



Aurizon Network Pty Ltd
ABN 78 132 181 116

Singapore Stock Exchange
11 North Buona Vista Drive,
#06-07 The Metropolis Tower 2,
Singapore 138589

BY ELECTRONIC LODGEMENT

10 February 2020

Aurizon Network Pty Ltd Half Year Report

Please find attached a copy of Aurizon Network Pty Ltd's Half Year Report for the period ended 31 December 2019.

Kind regards

Dominic D Smith
Company Secretary

Aurizon Network Pty Ltd

ABN 78 132 181 116

Interim Financial Report for the six months ended 31 December 2019

Aurizon Network Pty Ltd

ABN 78 132 181 116

Interim Financial Report - 31 December 2019

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Aurizon Network Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Its registered office and principal place of business is:

Aurizon Network Pty Ltd
Level 8
900 Ann Street
Fortitude Valley QLD 4006

Aurizon Network Pty Ltd
Consolidated income statement
For the six months ended 31 December 2019

	Notes	31 December 2019 \$m	31 December 2018 \$m
Revenue from continuing operations	1	595.9	557.4
Employee benefits expense		(84.9)	(73.5)
Energy and fuel		(54.1)	(52.2)
Consumables		(63.2)	(75.1)
Depreciation and amortisation		(155.0)	(151.1)
Other expenses		(13.6)	(6.0)
Operating profit		225.1	199.5
Finance income		-	0.1
Finance expenses		(67.2)	(78.6)
Net finance costs		(67.2)	(78.5)
Profit before income tax		157.9	121.0
Income tax expense		(47.7)	(36.7)
Profit after tax from continuing operations		110.2	84.3
Profit is attributable to:			
Owners of Aurizon Network Pty Ltd		110.2	84.3

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

Aurizon Network Pty Ltd
Consolidated statement of comprehensive income
For the six months ended 31 December 2019

	31 December 2019 \$m	31 December 2018 \$m
Profit after tax from continuing operations	110.2	84.3
Other comprehensive income		
<i>Items that may be reclassified to profit or loss</i>		
Changes in the fair value of cash flow hedges	(7.9)	(5.1)
Income tax relating to these items	2.5	1.5
Other comprehensive income for the six months, net of tax	(5.4)	(3.6)
Total comprehensive income for the six months	104.8	80.7

The above consolidated statement of comprehensive income should be read in conjunction with the accompanying notes.

Aurizon Network Pty Ltd
Consolidated balance sheet
As at 31 December 2019

	31 December 2019 \$m	30 June 2019 \$m
Notes		
ASSETS		
Current assets		
Cash and cash equivalents	10.5	3.1
Trade and other receivables	148.0	219.3
Inventories	46.3	27.9
Derivative financial instruments	4 -	-
Other assets	6.7	1.4
Total current assets	211.5	251.7
Non-current assets		
Inventories	9.8	11.6
Derivative financial instruments	4 155.0	196.7
Property, plant and equipment	5,324.5	5,347.8
Intangible assets	97.8	97.0
Total non-current assets	5,587.1	5,653.1
Total assets	5,798.6	5,904.8
LIABILITIES		
Current liabilities		
Trade and other payables	143.3	217.9
Borrowings	3 667.1	167.0
Provisions	54.3	61.7
Other liabilities	42.2	56.6
Total current liabilities	906.9	503.2
Non-current liabilities		
Borrowings	3 2,520.7	3,132.9
Derivative financial instruments	43.5	46.0
Deferred tax liabilities	647.8	636.3
Provisions	4.2	3.4
Other liabilities	148.1	161.0
Total non-current liabilities	3,364.3	3,979.6
Total liabilities	4,271.2	4,482.8
Net assets	1,527.4	1,422.0
EQUITY		
Contributed equity	1,204.0	3.4
Convertible notes	-	1,200.0
Reserves	(50.8)	(45.4)
Retained earnings	374.2	264.0
Total equity	1,527.4	1,422.0

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

Aurizon Network Pty Ltd
Consolidated statement of changes in equity
For the six months ended 31 December 2019

	Notes	Attributable to owners of Aurizon Network Pty Ltd				Total equity \$m
		Contributed equity \$m	Convertible notes \$m	Reserves \$m	Retained earnings \$m	
Balance at 1 July 2019		3.4	1,200.0	(45.4)	264.0	1,422.0
Profit for the six months		-	-	-	110.2	110.2
Other comprehensive income		-	-	(5.4)	-	(5.4)
Total comprehensive income for the six months		-	-	(5.4)	110.2	104.8
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	2	-	-	-	-	-
Conversion of convertible notes to contributed equity		1,200.0	(1,200.0)	-	-	-
Capital contribution from the parent for share-based payments		0.6	-	-	-	0.6
		1,200.6	(1,200.0)	-	-	0.6
Balance at 31 December 2019		1,204.0	-	(50.8)	374.2	1,527.4
Balance at 1 July 2018		3.6	1,200.0	(13.2)	268.6	1,459.0
Profit for the six months		-	-	-	84.3	84.3
Other comprehensive income		-	-	(3.6)	-	(3.6)
Total comprehensive income for the six months		-	-	(3.6)	84.3	80.7
Transactions with owners in their capacity as owners:						
Dividends provided for or paid	2	-	-	-	(178.9)	(178.9)
Capital contribution from the parent for share-based payments		0.1	-	-	-	0.1
		0.1	-	-	(178.9)	(178.8)
Balance at 31 December 2018		3.7	1,200.0	(16.8)	174.0	1,360.9

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

Aurizon Network Pty Ltd
Consolidated statement of cash flows
For the six months ended 31 December 2019

	31 December 2019 \$m	31 December 2018 \$m
Notes		
Cash flows from operating activities		
Receipts from customers (inclusive of GST)	713.8	736.0
Payments to suppliers and employees (inclusive of GST)	(365.4)	(301.1)
Interest received	-	0.1
Income taxes paid	(48.2)	(34.3)
Net cash inflow from operating activities	<u>300.2</u>	<u>400.7</u>
Cash flows from investing activities		
Payments for property, plant and equipment	(141.3)	(113.9)
Proceeds from sale of property, plant and equipment	2.3	-
Payments for intangibles	(6.0)	(7.6)
Interest paid on qualifying assets	(1.3)	(1.7)
Net cash (outflow) from investing activities	<u>(146.3)</u>	<u>(123.2)</u>
Cash flows from financing activities		
Proceeds from borrowings	82.0	38.0
Repayment of borrowings	(135.0)	(70.0)
Dividends paid to Company's shareholders	-	(178.9)
Loans from related parties	(24.0)	5.0
Interest paid	(69.3)	(73.0)
Payment of transaction costs related to borrowings	(0.3)	-
Net cash (outflow) from financing activities	<u>(146.6)</u>	<u>(278.9)</u>
Net increase/(decrease) in cash and cash equivalents from continuing operations	<u>7.3</u>	<u>(1.4)</u>
Cash and cash equivalents at the beginning of the financial year	3.1	2.2
Effects of exchange rate changes on cash and cash equivalents	0.1	0.6
Cash and cash equivalents at end of interim financial period	<u>10.5</u>	<u>1.4</u>

The above consolidated statement of cash flows should be read in conjunction with the accompanying notes.

About this report

Corporate information

The financial statements of Aurizon Network Pty Ltd ("the Company") for the six months ended 31 December 2019 are for the consolidated entity consisting of the Company and its subsidiaries (together referred to as "the Group" or "Aurizon Network").

Basis of preparation

This consolidated Interim Financial Report for the six month reporting period ended 31 December 2019 has been prepared in accordance with Accounting Standard AASB 134 *Interim Financial Reporting*. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

This consolidated interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this financial report is to be read in conjunction with the annual report of the Company for the year ended 30 June 2019. The annual report for the year ended 30 June 2019 is accessible at www.aurizon.com.au.

The consolidated Interim Financial Report is presented in Australian dollars with all values rounded to the nearest hundred thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

Key events and transactions for the reporting period

The financial position and performance of the Group was particularly affected by the following events and transactions during the reporting period:

(a) Access Revenue

2017 Access Undertaking

During the prior period, agreements were signed with customers who represent more than 90% of railed tonnes in the Central Queensland Coal Network (CQCN) to propose amendments to the 2017 Access Undertaking. As a result, on 3 May 2019, a Draft Amending Access Undertaking (DAAU) was submitted to the Queensland Competition Authority (QCA) incorporating the proposed amendments. The proposed amendments include:

- Extending the term of the Access Undertaking to 10 years (1 July 2017 to 30 June 2027);
- A Weighted Average Cost of Capital (WACC) of 5.9% increasing to 6.3% (subject to reset on 1 July 2023) on completion of specified milestones; and
- Development of mechanisms to provide supply chain value through improved supply chain stability and improved maintenance and asset renewal programs.

On 25 November 2019, the QCA released its Final Decision which provided that it would approve the DAAU, subject to minor amendments proposed by the QCA being included. Aurizon Network submitted a Compliant Access Undertaking in line with the Final Decision which was approved by the QCA on 19 December 2019. The WACC of 5.9% will apply from 3 May 2019 with the true-up of access revenue recognised in FY20.

A Volume Reset DAAU was submitted to the QCA on 25 October 2019. The QCA accepted, in principle, the key aspects of the Volume Reset DAAU, however as this approval overlapped with the Compliant Access Undertaking, the QCA were not able to approve the Volume Reset DAAU. Therefore, Aurizon Network submitted a consolidated Compliant Access Undertaking and Volume Reset DAAU on 20 December 2019 for approval by the QCA.

Access revenue for the period has been recognised based on the consolidated Compliant Access Undertaking and Volume Reset DAAU.

Wiggins Island Rail Project (WIRP) Access Revenue

During the period, legal proceedings continued in relation to the notices received by the Group from the WIRP customers purporting to exercise a right under the WIRP Deeds to reduce their financial exposure in respect of payment of the WIRP fee, which is non-regulated. On 27 June 2019, the Supreme Court of Queensland ruled in the Group's favour, however on 25 July 2019, customers lodged an appeal challenging the decision of the Supreme Court. The appeal will be heard in the Queensland Court of Appeal in March 2020.

Key events and transactions for the reporting period (continued)

(a) Access Revenue (continued)

Wiggins Island Rail Project (WIRP) Access Revenue (continued)

The customers also initiated other disputes under their respective WIRP Deeds which were the subject of an expert determination in February 2019. Those disputes relate to various matters relating to the completion of the WIRP construction works. The Expert's Determination was issued on 4 June 2019 and found that the non-regulated WIRP fee should be partially reduced. These disputes relate to the same component of WIRP revenue as the Supreme Court proceedings and will not impact recovery of the regulated access charge component of WIRP capital expenditure.

Due to the ongoing dispute, no revenue in respect of the non-regulated WIRP fee has been recognised in the period.

(b) Debt financing

In July 2019 the Group reduced the capacity of the syndicated bank debt facility expiring July 2021 from \$490.0 million to \$380.0 million. In September 2019 the Group issued a long term \$82.0 million fixed rate Medium Term Note expiring 22 March 2030.

Comparative Period

Key events and transactions affecting the performance of the Group in the comparative period are disclosed within the Annual Report for the year ended 30 June 2019.

Results for the six months

IN THIS SECTION

Results for the six months provides segment information and a breakdown of individual line items in the consolidated income statement that the directors consider most relevant.

1	Revenue	Page 10
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1 Revenue

The Group derives revenue from the provision of access to, and operation of, the Central Queensland Coal Network (CQCN), as well as, provision of maintenance and renewal of Network assets. Revenue is recognised over time.

	31 December 2019 \$m	31 December 2018 \$m
Revenue from continuing operations		
Services revenue		
Track access	564.7	534.1
Other revenue	31.2	23.3
	595.9	557.4

Capital management

IN THIS SECTION

Capital management provides information about the capital management practices of the Group and shareholder returns for the six months and the Group's fair value disclosure for financial instruments.

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2 Dividends

(a) Ordinary shares

	31 December 2019 \$m	31 December 2018 \$m
Final dividend for the year ended 30 June 2019 of \$nil (2018: \$230,000) per share, paid September 2019 (unfranked)	-	23.0
Interim dividend for the year ended 30 June 2020 of \$nil (2019 \$1,559,000) per share, paid September 2019	-	155.9

(b) Dividends not recognised at the end of the reporting period

	31 December 2019 \$m	31 December 2018 \$m
Since 31 December 2019, the Directors have recommended the payment of an interim dividend of \$847,764 (2019: \$nil) per fully paid ordinary share, unfranked. The aggregate amount of the proposed dividend expected to be paid on 19 March 2020 out of retained earnings, but not recognised as a liability at 31 December 2019:	110.2	-

3 Borrowings

	31 December 2019 \$m	30 June 2019 \$m
Current - Unsecured		
Bank debt facilities	82.0	82.0
Medium-term notes	524.1	-
Loans from related parties	61.0	85.0
Total current borrowings	<u>667.1</u>	<u>167.0</u>
Non-current - Unsecured		
Medium-term notes	2,191.8	2,670.0
Bank debt facilities	335.0	470.0
Capitalised borrowing costs	(6.1)	(7.1)
	<u>2,520.7</u>	<u>3,132.9</u>
Total borrowings	<u>3,187.8</u>	<u>3,299.9</u>

The Group's bank debt facilities contain financial covenants. Both the bank debt facilities and medium-term notes contain general undertakings including negative pledge clauses which restrict the amount of security that the Group can provide over assets in certain circumstances. The Group has complied with all required covenants and undertakings throughout the reporting period.

In July 2019 the Group reduced the capacity of the syndicated bank debt facility expiring July 2021 from \$490.0 million to \$380.0 million.

On 25 September 2019 the Group issued a long term \$82.0 million fixed rate Medium Term Note expiring 22 March 2030.

4 Fair value disclosure for financial instruments

(a) Fair values of financial instruments

The carrying amounts and fair values of all of the Group's financial instruments which are not carried at an amount which approximates their fair value at 31 December 2019 and 30 June 2019 are shown in the following table.

The fair value of borrowings is estimated by discounting the future contractual cash flows at the current market interest rates that are available to Aurizon Network for similar financial instruments. For the period ended 31 December 2019, the borrowing rates were determined to be ranging from 1.7% to 3.2% depending on the type of borrowing (30 June 2019: 1.8% to 4.2%).

	Carrying amount		Fair value	
	31 December 2019 \$m	30 June 2019 \$m	31 December 2019 \$m	30 June 2019 \$m
Borrowings	3,187.8	3,299.9	3,277.2	3,351.6

(b) Fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) are determined using valuation techniques. These valuation techniques maximise the use of observable market data where available and rely as little as possible on entity specific estimates. If all significant inputs required to determine the fair value of an instrument are observable, the instrument is included in Level 2.

The Group measured and recognises the following assets and liabilities at fair value on a recurring basis:

- Forward foreign exchange contracts
- Interest rate swaps
- CCIRS

The fair value of forward foreign exchange contracts has been determined as the unrealised gain/(loss) at balance date by reference to market rates. The fair value of interest rate swaps has been determined as the net present value of contracted cash flows.

These values have been adjusted to reflect the credit risk of the Group and relevant counterparties, depending on whether the instrument is a financial asset or a financial liability. The existing exposure method, which discounts estimated future cash flows to present value using credit adjusted discount factors after counterparty netting arrangements has been adopted for both forward foreign exchange contracts and interest rate swaps.

The fair value of CCIRS has been determined as the net present value of contract cash flows. The future probable exposure method is applied to the estimated future cash flows to reflect the credit risk of the Group and relevant counterparties.

(c) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices)

Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

During the interim financial period to 31 December 2019, there were no transfers between Level 1, Level 2 and Level 3 fair value hierarchies.

Recognised fair value measurements

4 Fair value disclosure for financial instruments (continued)

(c) Fair value hierarchy (continued)

At 31 December 2019	Level 1 \$m	Level 2 \$m	Level 3 \$m	Total \$m
Derivative financial instrument assets				
Current assets				
Non-current assets				
Interest rate swaps	-	1.0	-	1.0
CCIRS - EMTN 1	-	130.0	-	130.0
CCIRS - EMTN 2	-	24.0	-	24.0
	-	155.0	-	155.0
Total derivative financial instrument assets	-	155.0	-	155.0
Derivative financial instrument liabilities				
Non-current liabilities				
Interest rate swaps	-	(43.5)	-	(43.5)
Net financial instruments measured at fair value	-	111.5	-	111.5
 At 30 June 2019	 Level 1 \$m	 Level 2 \$m	 Level 3 \$m	 Total \$m
Derivative financial instrument assets				
Non-current assets				
CCIRS - EMTN 1	-	151.6	-	151.6
CCIRS - EMTN 2	-	45.1	-	45.1
	-	196.7	-	196.7
Total derivative financial instrument assets	-	196.7	-	196.7
Derivative financial instrument liabilities				
Non-current liabilities				
Interest rate swaps	-	(46.0)	-	(46.0)
Net financial instruments measured at fair value	-	150.7	-	150.7

Other notes

IN THIS SECTION

Other notes provide information on other items which require disclosure to comply with Australian Accounting Standards and other regulatory pronouncements however are not considered critical in understanding the financial performance of the Group.

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7	Critical accounting estimates and judgements	Page 18

5 Summary of significant accounting policies

The accounting policies adopted in the preparation of this consolidated Interim Financial Report are consistent with those of the previous financial year except for the adoption of new and amended standards as set out below. These policies have been consistently applied to both periods presented, unless otherwise stated. Where necessary, comparative information has been restated to conform with changes in presentation in the current year.

(a) New and amended standards adopted by the Group

A number of new or amended standards become applicable for the current reporting period and did not have any impact on the Group. The revised accounting policy as a result of adopting AASB 16 *Leases* is disclosed in note 6.

6 Changes in accounting policies

The adoption of AASB 16 *Leases* did not have any impact on the Group. This note discloses the new lease accounting policy that has been applied from 1 July 2019.

(a) Adjustments recognised on adoption of AASB 16

The change in accounting policy as a result of adopting AASB 16 had no impact on the Group's 1 July 2019 balance sheet.

The Group elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying AASB 117 *Leases* and Interpretation 4 *Determining whether an Arrangement contains a Lease*.

(b) The Group's leasing activities and how these are accounted for

Leases of property, plant and equipment were previously classified as either finance or operating leases up to 30 June 2019. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease. Rental revenue from operating leases where the Group is the lessor were recognised as income on a straight-line basis over the lease term.

From 1 July 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss 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 right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Where the Group is a sub-lessor and the sub-lease is for the duration of the head lease, the right-of-use asset recognised from the head leases are derecognised and a lease receivable equal to the present value of future lease payments receivable is recognised.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate, and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the Group's incremental borrowing rate, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received, and
- any initial direct costs.

Payments associated with short-term leases are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

7 Critical accounting estimates and judgements

A number of critical accounting estimates and judgements were disclosed in the 30 June 2019 financial report. Included within those judgements and estimates are the following which have particular relevance to the Interim Financial Report.

(a) Revenue

Wiggins Island Rail Project (WIRP) Access Revenue

During the period, legal proceedings continued in relation to the notices received by the Group from the WIRP customers purporting to exercise a right under the WIRP Deeds to reduce their financial exposure in respect of payment of the WIRP fee, which is non-regulated. On 27 June 2019, the Supreme Court of Queensland ruled in the Group's favour, however on 25 July 2019, customers lodged an appeal challenging the decision of the Supreme Court. The appeal will be heard in the Queensland Court of Appeal in March 2020.

The customers also initiated other disputes under their respective WIRP Deeds which were the subject of an expert determination in February 2019. Those disputes relate to various matters relating to the completion of the WIRP construction works. The Expert's Determination was issued on 4 June 2019 and found that the non-regulated WIRP fee should be partially reduced. These disputes relate to the same component of WIRP revenue as the Supreme Court proceedings and will not impact recovery of the regulated access charge component of WIRP capital expenditure.

Due to the ongoing dispute, no revenue in respect of the non-regulated WIRP fee has been recognised in the period.

Unrecognised items and events after reporting date

IN THIS SECTION

Unrecognised items provide information about items that are not recognised in the financial statements but could potentially have a significant impact on the Group's financial position and performance. This section also includes events occurring after the reporting date.

8	Contingencies	Page 20
9	Events occurring after the reporting period	Page 20

8 Contingencies

Issues relating to common law claims and product warranties are dealt with as they arise. There have been no material changes in contingent assets or liabilities since 30 June 2019.

9 Events occurring after the reporting period

No matter or circumstance has occurred subsequent to the interim financial period that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial periods.

In accordance with a resolution of the Directors of the Company, I state that:

In the opinion of the Directors of the Company:

- (a) the interim financial statements and notes set out on pages 1 to 20 are:
 - (i) complying with Accounting Standards; and
 - (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2019 and of its performance for the six months ended on that date, and
- (b) there are reasonable grounds to believe that the Aurizon Network Pty Ltd will be able to pay its debts as and when they become due and payable.



M Fraser
Chairman

Brisbane
10 February 2020



Independent auditor's review report to the members of Aurizon Network Pty Ltd

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Aurizon Network Pty Ltd (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2019, the consolidated statement of comprehensive income, consolidated statement of changes in equity, consolidated statement of cash flows and consolidated income statement for the half-year ended on that date, selected other explanatory notes and the directors' declaration.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with the accounting policies as described in the notes to the financial statements and have determined that the accounting policies in the notes, which form part of the financial report, are appropriate to meet the needs of the members and internal purposes. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that is free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, anything has come to our attention that causes us to believe that the half-year financial report is not presented fairly, in all material respects, in accordance with the accounting policies as described in the notes to the financial statements. As the auditor of Aurizon Network Pty Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

In conducting our review, we have complied with the independence requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)*.



Conclusion

Based on our review, which is not an audit, nothing has come to our attention that causes us to believe that the half-year financial report of Aurizon Network Pty Ltd does not present fairly, in all material respects, the Group's financial position as at 31 December 2019 and its performance for the half-year ended on that date, in accordance with the accounting policies as described in the notes to the financial statements.

PricewaterhouseCoopers

PricewaterhouseCoopers

A blue ink signature, appearing to read 'Allman', enclosed within a blue oval.

Tim Allman
Partner

Brisbane
10 February 2020