29 February 2008

The Manager

Company Announcements Office

Australian Stock Exchange
Level 45, South Tower Rialto
525 Collins Street
MELBOURNE VIC 3000

ELECTRONIC LODGEMENT

Dear Sir or Madam

Release of preliminary unaudited financial results for the half year ended 31 December 2007

Asciano Group is pleased to release its preliminary unaudited financial results for the half year ended 31 December 2007. Please find attached the following:

- Media Release;
- Asciano Group preliminary unaudited Financial Information for the half year ended 31 December 2007; and
- Interim results presentation slides.

As indicated in its announcement made to the ASX on 27 February 2008, Asciano Group will lodge a full audited Financial Report for the half year ended 31 December 2007 together with an Appendix 4D on 12 March 2008.

Yours faithfully

J. Mead

FIONA MEAD
Company Secretary

Media Release

29 February 2008

ASCIANO ANNOUNCES FINANCIAL RESULTS FOR THE PERIOD TO 31 DECEMBER 2007

STRONG GROWTH IN UNDERLYING EARNINGS

Asciano Group ('Asciano'), comprising Asciano Limited and Asciano Finance Trust, has today reported its preliminary unaudited results for the period ended 31 December 2007.

Revenue from continuing businesses for the period to 31 December increased by 8.3% whilst underlying earnings before interest, tax, depreciation and amortisation increased by 21%.

Reflecting a number of special items relating to the demerger of Asciano from Toll Holdings, and the restructure of Asciano's grain business, Asciano reported a net loss after special items and tax for the period to 31 December 2007 of $71m.

Commenting on the results, Asciano Managing Director and Chief Executive Officer, Mr Mark Rowsthorn, said "The growth in underlying earnings and the associated improvement in margins reflect a strong half-year for Asciano.

Operationally, our Patrick Ports businesses have continued to trade well during the period. Continued robust demand from customers has underpinned growth in our Container Ports business. Our Auto, Bulk and General ports have benefitted from strong vehicle and steel volumes in particular, together with ongoing efficiency improvements. Similarly, the Pacific National Intermodal business has enjoyed solid growth during the period, with record volumes and revenues from the Express business.

The results from the Pacific National Bulk business reflect continuing capacity constraints in the Hunter Valley coal supply chain, together with the ongoing impact of the drought on the rural rail business".

In respect of the key operating divisions of Asciano, the underlying EBITDA contribution was:

	Underlying EBITDA *	% change over pcp
Patrick Container Ports	$127.5m	11%
Patrick Auto, Bulk & General	$36.5m	22%
Pacific National Intermodal	$92.6m	18%
Pacific National Bulk	$59.6m	(13%)

* excludes 2 weeks trading from 15 – 30 June 2007

In respect of the outlook, Mr Rowsthorn commented "Asciano remains extremely well-placed to deliver growth and value to our securityholders. In the short term, addressing the capacity constraints in the Hunter Valley coal supply chain, and completing the restructure of the Pacific National rural rail business remain high priorities for Asciano. Specifically, Asciano has commenced the downsizing program in our grain business. While discussions continue with the grain industry, in the absence of volume risk being mitigated through the introduction of take-or-pay contracts, Asciano will close the business.

In the medium to longer term, we have a clear strategy in place to drive increased returns for securityholders, focus on core business, leverage our operating capabilities into growth opportunities, and to optimise our capital structure.

Our diverse business base, and particularly our exposure to growing commodity exports, containerised and motor vehicle imports, and domestic freight, should see Asciano continue to generate organic EBITDA growth in the range of 10% to 15% per annum over the longer term."

Asciano has also provided further detail on its existing debt arrangements. In particular, Asciano notes that:

- Total outstanding bank debt as at 31 December 2007 was $4,930m.
- Asciano believes that this debt level is appropriate given Asciano's underlying assets and cashflow profile.
- Asciano is complying with all covenants within its existing debt facilities, and the facilities do not contain any 'share price' or 'market capitalisation' covenants.
- Following recent extensions to Asciano's short-term facilities, Asciano now has no debt maturing until 2009, and 92% of Asciano's total outstanding debt matures during or after May 2010.
- Asciano has existing interest rate hedges in place today equivalent to 70% of its outstanding debt, with a weighted average maturity of hedges of 3.5 years.
- There is minimal outstanding debt against Chief Executive, Mark Rowsthorn's stake in Asciano with no risk of margin calls, and the independent directors have no loan facilities of any type over their Asciano holdings.

ASCIANO LIMITED

HALF YEAR PRELIMINARY UNAUDITED FINANCIAL INFORMATION

FOR THE PERIOD TO 31 DECEMBER 2007

Asciano comprises Asciano Limited and its controlled entities
(and includes Asciano Finance Trust)

This preliminary unaudited financial information
has been prepared to satisfy the
conditions of the waiver granted by
the ASX to listing rule 4.2B. Please
refer to Asciano's ASX release dated
27 February 2008 for further information

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Results for announcement to the market

For the period to 31 December 2007

	Unaudited First half 2008 $'000	Unaudited proforma[1] First half 2007 $'000	Increase/ (decrease) %
Revenue from ordinary activities	1,506,876	1,450,483	3.9
EBITDA – before individually significant items	365,927	307,068	19.2
EBIT – before individually significant items	235,820	194,989	20.9
Loss after tax	(71,074)	n/a	n/a
Profit attributable to members of the parent	112,339	n/a	n/a

	First half 2008
Parent company basic and dilutive earnings per share – cents	17.1
Asciano group basic and dilutive earnings per security – cents	(10.8)
Net tangible asset backing per security – dollars	(2.99)

Distributions	Amount per security cents	Taxable amount per security cents	Tax deferred amount per security cents
Interim distribution per fully paid security	23	5	18

The record date for determining entitlements to the interim distribution was 31 December 2007.

For commentary on the results for the period and review of operations, refer to the separate media release and the presentation announced to the market on 3 March 2008.

Asciano Limited was dormant from the date of incorporation on 29 January 2007 to 15 June 2007 when the group was formed under a scheme of arrangement that involved separation from Toll Holdings Limited. Therefore the consolidated results for the first half year of 2008 represent trading for the period 15 June 2007 to 31 December 2007.

This preliminary unaudited financial information is extracted from accounts which are in the process of being audited. The audit report will be made available with the Asciano half year report on 12 March 2008.

1 Pro forma unaudited comparative information has been prepared for the period 15 June 2006 to 31 December 2006.

Income Statement

For the period to 31 December 2007

	Note	Unaudited First half 2008 $'000
Revenue	3	1,506,876
Other income	3	27,395
Share of net profit of associates and joint venture	3	5,351
Operating expenses		(1,173,695)
Operating profit before individually significant items		**365,927**
Depreciation and amortisation		(130,107)
Profit before financing costs, individually significant items and tax		**235,820**
Net financing costs		(194,425)
Profit before individually significant items and tax		**41,395**
Individually significant items	4	(150,123)
Loss before tax		**(108,728)**
Tax benefit	6	37,654
Loss after tax		**(71,074)**
Attributable to:		
Shareholders of the parent		112,339
Minority interest:		
– Unit holders of the Trust	12	(185,705)
– Other	12	2,292
		(71,074)
Earnings per parent company share		
Basic and dilutive (cents)	5	17.1

Balance Sheet

As at 31 December 2007

	Note	Unaudited December 2007 $'000
Current assets		
Cash and cash equivalents		221,367
Trade and other receivables		346,296
Inventories		29,756
Other financial assets, including derivatives		585,368
Prepayments		37,132
Other assets		1,741
Total current assets		**1,221,660**
Non-current assets		
Inventories		19,152
Trade and other receivables		75,558
Other financial assets, including derivatives		69,192
Equity accounted investments		19,792
Net deferred tax assets		113,615
Property, plant and equipment		2,274,486
Intangible assets		4,195,004
Other assets		42,947
Total non-current assets		**6,809,746**
Total assets		**8,031,406**
Current liabilities		
Trade and other payables, including derivatives		349,410
Loans and borrowings	8	407,174
Current tax liabilities		6,259
Provisions and employee benefits		378,977
Total current liabilities		**1,141,820**
Non-current liabilities		
Trade and other payables, including derivatives		9,061
Loans and borrowings	8	4,523,899
Provisions and employee benefits		125,551
Total non-current liabilities		**4,658,511**
Total liabilities		**5,800,331**
Net assets		**2,231,075**
Equity		
Share capital	9	7,314,009
Reserves	10	(5,420,558)
Accumulated profits	11	110,374
Parent entity interest		**2,003,825**
Minority interest	12	227,250
Total equity		**2,231,075**

Cash Flow Statement

For the period to 31 December 2007

	Note	Unaudited First half 2008 $'000
Operating cash flows		
Receipts from customers		1,764,957
Payments to suppliers and employees		(1,415,652)
Interest and other costs of finance paid		(160,498)
Dividends received from associates		3,578
Net income tax refunds		7,797
Interest received		4,594
Net operating cash flows	7	**204,776**
Investing cash flows		
Payments for available-for-sale securities		(707,677)
Proceeds from sale of available-for-sale financial assets		115,601
Dividends received from available-for-sale financial assets		9,842
Payments for property, plant and equipment		(143,333)
Proceeds from sale of property, plant and equipment		13,554
Proceeds from sale of business		42,500
Loans to associates		(15,798)
Net investing cash flows		**(685,311)**
Financing cash flows		
Proceeds from issue of equity securities		150,000
Payments for debt issue costs		(51,420)
Proceeds from borrowings		5,045,901
Exit payments at demerger, net of cash acquired		(4,326,978)
Repayment of borrowings		(115,601)
Net financing cash flows		**701,902**
Net increase in cash and cash equivalents		**221,367**
Cash and cash equivalents at the beginning of the period		–
Cash and cash equivalents at the end of the period		**221,367**

Notes to and forming part of the preliminary unaudited financial information

For the period to 31 December 2007

1. Summary of significant accounting policies

Reporting entity

This preliminary unaudited financial information includes the consolidated entity (Asciano) consisting of Asciano Limited (parent) and its controlled entities (and includes Asciano Finance Trust). Asciano Limited is domiciled in Australia. The principal accounting policies that have been adopted in the preparation of this preliminary unaudited financial information are set out below.

Basis of preparation

The preliminary unaudited financial information has been prepared in accordance with Australian Accounting Standards, including Australian Interpretations adopted by the Australian Accounting Standards Board, and the *Corporations Act 2001*.

Reporting period

The parent entity was incorporated on 29 January 2007 and was dormant until 15 June 2007 when Asciano was formed under a scheme of arrangement (demerger) that involved the separation of Toll's transport infrastructure assets from its network and supply chain business. This preliminary unaudited financial information covers the period from the date of incorporation being 29 January 2007 to 31 December 2007, therefore there are no comparatives.

The Australian Securities and Investments Commission (ASIC) has provided relief to Asciano Limited from the requirement in subsection 323D(5) of the *Corporations Act 2001* such that the half year financial period can cover the period from 29 January 2007 to 31 December 2007.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). Compliance with AIFRS ensures that the consolidated financial statements and notes of Asciano Limited comply with the International Financial Reporting Standards.

Historical cost convention

This preliminary unaudited financial information has been prepared under the historical cost convention, as modified by AASB 139: Financial Instruments, which requires the revaluation of financial assets and liabilities at fair value.

Functional and presentation currency

This preliminary unaudited financial information is presented in Australian dollars, the parent's functional currency and the functional currency of the majority of Asciano.

Rounding of amounts

Asciano is a company of the kind referred to in ASIC Class Order 98/100 and, in accordance with that Class Order, amounts in this preliminary unaudited financial information have been rounded off to the nearest thousand dollars, unless otherwise stated.

Critical accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates 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.

Principles of consolidation

Stapling

Asciano Limited and Asciano Finance Trust have been stapled together to form Asciano. AASB Interpretation 1002 requires that a parent be identified for the stapled group. Asciano Limited has been identified as the accounting parent of the stapled group and as such will prepare consolidated accounts, consolidating Asciano Limited and Asciano Finance Trust from the date of stapling.

Under AASB Interpretation 1002, the interests of the securityholders in Asciano Finance Trust are shown as minority interests in the Income Statement and Balance Sheet of Asciano even though the unitholders of Asciano Finance Trust are also shareholders of Asciano Limited by virtue of the stapling arrangement. Other minority interests are interests in partly owned subsidiaries, which are not held either directly or indirectly by Asciano Limited.

1. Summary of significant accounting policies (continued)

Common control transaction

The opening consolidated Balance Sheet of Asciano reflects the values for assets and liabilities from Toll's consolidated accounting records. As a common control transaction, the demerger does not reflect the fair value of assets and liabilities acquired or any recording of additional goodwill on the formation of the new group.

Subsidiaries

Subsidiaries, other than those that Asciano has been deemed to have either directly or indirectly acquired through stapling arrangements, are those entities over which Asciano has the power, directly or indirectly, to govern the financial and operating policies of an entity, generally accompanied by a shareholding of more than half the voting rights. In assessing control, potential voting rights that presently are exercisable or convertible are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Investments in subsidiaries are carried at their cost of acquisition in the parent's financial statements subject to any impairment. Intercompany transactions, balances and unrealised gains between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset being transferred. Accounting policies of controlled entities have been changed where necessary to ensure consistency with the policies adopted by Asciano.

Associates

Associates are those entities in which Asciano has significant influence, but not control, over the financial and operating policies, generally accompanied by a shareholding of between 20% and 50% of the voting rights. The consolidated financial statements include Asciano's share of the total recognised gains and losses of associates on an equity accounted basis from the date that significant influence commences until the date that significant influence ceases.

When Asciano's share of losses exceeds its interest in an associate, Asciano's carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that Asciano has incurred legal or constructive obligations or made payments on behalf of an associate.

Unrealised gains on transactions between Asciano and its associates are eliminated to the extent of Asciano's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by Asciano. In the parent's financial statements, investments in associates are carried at the lower of their cost of acquisition or recoverable amount.

Segment reporting

A segment is a distinguishable component of Asciano that is engaged either in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

Foreign currency translation

Foreign currency transactions and balances

Transactions in foreign currencies are translated into the entity's functional currency at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the Balance Sheet date are translated into the respective entity's functional currency at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the Income Statement.

Financial statements of foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated to Australian dollars at foreign exchange rates ruling at the Balance Sheet date. The revenues and expenses of foreign operations are translated to Australian dollars at rates approximating to the foreign exchange rates ruling at the dates of the transactions. Foreign exchange differences arising on retranslation, together with any foreign exchange differences on any net investment hedges of self-sustaining operations, are recognised directly in the foreign currency translation reserve and released into the Income Statement upon disposal of the foreign operation.

Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

Revenue is recognised when the amount of revenue can be measured and it is probable that it will ultimately be received. Where the amount of revenue cannot be calculated reliably, revenue is to be recognised only to the extent of the costs incurred in relation to the service provided.

Revenue from the provision of port, rail and freight related services is recognised following the provision of the service and/or in accordance with agreed contractual terms in the period in which the service is provided.

Other income

Income from the disposal of property, plant and equipment is recognised when control of the property has passed to the buyer.

Expenses

Operating lease payments

Payments made under operating leases are recognised in the Income Statement on a straight line basis over the term of the lease. Lease incentives received are recognised in the Income Statement as an integral part of the total lease expense and spread over the lease term.

Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Borrowing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets that take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets.

Finance income and expenses

Income from dividends and distributions is recognised when Asciano's right to receive payment is established. Interest revenue is brought to account when earned, taking into account the effective yield on the financial asset.

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets and changes in the fair value of financial assets at fair value through profit or loss. Interest income is recognised as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, changes in the fair value of financial assets at fair value through profit or loss and impairment losses recognised on financial assets. All borrowing costs are recognised in profit or loss using the effective interest method, except for borrowing costs that are capitalised.

Income tax

Income tax is not brought to account in respect of Asciano Finance Trust as, pursuant to the Income Tax Assessment Act, the trust is not liable for income tax provided that its taxable income, including any assessable realised capital gains, is fully distributed to unitholders each year. Accordingly, income tax amounts recognised in Asciano's financial statements relate to Asciano Limited and other tax paying entities within Asciano.

Income tax on the profit or loss for the period comprises current and deferred tax. Income tax is recognised in the Income Statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period based on the national income tax rates for each jurisdiction at the Balance Sheet date, and any adjustment to tax payable in respect of previous periods.

1. Summary of significant accounting policies (continued)

Income tax (continued)

Deferred tax is recognised using the Balance Sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for:

- the initial recognition of goodwill;
- the initial recognition of assets or liabilities that affect neither accounting nor taxable profit; and
- differences relating to investments in subsidiaries and associates to the extent that they will probably not reverse in the foreseeable future.

The amount of deferred tax recognised is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the Balance Sheet date.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

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

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

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend.

Tax consolidation

The parent and its wholly owned Australian resident entities have formed a tax-consolidated group and are therefore taxed as a single entity from the date of demerger (15 June 2007). The head entity within the tax-consolidated group is Asciano Limited.

Current tax expense/benefit, deferred tax liabilities and deferred tax assets arising from temporary differences of the members of the tax-consolidated group are recognised in the separate financial statements of the members of the tax-consolidated group using the "group allocation method" by reference to the carrying amounts in the separate financial statements of each entity and the tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the tax-consolidated group and are recognised as amounts payable/(receivable) to/(from) other entities in the tax-consolidated group in conjunction with any tax funding arrangement amounts. Any difference between these amounts is recognised by the parent as an equity contribution or distribution.

The parent recognises deferred tax assets arising from unused tax losses of the tax-consolidated group to the extent that it is probable that future taxable profits of the tax-consolidated group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

Nature of tax funding arrangements and tax sharing arrangements

The head entity, in conjunction with other members of the tax-consolidated group, is committed to enter into a tax funding arrangement that sets out the funding obligations of members of the tax-consolidated group in respect of tax amounts. Assets or liabilities arising under tax funding agreements with the tax-consolidated entities are recognised as amounts receivable from or payable to other entities in Asciano. The tax funding arrangements require payments to/(from) the head entity equal to the current tax liability (asset) assumed by the head entity and any tax-loss deferred tax asset assumed by the head entity, resulting in the head entity recognising an inter entity receivable/(payable) equal in amount to the tax liability/(asset) assumed. The inter entity receivables/(payables) are at call.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the tax-consolidated group has entered into a tax sharing arrangement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

Impairment

Goodwill and intangible assets that have indefinite lives or that are not yet available for use are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. A cash-generating unit is the smallest identifiable asset group that generates cash flows that largely are independent from other assets and groups. Impairment losses are recognised in the Income Statement. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the impaired cash-generating unit and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss in respect of goodwill is not reversed. In respect of other non-financial assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Leased assets

Leases under which Asciano assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

The corresponding liability is also established with lease payments allocated between the lease liability and finance cost. The finance cost is charged to the Income Statement over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life and the lease term.

Other leases are operating leases and the leased assets are not recognised on Asciano's Balance Sheet.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, short term bills and call deposits. Bank overdrafts that are repayable on demand and form an integral part of Asciano's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows. Bank overdrafts are shown within borrowings in current liabilities on the Balance Sheet.

1. Summary of significant accounting policies (continued)

Trade and other receivables

Trade and other receivables are stated at their amortised cost using the effective interest method less impairment losses. Trade receivables are generally due for settlement after 30 days.

Collectability of trade receivables is reviewed on an ongoing basis. Debts that are known to be uncollectable are written off. A provision for impairment of trade receivables is established when there is objective evidence that Asciano will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 180 days overdue) are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short term receivables are not discounted. The provision is recognised in the Income Statement.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost of inventories includes all costs of purchases and other expenses incurred in bringing the inventories to their present location and condition. Costs are assigned to individual items of inventory on the basis of either weighted average cost or a first in, first out basis unless specific identification is possible. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Investments and other financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when Asciano provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except for those with maturities greater than 12 months after the Balance Sheet date, which are classified as non-current assets.

Other financial instruments held by Asciano are classified as being available-for-sale and are stated at fair value, with any resultant gain or loss being recognised directly in equity, except for impairment losses and, in the case of monetary items such as debt securities and foreign exchange gains and losses, which are recognised in the Income Statement. When these investments are derecognised, the cumulative gain or loss previously recognised directly in equity is recognised in the Income Statement. Where these investments are interest-bearing, interest calculated using the effective interest method is recognised in the Income Statement.

The fair value of financial instruments classified as held for trading and available-for-sale is their quoted last sale price at the Balance Sheet date. Financial instruments classified as held for trading or available-for-sale investments are recognised/derecognised by Asciano on the date it commits to purchase/sell the investments. Securities held-to-maturity are recognised/derecognised on the day they are transferred to/by Asciano.

Derivative financial instruments

Asciano enters into derivative financial instruments from time to time to hedge its foreign currency and interest rate risk exposures.

Asciano documents, at the inception of the hedging transaction, the type of hedge, the hedged item or transaction, the hedging instrument, the nature of the risk being hedged, the relationship between hedging instrument and hedged item, as well as its risk management objective and strategy for undertaking the relevant hedge transaction. Asciano's hedge documentation also demonstrates, both at hedge inception and on an ongoing basis, that the hedge has been and will continue to be highly effective.

Derivatives are recognised initially at fair value. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the Income Statement, together with any changes in the fair value of the underlying hedged item.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised immediately in the Income Statement within other income.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to the Income Statement in the same period that the hedged item affects profit or loss.

Derivatives that do not qualify for hedge accounting

Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in the Income Statement.

Fair value estimation

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and securities) is based on quoted market prices at the Balance Sheet date.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Asciano uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward exchange contracts is determined using spot exchange market rates and market forward curves for each currency pair at the Balance Sheet date.

The nominal value less estimated credit adjustments of short term receivables and payables is assumed to approximate their fair value. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to Asciano for similar instruments.

Property, plant and equipment

Owned assets

Items of property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour, and an appropriate proportion of fixed and variable overheads.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

The profit or loss on disposal of assets is brought to account at the date an unconditional offer and acceptance of sale is determined. The profit or loss on disposal is calculated as the difference between the carrying amount of the asset at the time of disposal and the net proceeds on disposal.

Borrowing costs incurred for the construction of any qualifying asset is capitalised as part of the cost of the asset.

Subsequent costs

Asciano recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied within the item will flow to Asciano and the cost of the item can be measured reliably. All other costs are recognised in the Income Statement as an expense as incurred.

Notes to and forming part of the preliminary unaudited financial information (continued)

For the period to 31 December 2007

1. Summary of significant accounting policies (continued)

Depreciation

Items of property, plant and equipment, including buildings and leasehold property but excluding freehold land, are depreciated either on a straight line basis or on a units of production method over their estimated useful lives.

Depreciation rates used for each class of asset are as follows:

Buildings	2.5%–5%
Leasehold improvements	2.6%–20%
Plant and equipment	2.2%–33% or units of production method equivalent

Depreciation methods and useful lives, as well as residual values, are re-assessed annually. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Repairs and maintenance

Routine maintenance costs are written off to the Income Statement as incurred.

Major cyclical maintenance on plant and equipment is capitalised to the carrying value of the asset as incurred and amortised over the period to the next scheduled heavy maintenance. Any remaining carrying amount of the cost of the previous inspection is derecognised.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of Asciano's share of the net identifiable assets of the acquired subsidiary/associate at the date of acquisition. Goodwill on acquisitions of subsidiaries is included in intangible assets. Goodwill is stated at cost less any accumulated impairment losses. Goodwill is allocated to cash generating units and is not amortised but is tested annually for impairment. In respect of associates, the carrying amount of goodwill is included in the carrying amount of the investment in associates. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Negative goodwill arising on an acquisition is recognised directly in the Income Statement.

Customer contracts and relationships

Customer contracts and relationships acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts and relationships over their estimated useful lives, which range from five to 10 years.

IT development and software

Costs incurred in developing products or systems and costs incurred in acquiring software and licences that will contribute to future period financial benefits through revenue generation and/or cost reduction are capitalised to software and systems. Costs capitalised include external direct costs of materials and services, direct payroll and payroll related costs of employees' time spent on the project. Amortisation is calculated on a straight line basis over periods generally ranging from three to five years.

IT development costs include only those costs directly attributable to the development phase and are only recognised following completion of technical feasibility and where Asciano has an intention and ability to use the asset.

Brand names

Any brand names recognised by Asciano that have an indefinite useful life are not amortised. Each period the useful life of this asset is reviewed to determine whether events and circumstances continue to support an indefinite useful life assessment for the asset. Such assets are tested for impairment in accordance with the impairment policy.

Research and development
Research expenditure is recognised as an expense as incurred. Costs incurred on development projects (relating to the design and testing of new or improved products) are recognised as intangible assets when it is probable that the project will, after considering its commercial and technical feasibility, be completed and generate future economic benefits and its cost can be measured reliably. The expenditure capitalised comprises all directly attributable costs, including costs of materials, services, direct labour and an appropriate proportion of overheads. Other development expenditures that do not meet these criteria are recognised as an expense as incurred. Development costs previously recognised as an expense are not recognised as an asset in a subsequent period. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is ready for use on a straight line basis over its useful life, which varies from three to five years.

Subsequent expenditure
Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is expensed as incurred.

Trade and other payables
Trade and other payables are stated at their amortised cost. Trade payables are non interest-bearing and are usually paid within normal trading terms.

Interest-bearing borrowings
Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Income Statement over the period of the borrowings on an effective interest basis.

Provisions
A provision is recognised if, as a result of a past event, Asciano has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Workers compensation self-insurance
Where Asciano acts as self-insurer for workers compensation claims under relevant state/federal legislation, a provision is made for all individual claims up to $1 million. Independent actuarial valuations are used to estimate the provision required.

All claims over $1 million are reinsured and passed on to the reinsurer.

Onerous contracts
An onerous contract exists when the unavoidable costs of meeting obligations under a contract exceed the estimated benefits to be received from it. Provision is made for the amount by which the unavoidable costs exceed the total benefits.

Restructuring
A provision for restructuring is recognised only when the business has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. A restructuring provision includes only the direct expenditures arising from the restructuring and does not include future operating costs.

Site restoration
In accordance with Asciano's environment policy and applicable legal requirements, provision for site restoration in respect of contaminated land, and the related expense, is recognised when the need is identified.

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 change is reflected in the present value of the restoration provision at the end of the reporting period.

1. Summary of significant accounting policies (continued)

Long term service benefits

Asciano's net obligation in respect of long term service benefits, other than superannuation funds but including long service leave and travel passes, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The long service leave obligation is calculated using expected future increases in wage and salary rates including related on-costs and expected settlement dates, and is discounted using the rates attached to the Commonwealth Government bonds at the Balance Sheet date that have maturity dates approximating to the terms of Asciano's obligations. The obligation for travel passes is based on the age of the pass holder, length of service, expected exit date, and life expectancy.

Employee benefits

Defined contribution superannuation funds

Obligations for contributions to defined contribution superannuation funds are recognised as an expense in the Income Statement as incurred.

Defined benefit superannuation funds

Asciano's net obligation in respect of defined benefit superannuation funds is calculated separately for each fund by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value, and the fair value of any fund assets is deducted.

The discount rate is the yield at the Balance Sheet date on Commonwealth Government bonds that have maturity dates approximating to the terms of Asciano's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. Consideration is given to expected future wage and salary levels, experience of employee departures and periods of service.

Expected future payments are discounted using market yields at the reporting date on Commonwealth Government bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

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

When the benefits of a fund are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in the Income Statement on a straight line basis over the average period until the benefits become vested. To the extent that the benefits vest immediately, the expense is recognised immediately in the Income Statement. Actuarial gains and losses are recognised directly in equity.

Security-based payment transactions

The parent's security option plan allows consolidated entity employees to acquire stapled securities of the parent. The fair value of options granted is recognised as an employee expense with a corresponding increase in equity. The fair value is measured at grant date and spread over the period during which the employees become unconditionally entitled to the options. The fair value of the options granted is measured using the Binomial and Monte Carlo methods taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of options that vest except where forfeiture is only due to security prices not achieving the threshold for vesting.

Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, and are calculated at undiscounted amounts based on remuneration wage and salary rates that Asciano expects to pay as at reporting date including related on-costs, such as workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits are expensed based on net marginal cost to Asciano as the benefits are taken by the employees.

Contributed equity

Ordinary securities are classified as equity. Incremental costs directly attributable to the issue of new securities or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends/distributions
Provision is made for the amount of any dividends/distribution declared on or before the period end but not distributed at balance date.

Earnings per security
Basic earnings per security is calculated by dividing the profit attributable to securityholders of the parent by the weighted average number of ordinary securities outstanding during the period.

Diluted earnings per security adjusts the figures used in the determination of basic earnings per security to take into account the after income tax effect of interest and other financing costs associated with dilutive ordinary securities and the weighted average number of securities assumed to have been issued for no consideration in relation to diluted potential ordinary securities.

Goods and services tax
Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST), except where the amount of GST incurred is not recoverable from the relevant tax authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the Balance Sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

New accounting standards and interpretations
Certain new accounting standards and interpretations have been published that are not mandatory for the year ending 30 June 2008. Asciano's assessment of the impact of these new standards and interpretations is set out below.

AASB 8 Operating Segments introduces the "management approach" to segment reporting. AASB 8, which becomes mandatory for Asciano's 30 June 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Chief Operating Decision Maker in order to assess each segment's performance and to allocate resources to them. Currently Asciano presents segment information in respect of its business and geographical segments and has not yet determined the potential effect of the revised standard on Asciano's disclosures.

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

Revised AASB 123 Borrowing Costs removes the option to expense borrowing costs and requires that an entity capitalise borrowing cost directly attributable to the acquisition, construction or production of a qualifying asset as part of the cost of that asset. The revised AASB 123 will become mandatory for Asciano's 30 June 2010 financial statements; however, is consistent with Asciano's current policy.

Accounting Interpretation (AI) 14 IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction clarifies when refunds or reductions in future contributions in relation to defined benefit assets should be regarded as available and provides guidance on the impact of minimum funding requirements on such assets. It also addresses when a minimum funding requirements might give rise to a liability. AI 14 will become mandatory for Asciano's 30 June 2009 financial statements, with retrospective application required. Asciano has not yet determined the potential effect of the interpretation.

Notes to and forming part of the preliminary unaudited financial information (continued)

For the period to 31 December 2007

2. Formation of Asciano

The formation of the Asciano consolidated entity occurred at the direction of the consolidated entity's previous owner, Toll Holdings Limited (Toll). It represented a business combination undertaken under common control at 15 June 2007, and was accounted for using the accounting policies reflected below.

Asciano Limited was incorporated as a public company on 29 January 2007. The Asciano Finance Trust was established on 5 March 2007. Until 15 June 2007 Asciano Limited had no activities or operations.

Immediately on issue of the Asciano Limited shares and Asciano Finance Trust units on 15 June 2007, the shares and units, by operation of the Constitutions of Asciano Limited and the Asciano Finance Trust, became stapled to form the security.

On 15 June 2007 Asciano Limited acquired all of the shares in the various entities that collectively represented Toll's ports businesses and the rail operations of Pacific National as part of the restructure of and demerger from Toll. Under the terms of the demerger the consideration for the acquisition of the business was satisfied through the issue of 642,512,000 fully paid securities. As the demerger was arranged by Toll, Asciano did not incur any transaction costs associated with the formation of the new group.

Value attributed to fully paid securities issued to acquire the businesses reflects the market price of securities on 15 June 2007. Under common control accounting Asciano has elected to recognise the demerged net assets at their book values prior to demerger. This net asset value is less than the value of securities issued on 15 June 2007, the difference has been recognised directly in equity as a common control reserve.

Asciano's assets and liabilities on demerger date:

	Unaudited $'000
Cash and cash equivalents	273,102
Trade and other receivables	357,362
Inventories	45,029
Property, plant and equipment	2,346,518
Intangible assets	4,255,879
Other assets	209,280
Deferred tax assets	73,989
Trade and other payables	(318,590)
Loans and borrowings	(4,500,000)
Provisions	(299,927)
Other liabilities	(3,828)
Net identifiable assets and liabilities	**2,438,814**

The opening consolidated Balance Sheet of Asciano reflects the carrying values for assets and liabilities reflected in the Toll consolidated accounting records using Toll's accounting policies prior to the demerger. As the demerger is considered to be a business combination under common control, no acquisition accounting in the form of a purchase price allocation was undertaken and therefore the assets and liabilities have not been remeasured to fair value nor has any goodwill arisen.

The recognised values of deferred tax balances were subsequently adjusted for the impact of the resetting of the tax values for the assets and liabilities when Asciano exited from the Toll tax consolidated group and formed its own Asciano tax consolidated group. This occurred subsequent to the exit from the Toll Group and consequently the impact of this resetting of tax bases is recognised in the Asciano consolidated Income Statement.

3. Segment reporting

Business segments

Asciano operates in the following primary segments:

- Ports – consists of container ports and stevedoring businesses. Operates container terminals that are connected with a network of ports related freight and logistics services for importers and exporters. Operates private ports and bulk cargo terminals as well as providing bulk and general stevedoring services.
- Rail – consists of related businesses that move goods within Australia, predominantly by rail. Provides rail freight services transporting containerised goods, automobiles, coal, steel, grain and other bulk industrial products, and provides other rail related services including hook and pull services, and rail terminal management.

31 December 2007 – Unaudited

	Ports $'000	Rail $'000	Unallocated $'000	Total $'000
Revenue				
External sales	661,435	845,421	20	1,506,876
Inter-segment sales	–	21,568	–	21,568
Other revenue	9,157	2,235	16,003	27,395
Total segment revenue	**670,592**	**869,224**	**16,023**	**1,555,839**
Inter-segment group eliminations	–	(21,568)	–	(21,568)
Total consolidated revenue	**670,592**	**847,656**	**16,023**	**1,534,271**
Segment results	185,588	174,248	740	360,576
Share of associate result	5,351	–	–	5,351
Operating profit before individually significant items	**190,939**	**174,248**	**740**	**365,927**
Depreciation and amortisation	(52,931)	(77,176)	–	(130,107)
Profit before financing costs, individually significant items and tax	**138,008**	**97,072**	**740**	**235,820**
Net finance costs	–	–	(194,425)	(194,425)
Result before individually significant items	**138,008**	**97,072**	**(193,685)**	**41,395**
Individually significant items (note 4)	–	(139,600)	(10,523)	(150,123)
Loss before tax	**138,008**	**(42,528)**	**(204,208)**	**(108,728)**
Tax benefit				37,654
Loss after tax				**(71,074)**
Minority interest				(183,413)
Profit attributable to the parent entity				**112,339**
Assets				
Segment assets	4,072,015	2,990,680	948,919	8,011,614
Investment in equity accounted investees	19,792	–	–	19,792
	4,091,807	**2,990,680**	**948,919**	**8,031,406**
Liabilities				
Segment liabilities	3,270,282	1,967,270	562,779	5,800,331
	3,270,282	**1,967,270**	**562,779**	**5,800,331**
Other information				
Capital expenditure	57,818	82,613	2,902	143,333

Geographic segment

Asciano operates in the infrastructure sector predominantly within Australia.

Notes to and forming part of the preliminary unaudited financial information (continued)

For the period to 31 December 2007

4. Individually significant items

	Unaudited First half 2008 $'000
Restructure costs[1]	139,600
Establishment and demerger costs[2]	8,989
Investment related[3]	1,534
Individually significant items pre-tax	**150,123**
Tax benefit	(45,037)
Additional taxable income on disposals	8,907
Tax base reset on entry to consolidation	(11,243)
Individually significant items after tax	**102,750**

1 Restructuring costs are related to rationalisation of non bulk grain rail operations in New South Wales and Victoria and Victorian rural rail intermodal services. The costs include provisions for redundancies and other restructuring related costs ($26.5 million), and asset write downs ($113.1 million).

2 Establishment and demerger costs relate to the expenses incurred in the formation of the Asciano consolidated entity, which occurred at the direction of the consolidated entity's previous owner, Toll Holdings Limited.

3 Investment related expenses incurred in connection with the acquisition of available-for-sale financial assets.

5. Earnings per share and security

	Unaudited December 2007 cents
Parent company basic and dilutive earnings per share	17.1
Asciano group basic and dilutive earnings per security	(10.8)

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

	$'000
Net profit attributable to parent company shareholders used in calculating earnings per share	112,339
Net loss attributable to Asciano group securityholders used in calculating earnings per security	(71,074)

	'000
Basic and dilutive weighted average number of ordinary securities at 31 December 2007	656,597

6. Income tax benefit

	Unaudited First half 2008 $'000
Current tax expense	7,220
Deferred tax expense/(benefit)	
Origination and reversal of temporary differences	(46,484)
Change in unrecognised temporary differences	1,610
	(44,874)
Total income tax benefit	**(37,654)**
Reconciliation between tax expense/(benefit) and loss	
Loss before tax	(108,728)
Income tax at 30%	(32,618)
Additional taxable income on disposals	8,907
Other non deductible items	2,724
Non assessable Trust income	(11,057)
Tax base reset on entry to consolidation	(11,243)
Research and development tax concession	(2,236)
Non assessable equity accounted profits	(1,226)
Recognition of previously unrecognised temporary differences	1,610
Temporary differences not recognised	7,485
Income tax (benefit)	**(37,654)**
Income tax recognised directly in equity	
Derivatives	17,143
Available-for-sale financial assets	(11,051)
Actuarial gains and losses	(842)
	5,250

7. Reconciliation of cash flows from operating activities

	Unaudited First half 2008 $'000
Loss after tax	**(71,074)**
Adjustments for:	
Impairment	113,060
Depreciation	91,572
Amortisation of intangible assets	38,535
Amortisation of borrowing costs	8,315
Share of profit of equity accounted investees	(5,351)
Dividend included in investing cash flows	(9,842)
Gain on sale of equity investment	(4,142)
Gain on sale of property, plant and equipment	(2,820)
Gain on sale of financial assets classified as held for sale	(6,125)
Equity-settled security based payment transactions	837
Other non-cash items	2,912
(Increase)/decrease in assets:	
– Change in trade and other receivables	13,752
– Change in inventories	(5,132)
– Change in prepayments and other assets	(8,607)
– Change in deferred tax assets	(44,874)
Increase/(decrease) in liabilities:	
– Change in trade and other payables	25,159
– Change in provisions and employee benefits	68,601
Net cash flows from operating activities	**204,776**

8. Loans and borrowings

	Unaudited December 2007 $'000
Current	
Secured:	
Bank loans[1]	406,399
Finance lease liabilities	775
Total current borrowings	**407,174**
Non current	
Secured:	
Bank loans[1]	4,523,899
Total non current borrowings	**4,523,899**

Loans and borrowings are secured by charges over the assets of various entities within Asciano.

1 Certain borrowings are at floating interest rates. Interest on this debt is based upon the bank bill swap rate plus a margin.

Bank facilities

Asciano had total committed credit facilities of $5,714.4 million, of which $590.2 million were undrawn at 31 December 2007. As at balance date these facilities have fixed maturity dates ranging between May 2008 and May 2012.

Asciano's net debt at 31 December 2007 stood at $4.71 billion. Subsequent to balance date, bank loans totalling $406 million maturing in August 2008 have been extended to February 2009, and offers have been accepted for the extension of working capital facilities from May and June 2008 to May 2009.

9. Capital

	Date	Issue price ($)	No. of shares	Unaudited $'000
Issue of shares upon incorporation of Asciano Limited	29 January 2007	–	1	–
Shares issued under the Scheme of Arrangement[1]	6 June 2007	11.15	635,294,000	7,083,528
Asciano share placement[1]	8 June 2007	10.65	14,084,506	150,000
Cancellation by way of selective reduction of capital	15 June 2007	–	(1)	–
Increase in shares between 8 June and 15 June[1]	15 June 2007	11.15	7,218,000	80,481
Balance at end of period			**656,596,506**	**7,314,009**

Asciano has also issued options over securities. No options were exercised during the period.
The holders of ordinary securities are entitled to receive distributions as declared from time to time and are entitled to one vote per security at meetings of Asciano. All securities rank equally with regard to Asciano's residual assets. In respect of Asciano's securities that are held by the parent, all rights are suspended until those securities are reissued.

1 These securities were quoted on ASX and were traded on a deferred settlement basis up until 15 June 2007.

10. Reserves

Reconciliation of movement in reserves

	Common control reserve $'000	Fair value reserve $'000	Translation reserve $'000	Hedging reserve $'000	Employee equity benefits reserve $'000	Unaudited Total reserves $'000
Asciano						
Opening balance	–	–	–	–	–	–
Acquired on demerger	(5,459,283)	–	–	24,686	–	(5,434,597)
Recognised income and (expense)	–	(25,786)	(1,012)	40,000	837	14,039
Closing balance	**(5,459,283)**	**(25,786)**	**(1,012)**	**64,686**	**837**	**(5,420,558)**

Common control reserve
As a result of combinations of entities under common control a new reserve account was created as a component of equity. This account has been called the common control reserve. The balance of the account represents the excess of the fair value of Asciano securities as traded on 15 June 2007 over the carrying value of the Patrick, Pacific National and Toll Ports businesses transferred from Toll Holdings Limited to Asciano Limited.

Fair value reserve
The fair value reserve comprises the cumulative net change in the fair value of available-for-sale financial assets until the investment is derecognised or impaired.

Translation reserve
The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign operations as well as from the translation of liabilities that hedge the parent's net investment in a foreign subsidiary.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred.

Employee equity benefits reserve
The employee equity benefits reserve is used to record the value of security based payments provided to employees, including Key Management Personnel, as part of their remuneration. The current balance represents options issued to senior executives under the Asciano options and rights plan. The value attributed to the options is recognised on a straight line basis over the vesting period. This reserve will be reversed against share capital when the underlying options are exercised and results in shares being issued.

11. Accumulated profits of the parent company

	Unaudited December 2007 $'000
Opening balance	–
Recognised income and expense	(1,965)
Current period profit	112,339
Closing balance	**110,374**

Distributions

No dividends were declared or paid from the parent. Distributions from Asciano Finance Trust paid to securityholders or declared during the half year were as follows:

	Cents per security	Total amount $'000	Date of payment	Tax deferred cents	Percentage franked
Interim distribution	23	151,017	28 February 2008	18	–

Dividend franking account

On demerger from Toll, the balance in the dividend franking account was nil since all franking credits generated prior to that date remained with Toll.

Subsequent to demerger, Asciano received income tax refunds which created a debit in the franking account, partly offset by franking credits attached to dividends received by Asciano on investments it holds. To the extent the franking account is in debit at 30 June 2008, Asciano will be required to make a payment to the Australian Taxation Office which will be creditable against income tax payable in the future.

Notes to and forming part of the preliminary unaudited financial information (continued)

For the period to 31 December 2007

12. Minority interest

	Trust[1] December 2007 $'000	Other[2] December 2007 $'000	Unaudited Total December 2007 $'000
Interest in:			
Capital[3]	430,229	–	430,229
Reserves	–	13,264	13,264
Accumulated (losses)/profits[4]	(218,535)	2,292	(216,243)
	211,694	**15,556**	**227,250**

1 Under AASB Interpretation 1002, the interests of the unitholders in Asciano Finance Trust are shown as minority interest in the Income Statement and Balance Sheet of Asciano even though the unitholders of Asciano Finance Trust are also shareholders of Asciano Limited by virtue of the stapling arrangement.

2 Other minority interest relates to the 20% of Patrick Autocare Pty Limited and 20% of Patrick Technology & Systems Pty Limited not held by the parent.

3 The distribution from the Trust comprises both current year profit of $32.8 million and a return of capital of $118.2 million.

4 The accumulated losses for the Trust represent the loss in the period attributed to the Trust of $185.7 million and the taxable component of the distribution of $32.8 million. The minority interest in the Income Statement of $185.7 million is arrived at by deducting the $32.8 million from the $218.5 million in the table above.

Reconciliation of movement in minority interest

	Unaudited December 2007
Opening balance	–
Arising on formation of Asciano on demerger	561,680
Recognised in the Statement of Recognised Income and Expense	(183,413)
Distribution declared	(151,017)
Closing balance	**227,250**

13. Subsequent events

Other than the events detailed in this preliminary unaudited financial information, there has not arisen in the interval between the end of the financial period and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the Directors of the Company, to affect significantly the operations of Asciano, the results of those operations, or the state of affairs of Asciano, in future financial years.

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2007/08 INTERIM RESULTS

INFORMATION PACKAGE

3 March 2008

DISCLAIMER

- This presentation includes certain forward-looking statements that are based on information and assumptions known to date and are subject to various risks and uncertainties. Actual results, performance or achievements could be significantly different from those expressed in, or implied by, these forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of Asciano, which may cause actual results to differ materially from those expressed in the statements contained in this presentation. For example, the factors that are likely to affect the results of Asciano include general economic conditions in Australia; exchange rates; competition in the markets in which Asciano does and will operate; weather and climate conditions; and the inherent regulatory risks in the businesses of Asciano.
- All amounts are based on A-IFRS and are in Australian Dollars unless otherwise stated. Certain figures may be subject to rounding differences.
- All figures (including forward-looking ones) in this presentation are unaudited.

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RESULTS HIGHLIGHTS

KEY MESSAGES

Strong Financial Results

- Underlying EBITDA up 21%

Strong Operating Performance & Outlook

- Pacific National Intermodal and Patrick businesses performing well
- Pacific National Bulk business issues being addressed

Sound Financial Position

- Bank facilities extended, no refinancing requirements until 2009
- Debt levels supported by high quality assets and strong cash flows
- Hedged to 70% for FY08 at weighted average fixed rate of 6.6%
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Clear Strategy for Growth

- Focus on core business
- Maximise ROE from existing business
- Leverage operating capability into new opportunities
- Optimise capital structure

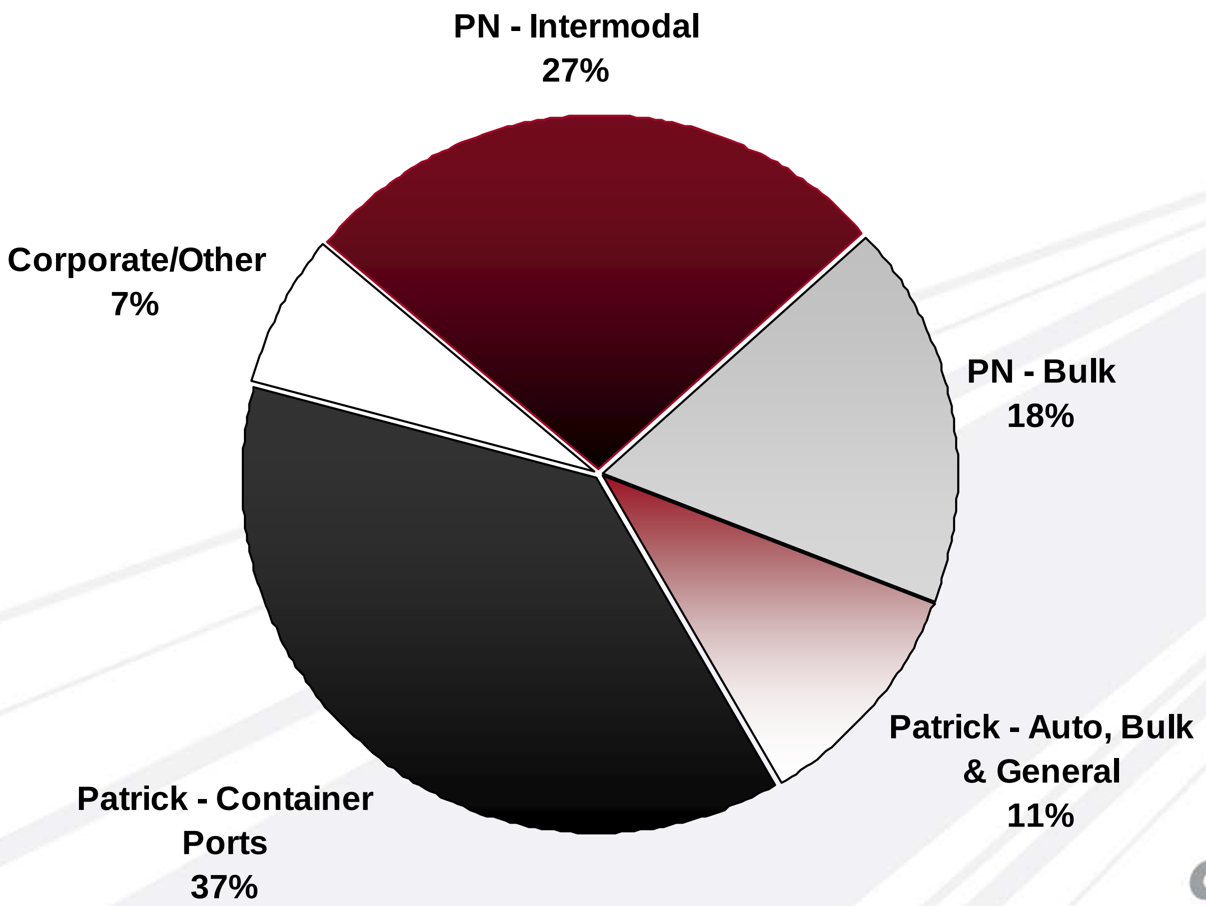
Results before significant items

Underlying Revenue from Continuing Businesses [1]	+8.4%	$1,274.1m
Underlying EBITDA [1]	+21.0%	$339.6m
Underlying EBITDA Margin [1,3]	+3.5%	24.4%
Interim distribution per security [2]		0.23¢

1. *For the period 1 July 2007 to 31 December 2007*
2. *Interim distribution paid 28 February 2008*
3. *Comparable EBITDA margin for 2006 20.9%*

UNDERLYING EBITDA CONTRIBUTIONS

CONTRIBUTION TO EBITDA

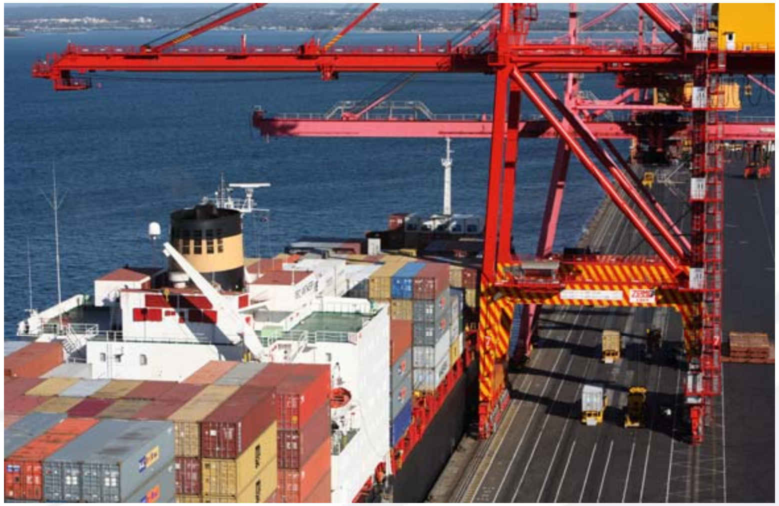


DIVISIONAL PERFORMANCE

PATRICK – CONTAINER PORTS

	6 Months to Dec. 07*	6 Months to Dec. 06*	% Change
Revenue	**$395.1m**	**$353.9m**	**+12%**
EBITDA	**$127.5m**	**$114.8m**	**+11%**

* 1 July to 31 December



- Performance underpinned by continued strong demand from customers, consistent across all sites
- Total TEU throughput year on year increased by over 10%
- Largest monthly volumes in total recorded in December 2007 across the four container ports
- Significant productivity gains achieved in Brisbane following introduction of 'AutoStrads' (crane rate improved by 25%, truck turnaround time reduced by 40%)
- Automated RMGs at Port Botany commenced limited operations
- New straddles delivered in Sydney (5) Q3 2007 and Melbourne (10) Q4 2007

PATRICK – AUTO, BULK & GENERAL

	6 Months to Dec. 07*	6 Months to Dec. 06*	% Change
Revenue	**$235.5m**	**$212.0m**	**+11%**
EBITDA	**$36.5m**	**$29.8m**	**+22%**

* 1 July to 31 December

- Strong volume growth in regional ports across the country (both contract renewals and new customers)
- Steel and auto volumes particularly strong, with increased productivity
- Several significant contractual milestones reached:
  - Geraldton Bulk facilities lease extended to June 2010
  - Automotive processing, storage and transport contracts renewed (will underpin business for 5 to 10 years)
  - In-principle agreement reached for additional woodchip exports in Albany
- Successful closure of Darling Harbour site and restructure of Glebe Island operations pending transfer of auto business to Port Kembla in late 2008

PACIFIC NATIONAL - INTERMODAL

	6 Months to Dec. 07*	6 Months to Dec. 06*	% Change
Revenue	$449.2m	$426.6m	+5%
EBITDA	$92.6m	$78.3m	+18%

* 1 July to 31 December

- Solid performance across the business - record volumes and revenues for the Express business
- Realignment of business structure to focus on operational improvements and customer outcomes
- Key milestones reached:
  - 50-year lease for Perth Freight Terminal executed
  - Commenced Port Kembla Rail Operations for BlueScope (PN responsible for all internal rail movements at Pt Kembla steelworks)
  - New 7-year contract with BlueScope and OneSteel for interstate steel transport
  - Renewed Great Southern Railways contract for 5 years
- No loss of significant volume accounts to QR or SCT

PACIFIC NATIONAL - BULK

	6 Months to Dec. 07*	6 Months to Dec. 06*	% Change
Revenue	$332.6m	$365.6m	-9%
EBITDA	$59.6m	$68.5m	-13%

* 1 July to 31 December

- Continued strong demand for export coal and record coal prices underpinned customer demand
- Continued investment in Hunter Valley capacity by PN – three new trains
- However, demand was not able to be met due to:
  - Supply chain capacity issues (mines, rail, ports)
  - Ongoing delays in infrastructure improvements
  - Weather-related issues
- Grain volumes remained weak due to drought
- Rural rail restructure to eliminate seasonal volatility ongoing, including redeploying grain assets to increase coal haulage capacity

DIVISIONAL OUTLOOK

	PATRICK	pacific national
Containers	• Underlying demand for containerised imports expected to remain robust, notwithstanding risk of US recession • Further productivity improvements expected in Brisbane and Sydney as a result of AutoStrads and RMGs • Significant expansion and/or pricing opportunities across all key sites • Port Phillip channel deepening should support Melbourne growth	• Continued customer demand and key contracts executed in past 12 months should underpin ongoing growth • Expansion of Express capacity to meet growing customer demand • Closer interface with Patrick terminals and development of Inland Port strategy should drive further capacity and productivity gains
Bulk/Auto	• Auto import volumes expected to remain solid with potential increases in 2008/09 following closure of local manufacturing • Investment in new auto facilities in Pt Kembla and export woodchip facilities at Geelong will be value-accretive • WA resources infrastructure (both ports and rail) remain a key opportunity	• Queensland coal haulage expected to commence in mid 2009/10 • Capacity constraints in Hunter Valley coal network expected to persist into 2008/09 • Greiner Review of Hunter Valley capacity should address planning environment and supply chain issues in longer term • Grain restructure continuing

SUMMARY FINANCIAL INFORMATION

SUMMARY PROFIT & LOSS

	Period to Dec 07	Period to Dec 06	% Change
Revenue from continuing business	$1,376.8m	$1,271.3m	+8.3%
Revenue from restructured business	$130.1m	$179.1m	-27.4%
Reported Revenue	**$1,506.9m**	**$1,450.5m**	**+3.9%**
Revenue from two week trading	($113.2m)	($109.3m)	
Underlying Revenue	**$1,393.7m**	**$1,341.2m**	**+3.9%**
Other Revenue	$27.4m	-	
Operating Costs and Share of net profit of associates	($1,081.5m)	($1,060.4m)	+2.0%
Underlying EBITDA	**$339.6m**	**$280.7m**	**+21.0%**
EBITDA from two week trading	$26.3m	$26.3m	
Reported EBITDA before Special Items	**$365.9m**	**$307.1m**	**+19.2%**
Depreciation & Amortisation	($130.1m)	($112.1m)	+16.1%
EBIT before Special Items	**$235.8m**	**$195.0m**	**+20.9%**
Net Financing Costs	($194.4m)		
Profit before Special Items & Tax	**$41.4m**		
Individually Significant Items	($150.1m)		
Net Loss Before Tax	**($108.7m)**		
Tax Benefit	$37.6m		
Net Loss After Tax	**($71.1m)**		

SIGNIFICANT ITEMS

	Period to Dec. 07
Rural restructure costs:	
- Asset write off (non-cash)	$113.1m
- Redundancy and other	$26.5m
Establishment, demerger and investment related costs	$10.5m
Total significant items	**$150.1m**

EARNINGS OUTLOOK

	Low	High
Previous EBITDA Guidance	**$695m**	**$705m**
Additional Impact of Coal	($20m)	($20m)
Revised EBITDA Guidance	**$675m**	**$685M**
Impact of trading 15 June to 30 June	($25m)	($25m)
Expected Underlying EBITDA for 2007/08	**$650m**	**$660m**
Grain Restructure Costs and other One-off items	($40m)	($40m)
Expected Reported EBITDA for 2007/08	**$610m**	**$620m**

2007/08

- Previous full year guidance has been revised downwards by 3% primarily due to expectations of continued capacity shortages in Hunter Valley coal business
- Previous full year distribution guidance of 0.46c per security maintained. Interim distribution of 0.23c paid on 28 February 2008

Medium/Longer Term

- Business remains well-placed to generate annual EBITDA growth of 10% to 15% over long term
- 2008/09 likely to be at the lower end of this range primarily due to ongoing Hunter Valley capacity constraints
- 2009/10 expected to be at or above the upper end of this range as Queensland coal haulage commences, Hunter Valley capacity constraints are addressed, full benefits of business restructure and cost savings are realised

ASCIANO STRATEGY

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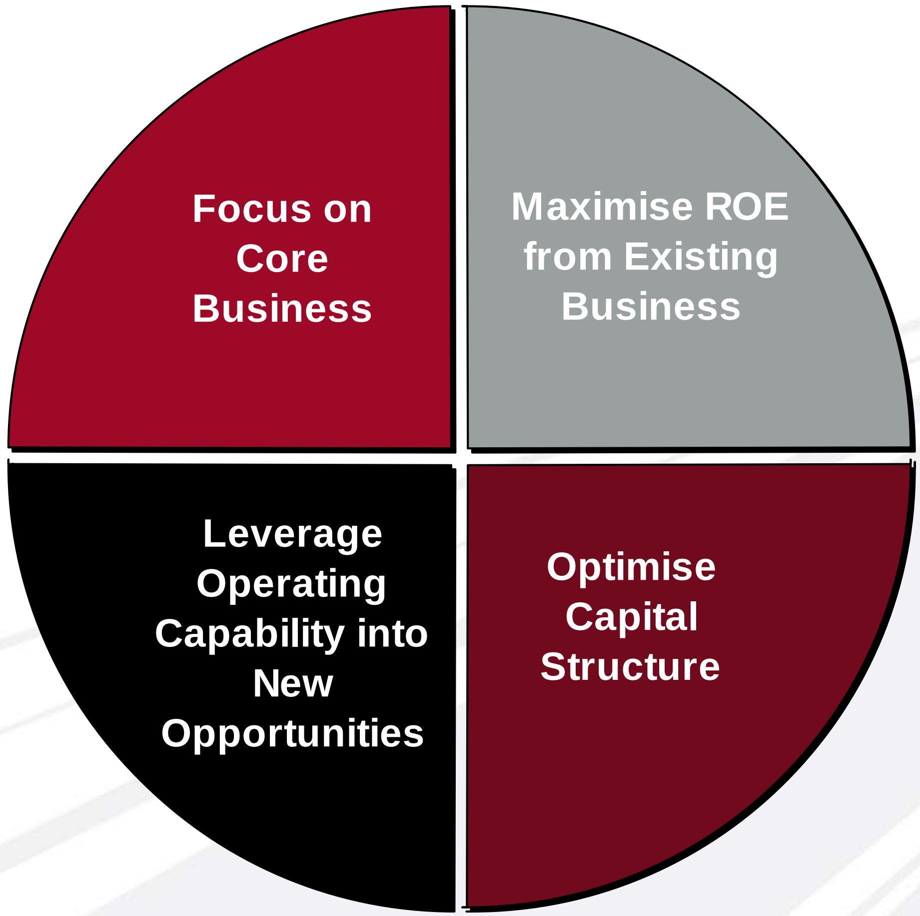


RATIONALISING NON CORE BUSINESS

Grain Restructure

- Restructure process is well advanced
- Following announcement of intention to shut down the business, further discussions have been held with grain companies (GrainCorp, AWB, Manildra) and with growers
- Other options now being considered, including restructuring existing haulage contracts
- Absolute commitment remains to exit the business in its current form
- Revised contractual arrangements will only be considered if they substantially de-risk the business and ensure it becomes profitable (e.g. through take-or-pay arrangements)

Brambles Stake

- Brambles stake identified as a non-core asset
- Exit strategy implemented in December 2007, resulting in partial divestment
- Subsequent equity market volatility resulted in suspension of the divestment process
- Recent BXB share price performance does not reflect fair value for the stake
- Bridge facility extended and is in place for a further 12 months
- All options continually being considered, including:
  - Sale of stake
  - Structured sale
  - Longer term refinancing and retention of stake pending recovery in markets

MAXIMISE ROE FROM EXISTING BUSINESSES

Asciano undertaking review of existing business structure and processes with three key objectives:

- Drive further revenue/operating synergies between Patrick & Pacific National businesses. Particular focus on bringing together rail and port capabilities across both containerised and bulk freight to offer integrated end-to-end service to customers

- Achieve further cost savings in the business through enhanced productivity and targeting cost synergies between Patrick and Pacific National

- Continue to undertake capex only on the basis of rigorous assessment of alternatives. Asciano has implemented additional return requirements and controls on capital expenditures in recognition of the tightened credit market conditions

LEVERAGING OPERATING CAPABILITIES

Queensland Coal

- Detailed discussions with customers are well advanced
- Contractual arrangements expected to be finalised by the June 2008 quarter
- Locomotives ordered and scheduled for delivery
- Process remains on target for commencement of operations mid 2009/10

Saudi Landbridge

- "Tarabot" consortium (in which Asciano is participating) is one of four short-listed bidders in the Saudi Landbridge project
- Project includes construction and 50 year operating concession for a new 1000km rail corridor linking Jeddah and Riyadh
- Tarabot was recently confirmed as the bidder requesting the lowest amount of public sector contribution. Formal announcement of the preferred bidder is expected on 7 May 2008
- If successful, Asciano expects to make limited investment in Tarabot and have a significant stake in the operating and maintenance company. Financial close is expected to occur in July 2009
- Returns will be generated from both equity investment and management contract, resulting in an attractive IRR

CURRENT CAPITAL STRUCTURE

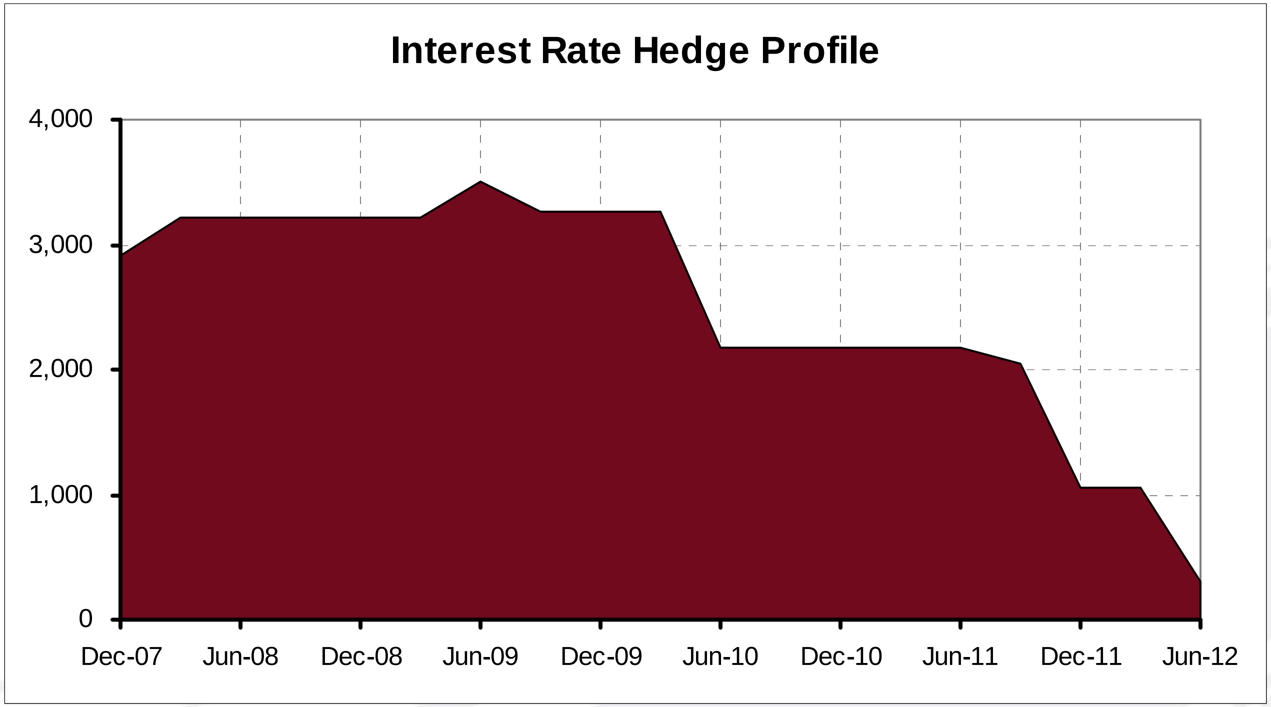
- Asciano's debt levels are appropriate and supported by a high quality asset base and strong cashflow profile
- Asciano is in full compliance with all banking covenants. Facilities have no covenants relating to market capitalisation or to security price
- There are no refinancing requirements for Asciano for the next 12 months. Weighted average maturity of debt is 3.1 years with 92% of outstanding debt maturing in May 2010 or later
- Minimal outstanding debt against Mark Rowsthorn's stake in Asciano – no risk of margin calls. Independent directors have no loan facilities of any type over their Asciano holdings

BANK FACILITIES EXTENDED
No maturities until 2009

Asciano debt profile	Maturity	As at 31 December 2007 Drawn	Undrawn
Syndicated term loan	May 2012	$2,250m	-
Syndicated term loan	May 2010	$2,250m	-
Syndicated capex facility	May 2010	$24m	$526m
BXB bridge facility [1]	Feb 2009	$406m	-
Bank debt outstanding		$4,930m	$526m
Bank guarantee/working capital facilities [2]	May 2009	$194m	$64m
Total Available Limits			$590m
Cash on hand			$221m
Available Liquidity			**$812m**

[1] Facility extended subsequent to balance date.
[2] Offers to extend accepted subsequent to balance date. Drawn amount comprises bank guarantees only, no cash

LONG TERM HEDGES IN PLACE
At attractive weighted average rate of 6.6%



- Additional swaps put in place subsequent to balance date – FY08 cover now 70%
- Weighted average maturity of hedges of 3.5 years.

NO RISK OF MARGIN CALLS

Directors’ holdings and margin loans

Director	Number of AIO securities held	Margin loan
T Poole	81,589	No
C Barlow	13,046	No
P George	136	No
M Rowsthorn	68,692,811	Yes

CEO’s funding arrangements

- 55,830,976 Asciano securities fully funded and not subject to loan facilities of any type
- $95m margin loan facility currently drawn to $50.1m
- This margin loan secured by $142.4m in ASX listed securities (as at market close on 29 February 2008) comprising:
  - 12,861,835 Asciano securities = $63.9m
  - other listed securities = $78.5m
- Asciano security price could go to zero and not incur a margin call

OPTIMISING CAPITAL STRUCTURE

- Target gearing for Asciano (Debt/EBITDA), to provide optimal balance between cost of capital and financing risk, is in the range of 6 to 7 times. Asciano remains comfortable with the current level of approximately 7.5 times, which is well within existing debt covenants. Excluding the Brambles bridge facility, and based on expected EBITDA growth and additional debt drawdowns, Asciano expects Debt/EBITDA to be approximately 6.5 times within the coming twelve months
- Prior to maturity of syndicated term facilities, Asciano will consider a credit rating and capital markets alternatives
- Alternative equity structures (e.g. sale of stake(s) in businesses to unlisted investors) is not being actively pursued by Asciano. However, Asciano will continue to consider future options to enhance Asciano security holder returns whilst retaining management control of existing businesses

KEY MESSAGES

asciano

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THANK YOU