Underlying EBIT margin (%) (net of access)	21.5	25.5	4.0
ROCE (%)	12.4	13.4	106bps
ROCE exclusive WIP (%)	13.5	14.7	119bps
Total capex ($'m)	181.6	101.2	(44.3)

- Increase in coal volume reflects a strong improvement in tonnes hauled to contract in NSW (Queensland 87.7% and NSW 93.7%) and a full six month benefit from the Hail Creek contract with Rio Tinto Australia
- Other Bulk rail reflects increases in the volumes of construction, minerals and special products offset by weak grain haulage volumes reflecting the weather impacts on crops with export grain volumes declining 56.4% over the pcp and domestic grain volumes declining 12.6% over the pcp
- Flat Intermodal revenue reflects a 1.8% increase in tonnes in 2Q FY15 over the pcp following a 2.4% decline in volume in 1Q FY15 over the pcp
- Revenue net of coal access adjusted for the removal of the carbon tax levy and the impact of a drop in fuel price grew 3%
- Earnings growth driven primarily by a $41.6m contribution from BIP initiatives

RESULT – TERMINALS & LOGISTICS

Result driven by stronger 2Q lift volumes combined with cost containment

Six months ended 31 December	2013	2014	% chg
Container Volume - lifts ('000)	1,033.4	1,079.0	4.4
Container Volume - TEUs ('000)	1,541.4	1,596.4	3.6
Revenue ($m)	**383.2**	**388.1**	**1.3**
Underlying EBITDA[1] ($m)	110.1	112.7	2.4
Underlying EBIT[1] ($m)	**83.9**	**86.7**	**3.3**
EBITDA margin (%)	28.7	29.0	30bps
EBIT margin (%)	21.9	22.3	40bps
ROCE (%)	6.8	6.7	(19bps)
ROCE excluding WIP (%)	7.4	7.7	38bps
Cash conversion (%)	81.2	101.5	20.3
Capital expenditure ($'m)	94.5	138.3	46.3

1. Pre material items
2. Excludes subcontracted volume from external parties but includes contracted volume that has been subcontracted out due to disruption

- Container Terminals reported a 5.5% increase in revenue driven by a 4.4% increase in lifts on the pcp reflecting good growth at East Swanson Dock and Fremantle and lower volumes at Fisherman Islands and Port Botany
- Lifts in 2Q FY15 increased 7% over the pcp compared to 1.9% increase in 1Q FY15. The 2Q strength reflects a strong performance at East Swanson Dock, Fremantle and Fisherman Islands offset by weakness at Port Botany impacted by the disruption caused by the redevelopment of the site and a loss of market share by key customers
- Market share over the six months[2] was 47.4% (rolling 3 month average at the end of December 47.9%)
- Logistics reported an 8.3% decline in revenue reflecting the impact of the loss of contracts combined with weakness in the general economy
- Earnings reflected the benefits of BIP initiatives delivering a further $6.8m and a general cost containment program
- A material expense of $14.3m pre tax associated with the redevelopment of Port Botany was reported

RESULT – BULK & AUTOMOTIVE PORT SERVICES

Result impacted by soft activity levels across the agriculture and resources sectors

Six months ended 31 December	2013	2014	% chg
Vehicle processed[3] ('000)	287.3	269.9	(6.1)
Vehicle storage days ('000)	11,721.7	8,110.4	(30.8)
Revenue ($m)	**400.7**	**349.0**	**(12.9)**
Underlying EBITDA[1] ($m)	79.5	44.6	(43.9)
Underlying EBIT[1] ($m)	**65.1**	**29.1**	**(55.3)**
EBITDA margin (%)	19.8	12.8	(7.0)
EBIT margin (%)	16.3	8.3	(8.0)
ROCE[4] (%)	18.4	8.9	na
Cash conversion (%)	67.3	127.9	60.6
Capital expenditure ($'m)	29.4	20.6	(29.9)

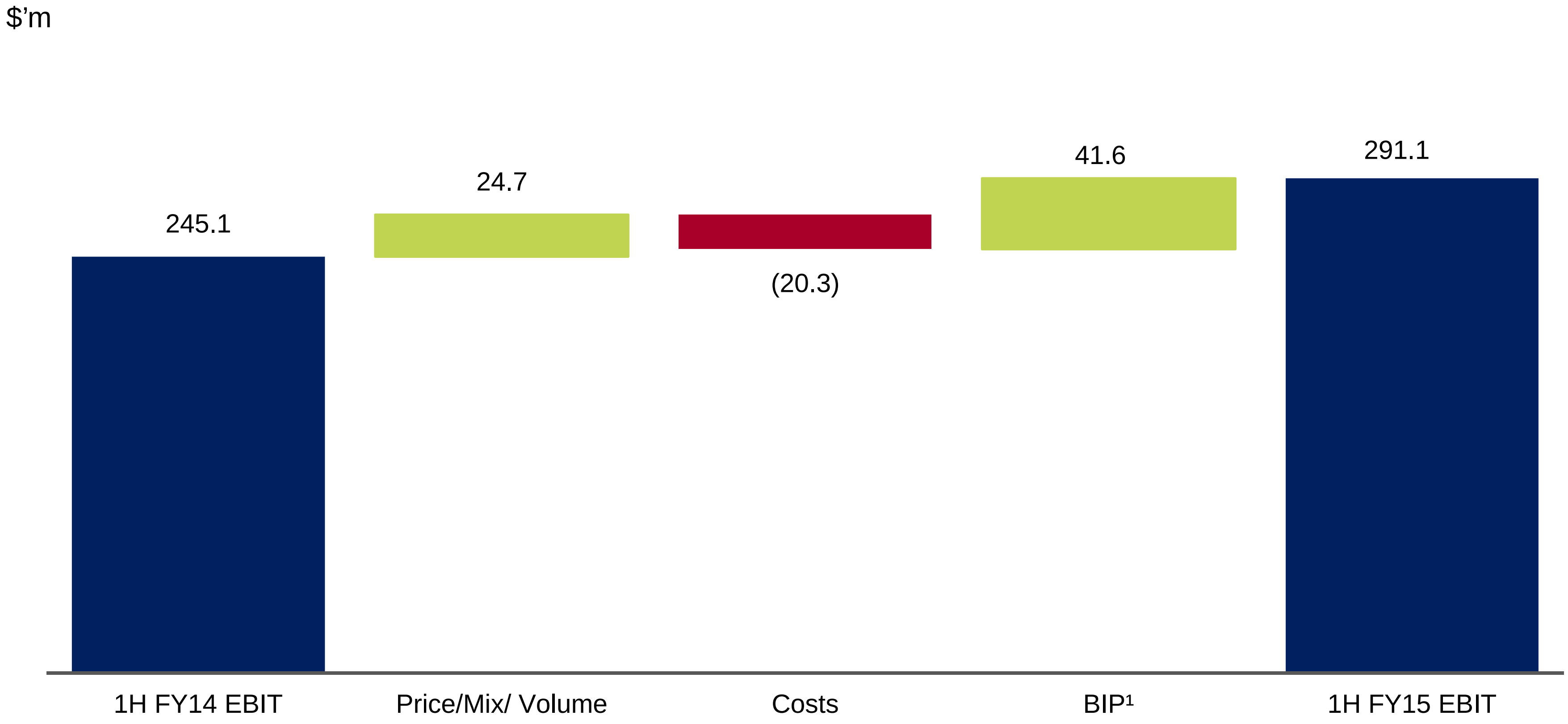
1. Pre material items
2. Port of Melbourne Corporation
3. Includes imported and exported vehicle volumes
4. "Operating" earnings remove the impact of the PoMC settlement of $18.5m included in the 1H FY14 earnings

The result was driven by:

- A 24% drop in revenue from stevedoring activities across Australia and New Zealand in particular volumes servicing the Gorgon project in Western Australia and reduced volumes at southern Ports including Melbourne (including the impact of the closure of Webb Dock in Melbourne), Adelaide and Geelong
- A 13% drop in revenue from the Autocare business primarily due to a significant drop in storage volume levels reflecting manufacturers winding down the record storage levels reached at the end of 2013
- Performance against the pcp was impacted by a settlement in 1H FY14 with the PoMC[2] to cover the cash outlays associated with the transition arrangements and the early termination of lease agreements associated with the redevelopment of Webb Dock in Melbourne. The revenue impact of this settlement in 1H FY14 was $25m and the earnings impact was $18.5m
- Underlying EBITDA declined 43.9% to $44.6m on the pcp. The result included a 13.2% decline in the after tax contribution from equity accounted joint ventures
- A material expense of $2.5m was reported reflecting restructuring costs

PACIFIC NATIONAL– EBIT BRIDGE

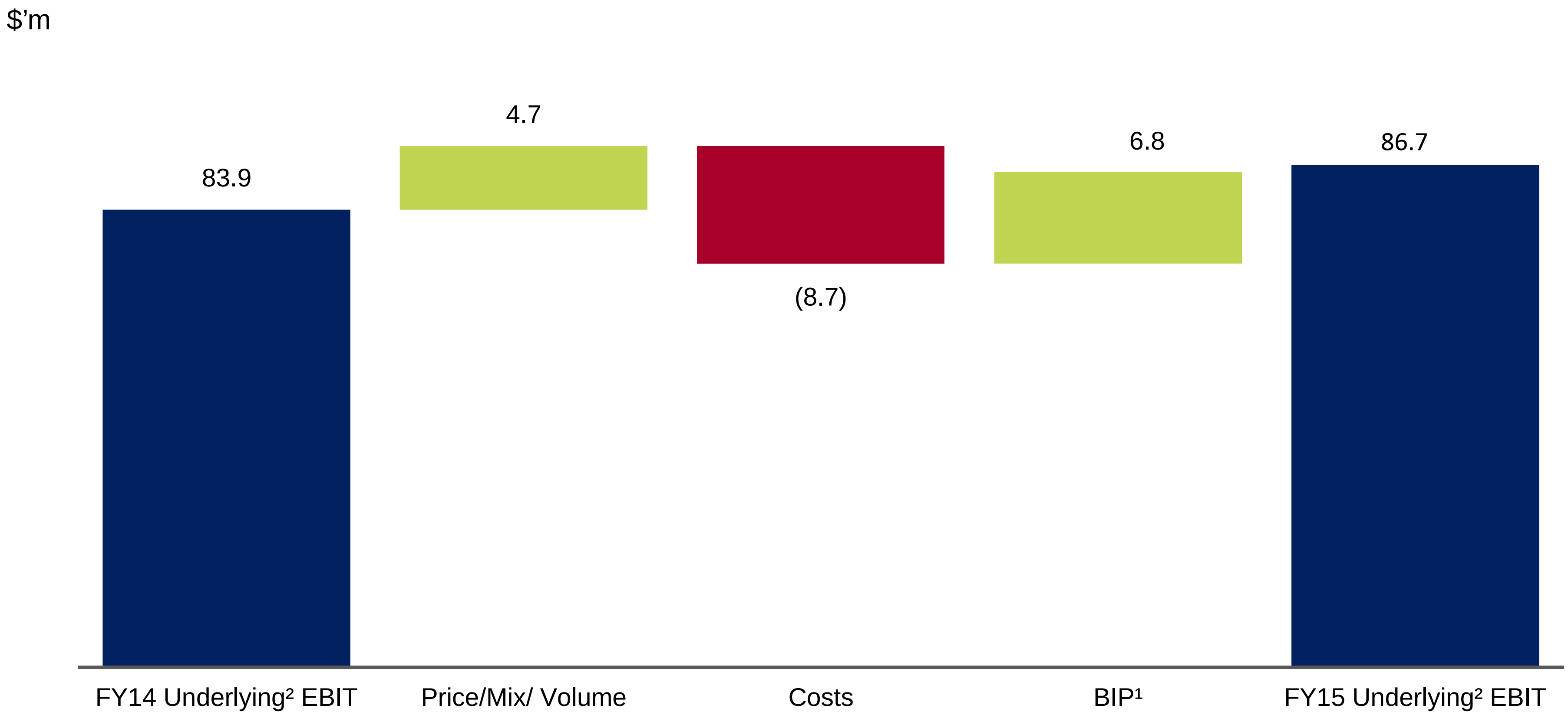
EBIT increased 18.8% driven by growth in coal volumes and the benefits of the business integration program



1. Business improvement program

TERMINALS & LOGISTICS– EBIT BRIDGE

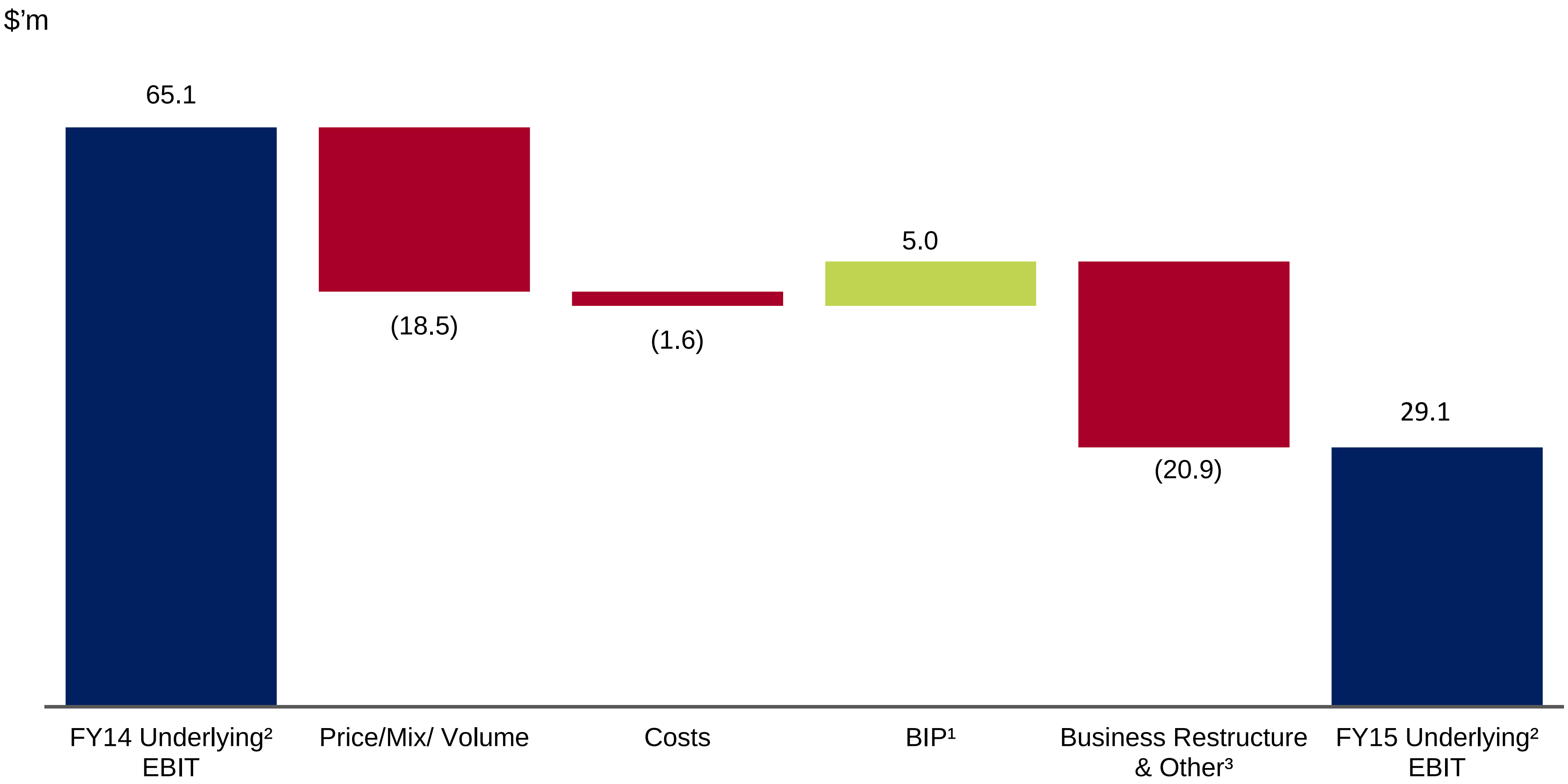
Underlying EBIT[2] increased by 3.3% driven by a 4.4% increase in container lifts offset by a softer Logistics result



1. Business improvement program
2. Pre material items

BULK & AUTO. PORT SERVICES – EBIT BRIDGE

Underlying EBIT[2] reflects lower stevedoring volumes across a number of sites in Australia and New Zealand and the inclusion of the settlement with PoMC[4] in 1H FY14



1. Business improvement program
2. Pre material items
3. Includes the impact of the $18.5m net settlement with the PoMC in 1H FY14
4. PoMC – Port of Melbourne Corporation

FINANCIAL PROFILE

Reconciliation of Loans and Borrowings

Facility	Type	Maturity	Drawn A$'m	Undrawn A$'m
Syndicated bank facility	Cash advance	Oct-16	650.0	-
Syndicated bank facility	Cash advance	Oct-19	45.0	605.0
US$ bonds[1]	144a/Reg S	Sep-15	428.8	
US$ bonds[1]	144a/Reg S	Apr-18	727.6	
US$ bonds[1]	144a/Reg S	Sep-20	643.2	
US$ bonds[1]	144a/Reg S	Apr-23	242.6	
GBP bonds[1]	MTN	Sep-23	514.0	
Total hedged A$ equivalent balance			**3,251.2**	**605.0**
Less: Unamortised Discount on US$ bonds & GBP notes			(5.3)	
Less: Unamortised debt issuance costs			(14.7)	
Add: Unrealised foreign exchange loss on US$ bonds and GBP notes			463.6	
Add: Fair value adjustments to US$ bonds			84.2	
Add: C3 finance leases			1.5	
Loans and borrowings as per balance sheet at 31 December 2014			**3,780.5**	
Cash and liquid assets as at 31 December 2014			(183.8)	183.8
Net debt / available liquidity as at 31 December 2014			**3,596.7**	**788.8**

1. Outstanding amounts for international issues are shown at the hedged A$ balances

DEFINITIONS

1H – first half	NPAT - Net profit after tax
2H – second half	OCFPIT - Operating cash flow pre interest and tax
BAPS – Bulk & Automotive Port Services	Operating cash flow - EBITDA plus change in net working capital plus interest paid plus tax paid
BIP – Business Improvement Program	PCP - Prior corresponding period
Capital employed - Net assets less cash, debt, other financial assets/liabilities, tax, and intercompany accounts (for divisional ROCE) 12 months rolling	PDI – Pre delivery inspection
Cash conversion (divisional) - Operating cash flow / EBITDA	PoMC – Port of Melbourne Corporation
Cash conversion (group) - OCFPIT / EBITDA	Revenue - Revenue and other income
DPS – Dividend per share	ROCE - Return on capital employed (EBIT / average capital employed) 12 months rolling
EBIT - Profit before interest and tax	ROE – Return on equity (NPAT and material items/ Average Total Equity)
EBITDA - Profit before interest, tax, depreciation and amortisation	TEU – twenty foot equivalent unit
EPS - Earnings per share (NPAT / weighted average number of shares outstanding)	TSR – total shareholder return
FY - financial year	Underlying Earnings - Underlying earnings (Revenue, EBITDA, EBIT, NPAT, EPS) which excludes certain items, as determined by the Board and management, that are either significant by virtue of their size and impact on earnings, or are deemed to be outside normal operating activities. It reflects an assessment of the result for the ongoing business of Asciano.
Material items - Material items include continuing material items, discontinued material items and gains or losses on sale of discontinued operations	WIP - Work in Progress