

SE Business
HD **Aurizon freight off track**
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AURIZON yesterday warned of an up to \$382 **million** profit hit and the loss of almost 600 jobs as the **coal** freight giant desperately struggles to adapt to lower demand.

It revealed that on top of the up to 480 jobs it last month said would be lost from its planned closure of the Redbank and Townsville rolling stock maintenance **operations**, it has also shed 103 jobs, mainly at its Brisbane head office.

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As a result it expects second-half impairments and provisions to erode earnings by between \$130 **million** and \$160 **million**.

For the year to June 30, the earnings hit will be between \$352 **million** and \$382 **million**.

Queensland's second largest **company** by market capitalisation releases full-year financial results on August 18.

It comes after rival Asciano last week blamed an earnings hit from deferred greenfield **coal** projects, and other factors, for shedding 500 jobs.

Aurizon said the cutbacks reflected its "best assessment" of the current and short-term outlook for domestic and global **coal** markets, marked by deferrals or cancellations of major projects.

Aurizon chief executive Lance Hockridge said the actions were a "comprehensive" response by Aurizon to the sector's weaker outlook.

He said the outlook for Australia's resources sector "is still very attractive, (but) it is clearly more subdued".

Aurizon received some good news yesterday on its potential takeover of Aquila Resources with **China**'s Baosteel.

They are keen to take control of Aquila so they can kickstart the stalled \$10 **billion** West Pilbara **Iron Ore** Project.

Aquila co-founder Charles Bass, who holds a 10.7 per cent **stake**, yesterday said he would accept the \$1.4 **billion** bid.

Aquila's CEO, Tony Poli earlier said he would accept it, and Aquila's independent board committee has recommended shareholders accept. Aurizon shares fell 4¢ to \$4.96 yesterday.

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