



ASX ANNOUNCEMENT

Tuesday 11 May 2010

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

ELECTRONIC LODGEMENT

Dear Sir or Madam

MARKET UPDATE

Please find attached an announcement regarding an expected impairment charge predominantly relating to goodwill.

Yours faithfully

A handwritten signature in black ink that reads "F. Mead".

Fiona Mead
Company Secretary

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ASX/MEDIA RELEASE

Date: Tuesday 11 May 2010

Market Update

Following a recommendation from the Audit and Risk Committee as part of the annual preparation for financial reporting, the Board of Directors of Asciano Limited (Asciano), today advises that it expects a non-cash impairment charge in some of its businesses in the second half of the year to June 2010 of approximately \$1,110 million.

Asciano Managing Director and Chief Executive Officer Mark Rowsthorn said; "the Asciano Board, which has a number of new Directors, has completed a thorough and rigorous review of Asciano's 10 year strategic plans. Both the Board and management were pleased with the strategic position and direction of the Company. The strength of Asciano's core businesses, the exposure it has to the expanding resource sector and the leverage it has to an economic recovery means the Company is well positioned for future growth and performance."

"This is a non cash item and the overall enterprise value is not affected by the impairment due to the increase in value in other parts of the business which under accounting standards are unable to be written up", Mr Rowsthorn noted.

"In building its future as an investment grade industrial company, Asciano is committed to ensuring that any changes to our operating environment are assessed in a prudent and timely manner. Having completed annual impairment testing, and reflecting a conservative reassessment of long term growth assumptions, weighted average cost of capital, and in particular discounted cash flow terminal value calculations, it is expected that pre tax impairment charges of approximately \$1,110 million will be incurred in the second half of the year to June 2010. This amount comprises two non cash components:

- An impairment charge of approximately \$960 million relating to goodwill in the Ports businesses as follows:
 - \$760 million relating to goodwill in the Patrick Container Ports division largely attributable to changes in the long term assumptions of this business;
 - \$150 million relating to goodwill in the Patrick General Stevedoring division; and
 - \$50 million relating to the goodwill in Patrick Autocare.
- An impairment of other assets totalling approximately \$150 million – including \$120 million relating to tangible assets, and \$30 million relating to intangible assets such as customer contracts and associated relationships inherited at the time of the Toll-Asciano demerger. The tangible asset writedown includes \$60 million relating to a writedown in the carrying value of Rail Mounted Gantries at Port Botany.

The charges will be presented as 'individually significant items' in the full-year accounts.

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Mr Rowsthorn reiterated; “since the recapitalisation and the restructuring of its balance sheet, the business has stabilised and is well positioned for future performance. These impairment charges will have no impact on Asciano’s underlying business or overall consolidated cashflow and the outlook for the Company remains on track.”

Asciano continues to expect 2009/10 full year EBITDA to be around the top end of the previous guidance range of \$675m to \$700m.

Asciano’s leverage (as measured by Net Debt / EBITDA) is currently within the Board’s 3.25 – 3.5 times target range. Asciano’s balance sheet and liquidity are strong, with over \$700m in cash and undrawn facilities on hand and no debt maturing for over two years. As the impairment charges are non-cash significant items, they do not impact on Asciano’s compliance with its banking covenants.

“Looking forward, the strategic objectives approved by the Board, coupled with the Company’s attractive underlying businesses, significant growth prospects and quality management team will deliver growing value to securityholders over the next ten years”, Mr Rowsthorn said.

Ends

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