

FINANCIAL REVIEW

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HD **Prescott fields tough questions**
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Aurizon avoided a second strike on its remuneration report at its annual general meeting as chairman John Prescott defended the rail group's expansion projects and financial investments.

Aurizon's remuneration report passed with 93 per cent votes cast in favour, avoiding a potential board spill, after the **company** addressed investor concerns about remuneration.

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Aurizon incurred a "first strike" against its report last year when only 72 per cent of votes were cast in favour, due to concerns about the size of executive pay packages and weak performance hurdles.

Mr Prescott, who will step down as chairman within the next 12 months, faced tough questions from investors about the **company**'s financial exposure to the Wiggins Island **Coal** Export Terminal (WICET) and expansion plans in Queensland and Western Australia.

Mr Prescott claimed Aurizon did not face "significant risk" on its investments in WICET despite the collapse of one of its coalmining owners, Bandanna **Energy**, in September.

WICET's opening, scheduled for this month, is likely to be delayed and receivers have been positioning to act for the terminal, which was funded with some \$3 **billion** of debt, if it is restructured.

Aurizon, which has built rail lines for WICET, has already written off some \$45 **million** it invested in designs for additional rail links at the terminal and nearby Dudgeon Point after further expansion plans were scrapped. **Coal** haulage defended

Mr Prescott also defended the future of Aurizon's **coal** haulage **operations**, in response to questions about the sustainability of the **coal** industry, arguing that **millions** of people around the world still depended on power generation fuelled by **coal**, and that **coal** consumption would continue to increase over the next few decades.

Investors queried how much money Aurizon would spend on planned infrastructure projects in WA's Pilbara region and Queensland's Galilee Basin.

Mr Prescott said the **company** had made no commitments because it was juggling "a number of balls at the same time". But he confirmed that Aurizon could get project financing for rail and port developments in the Pilbara, in partnership with **China**'s Baosteel, or sell a **stake** in its Queensland rail tracks business to pay for its Galilee rail and port developments in partnership with India's GVK Hancock.

He also claimed there would be no delay to the expansion of port facilities at Abbot Point after disputes over the dumping of dredge spoil, arguing that GVK and Aurizon were still in the early stages of planning.

Mr Prescott declined to comment on Indian press reports that GVK group chairman GVK Reddy was being investigated by Mumbai police over allegations that the **company** received "undue benefits" on a project to modernise Mumbai airport.

Aurizon's shares rose 10¢, or 2 per cent, to close at \$4.80 – its highest level since late August – after it said it would buy back up to 107 **million** shares over the next 12 months. Mr Prescott said the buyback was undertaken after requests from shareholders.

CO eeaus : Bandanna Energy Limited | qnrtnl : Aurizon Holdings Limited

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