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23 February 2023

ASX Announcement

Results for Announcement to the Market – FY23 Half Year Results

We **attach** the following for the half year ended 31 December 2022:

- Appendix 4D
- FY23 Half Year Financial Report

Authorised for release by:

The Board of Directors, Qube Holdings Limited

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Qube Holdings Limited
(ABN 14 149 723 053)
APPENDIX 4D Half Year Report 31 December 2022
Results for Announcement to the Market

Statutory Information

Set out below are the statutory results for Qube Holdings Limited (Qube) and its controlled entities for the half year ended 31 December 2022.

The table below highlights that Qube reported a $111.3 million statutory net profit after tax attributable to members for the half year, which includes the contribution from the discontinued operations. However, when the gain from the discontinued operations are excluded, the statutory result from continuing operations is a net profit after tax of $105.1 million.

Statutory Information	**Dec 2022 $m**	**Dec 2021 $m**	**Movement %**
Revenue from ordinary activities	1,448.2	1,181.6	23%
Revenue from ordinary activities (including discontinued operations[2])	1,455.8	1,190.4	22%
EBITDA[1]	284.4	231.3	23%
EBITDA[1] (including discontinued operations[2])	292.0	214.7	36%
Net Profit after tax	105.1	72.5	45%
Net profit after tax attributable to members (including discontinued operations[2])	111.3	56.3	98%
Interim dividend per share (fully franked)	3.75c	3.0c	25%
Basic EPS	6.0c	3.8c	58%
Diluted EPS	5.9c	3.8c	55%
Basic and Diluted EPS (including discontinued operations[2])	6.3c	2.9c	117%
Diluted weighted average shares on issue (m)	1,767.4	1,910.2	(7)%

[1]EBITDA is statutory net profit before tax adjusted to remove share of profit of associates, net finance costs, depreciation and amortisation.

[2]Discontinued Operations represent the sale of the warehouse and property assets of the Moorebank Logistics Park, refer to Note 5 Discontinued Operations of the financial statements for further information.

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude certain non-cash and non–recurring items in order to more accurately reflect the underlying performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.

Underlying information*	**Dec 2022 $m**	**Dec 2021 $m**	**Movement %**
Underlying Revenue	1,497.2	1,216.0	23%
Underlying EBITDA	234.7	190.4	23%
Underlying EBITA	145.2	110.9	31%
Underlying net profit attributable to members	124.9	88.3	41%
Underlying net profit attributable to members pre-amortisation	132.6	96.8	37%
Underlying diluted EPS	7.1c	4.6c	54%
Underlying diluted EPS pre-amortisation	7.5c	5.1c	47%

Further commentary on the performance of Qube and its operating businesses is set out in the financial statements and ASX announcement issued with this Appendix 4D. Underlying information is inclusive of discontinued operations.

* The underlying information excludes certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to ‘underlying ’information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

A reconciliation of the statutory results to the underlying results for the half year is presented below:

	Dec-22	Dec-21
	$m	$m
Revenue from external customers	**1,455.8**	**1,190.4**
Intercompany transactions	**51.8**	27.6
Fair value gains	**-**	(3.5)
Discontinued Operations	**(7.6)**	-
AASB 16 Leasing adjustments	**(0.4)**	-
Other adjustments	**(2.4)**	1.5
Underlying revenue	**1,497.2**	**1,216.0**
Net profit before income tax	**150.2**	**80.8**
Share of profit of equity accounted investments	**(21.8)**	(8.6)
Net finance cost	**27.3**	18.4
Depreciation and amortisation	**136.3**	124.1
EBITDA	**292.0**	**214.7**
Net Fair value loss	**-**	2.1
AASB 16 leasing adjustment	**(52.9)**	(49.0)
Discontinued Operations	**(7.6)**	7.4
Loss on assets held for sale	**-**	9.7
Other adjustments (net)	**3.2**	5.5
Underlying EBITDA	**234.7**	**190.4**
Underlying Depreciation	**(89.5)**	(79.5)
Underlying EBITA	**145.2**	**110.9**
Underlying Amortisation	**(4.0)**	(4.5)
Underlying EBIT	**141.2**	**106.4**
Underlying net finance cost	**(6.6)**	(3.8)
Underlying share of profit of equity accounted investments	**29.8**	15.7
Underlying net profit before income tax	**164.4**	**118.3**
Underlying income tax expense	**(40.4)**	(30.8)
Underlying net profit for the half year	**124.0**	**87.5**
Underlying non-controlling interests	**0.9**	0.8
Underlying net profit after income tax attributable to members	**124.9**	**88.3**
Underlying net profit after income tax attributable to members pre-amortisation [A]	**132.6**	**96.8**
	Cents	**Cents**
Underlying diluted earnings per share *	7.1	4.6
Underlying diluted earnings per share pre-amortisation*	7.5	5.1

[A] Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Qube's proportionate share of Patrick amortisation net of tax.

The table above has been extracted from note 2 of the financial statements but is un-audited.

* The underlying information excludes certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying 'information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review.

Dividend Information

	Amount (cents per share)	Record Date
Interim dividend - fully franked	3.75c	8 March 2023
Payment date	13 April 2023	

Qube paid a fully franked interim dividend of 3.0 cents per share for the six months ended 31 December 2021 on 8 April 2022. A fully franked final dividend of 3.3 cents per share and a fully franked special dividend of 0.7 cents for the year ended 30 June 2022 was paid on 18 October 2022.

Dividend Reinvestment Plan

The DRP has been suspended for the interim dividend payable on 13 April 2023.

Net Tangible Assets per Share

The net tangible assets per share are $1.21 per share (Dec 2021: $1.28 per share).

Additional Information

Additional Appendix 4D disclosures can be found in the notes to the Interim Financial Report.

This Appendix 4D report is based on the 31 December 2022 Interim Financial Report which has been subject to a review by PricewaterhouseCoopers.

Qube Holdings Limited
ABN 14 149 723 053

Consolidated financial report for the half-year ended 31 December 2022

Contents

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by Qube Holdings Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

The directors present their report on the consolidated entity consisting of Qube Holdings Limited (Qube), and the entities it controlled at the end of, or during, the half-year ended 31 December 2022.

Directors

The following persons were directors of Qube Holdings Limited during the whole of the half-year and up to the date of this report, unless otherwise stated, as detailed below:

Name	Position	Appointed	Retired
Allan Davies	Non-executive Chairman	26 August 2011	
Sam Kaplan	Non-executive Deputy Chairman	23 March 2011	
Paul Digney	Managing Director	1 July 2021	
Ross Burney	Non-executive Director	9 September 2011	
Nicole Hollows	Non-executive Director	19 October 2020	
Stephen Mann	Non-executive Director	1 September 2019	
Jackie McArthur	Non-executive Director	17 August 2020	
Alan Miles	Non-executive Director	1 April 2013	
Lindsay Ward	Non-executive Director	4 October 2022	

Dividend

The Directors have declared a fully franked interim dividend of 3.75 cents per share payable on 13 April 2023.

Review of operations

Overview

Qube delivered a very strong financial performance in the first half of FY23 with underlying revenue growth of 23.1% to $1.5 billion flowing through to underlying earnings (EBITA) growth of 30.9% to $145.2 million. Underlying NPATA increased by 37.0% to $132.6 million. Underlying earnings per share pre-amortisation (EPSA) increased by 47.1% to 7.5 cents, as result of the higher underlying NPATA and the reduced number of shares on issue as a result of the share buy-back completed in May 2022.

This performance reflects the multiple growth drivers within Qube's business, and was delivered by a combination of organic growth within each of the Operating Division and Patrick, as well as from the full period contribution from prior acquisitions and growth capex. The very strong result versus the prior corresponding period reflected continuing high volumes across most of Qube's core markets, including containers, grain and other agriculture products, steel, most mining bulk commodities, energy and general cargo.

It also demonstrates Qube's ability to effectively mitigate economic and other business challenges through our diversity, scale, operational performance and productivity initiatives, as well as through rate increases and contractual mechanisms.

A summary of key financial metrics is presented below.

	Underlying Information		Statutory Information (including discontinued operations)*	
	$m	Change (from prior corresponding period)	$m	Change (from prior corresponding period)
Revenue	1,497.2	23.1%	1,455.8	22.3%
EBITA	145.2	30.9%	159.6	67.8%
NPAT	124.9	41.4%	111.3	97.7%
NPATA	132.6	37.0%	119.0	83.6%
EPSA (cents)**	7.5	47.1%	6.7	97.1%
DPS (cents)	3.75	25.0%	3.75	25.0%

**Note: As a result of the sale of the Moorebank warehousing-related assets, the earnings associated with these assets were classified under discontinued operations in the FY21, FY22 and H1 FY23 financial statements. Excluding discontinued operations, H1 FY23 revenue is $1,448.2 million and EBITA is $152.0 million.*
***Note: EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.*

Qube's very strong financial performance in H1 of FY23 was achieved despite the continuing impact of skilled labour shortages across a number of our operations, particularly in more remote regions of Australia. This resulted in ongoing operational inefficiencies and drove higher operating costs including overtime and increased use of subcontractors, and also meant that Qube was unable to fully realise all of the available revenue opportunities. Additionally, although the overall impact was not as significant as in the prior financial year, the ongoing high inflationary environment, combined with some supply chain disruptions, resulted in some material input cost increases during the half, including spare parts, lubricants, tyres, travel costs and contract labour. There will be a lag in fully recovering these cost increases through the contractual rise and fall mechanisms or other out of contract renegotiations. The impact of COVID-19 and extreme weather events on the business was minimal in the first half.

Qube's results again demonstrate the robust and resilient nature of Qube's continuing diversification strategy which has resulted in a business that is well-diversified across geographies, assets, service offerings, customer base and markets and continues to have multiple drivers of growth.

Australia and New Zealand continue to be the most important markets for Qube, representing around 92% and 6% respectively of total group revenue, with other regions including South East Asia and Papua New Guinea representing the majority of the balance.

Further commentary is set out in the Operating Division section below.

Patrick also delivered strong earnings growth despite slightly reduced lift volumes. The business benefited from continuing operational efficiency initiatives including increased automation as well as increased landside and ancillary charges.

Further commentary is set out in the Patrick Terminals section below.

Statutory revenue (including discontinued operations) increased by 22.3% to approximately $1.46 billion and statutory profit after tax attributable (NPAT) to shareholders increased by 97.7% to $111.3 million. Statutory diluted earnings per share pre-amortisation increased by 97.1% to 6.7 cents per share.

The H1 FY23 statutory earnings also include the impact of the lease accounting standard, AASB 16, which has reduced statutory net profit after tax by around $14.3 million (inclusive of the impact of AASB 16 on Qube's share of Patrick's statutory net profit after tax). The corresponding reduction in Qube's statutory net profit after tax in H1 FY22 was $16.1 million.

Underlying revenue in H1 FY23 was $1.5 billion (+23.1%), underlying earnings (EBITA) was $145.2 million (+30.9%) and underlying net profit after tax before amortisation (NPATA) was $132.6 million (+37.0%). Underlying earnings per share pre-amortisation (EPSA) was 7.5 cents, an increase of 47.1% on the prior corresponding period.

The underlying information excludes discontinued operations and certain other non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review. A reconciliation of the statutory results to the underlying results for the full year is presented in the note 2 to the financial statements as well as the 31 December 2022 Appendix 4D.

Interim Dividend

As a result of Qube's very strong performance in the period, positive earnings outlook and strong financial position, the Board has increased the interim ordinary dividend by 25.0% to 3.75 cents per share, equating to a 50% dividend payout ratio of Qube's H1 FY23 underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA). The dividend reinvestment plan will not apply for the interim dividend.

Operating Division

The Operating Division reported very strong underlying revenue growth of 24.1% to $1.5 billion and underlying earnings growth (EBITA) of 29.6% to $163.8 million. The result was driven by very strong revenue and underlying earnings growth in the Logistics & Infrastructure business unit against the prior corresponding period. Whilst the Ports & Bulk business unit delivered strong revenue growth in H1 FY23, it reported a decline in underlying EBITA as a result of the factors set out in the below commentary. Divisional Corporate overhead costs increased in H1 FY23 driven in the main by higher labour and technology costs.

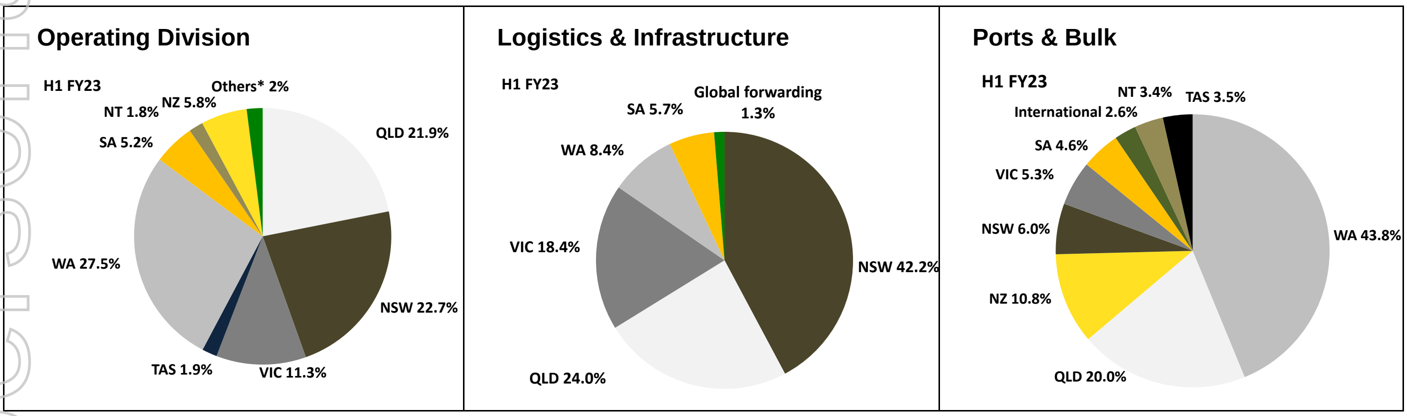
EBITA margins improved from 10.5% in H1 FY22 to 10.9% in H1 FY23.

Operating Division	H1 FY23 $ million	H1 FY22 $ million	Growth $ million	Growth %
Revenue				
Logistics & Infrastructure	692.0	523.6	168.4	32.2%
Ports & Bulk	806.4	683.1	123.3	18.1%
Divisional Corporate	(1.3)	0.1	(1.4)	N/A
Total Revenue	**1,497.1**	**1,206.8**	**290.3**	**24.1%**
Underlying EBITA				
Logistics & Infrastructure	118.5	69.9	48.6	69.5%
Ports & Bulk	64.4	70.4	(6.0)	(8.5%)
Divisional Corporate	(19.1)	(13.9)	(5.2)	(37.4%)
Total Underlying EBITA	**163.8**	**126.4**	**37.4**	**29.6%**

Qube remained highly diversified by customer, product, service and geography. In H1 FY23, the top 10 customers across the division represented approximately 23% of the Operating Division's total revenue and included mining companies, energy companies, retailers and manufacturers. No single customer represented more than 4.0% of the total divisional revenue.

From a geographical perspective, as highlighted in the pie charts below, Qube is well diversified with Western Australia being the largest single region representing 27.5% of total divisional revenue. The largest four regions within the Operating Division (being Western Australia, New South Wales, Queensland and Victoria) collectively represent around 83.4% of divisional revenue. This balanced outcome reflects the higher weighting of the Logistics & Infrastructure business unit's activities to New South Wales, Queensland and Victoria while the Ports & Bulk activities are weighted more heavily in Western Australia, Queensland as well as New Zealand. All states delivered revenue growth in H1 FY23 relative to the prior corresponding period.

Revenue segmentation by region



*Note: Others comprise Global Forwarding and South East Asia

Logistics & Infrastructure (L&I)

Qube's L&I business unit delivered a very strong result in H1 FY23 and reported revenues of $692 million which were 32.2% higher than in H1 FY22. L&I underlying EBITA (pre-divisional corporate overheads which are not allocated to the business unit) grew an impressive 69.5% to $118.5 million.

The L&I business experienced continuing high product and activity volumes across its core infrastructure. The benefit of Qube's substantial investment over many years on key infrastructure and building scale was reflected in the favourable earnings and margins in the period.

This included high grain volumes across the Quattro and NAT grain terminals in New South Wales, high vehicle and project cargo across the AAT automotive terminals in New South Wales and Queensland, and high container volumes at Qube's container parks across the country.

The result also reflects growth in warehousing activity nationally, including the commencement of operations of the new Altona warehouse.

Increased rail and terminal services also contributed to the result, and included a full period of the BlueScope contract and increased grain haulage.

The business effectively mitigated inflationary cost pressures through rate adjustments and productivity initiatives, which, along with the margin improvement associated with higher utilisation of fixed cost infrastructure, enabled L&I to significantly improve margins in the period.

Labour shortages, extreme weather events and supply chain disruptions only had a minor impact on the business performance in H1 FY23.

The top 10 L&I customers represent around 14.5% of the Operating Division's total revenue and include retailers, manufacturers, shipping lines, food processors and grain traders.

Moorebank Logistics Park (MLP) - IMEX and Interstate Terminals

In H1 FY23 further capital expenditure was incurred on the development and commissioning of the IMEX terminal automation. Stage 1 of manual terminal operations commenced in November 2019 as an interim measure while the automation of the terminal was being progressed.

The MLP IMEX Terminal handled around 54,000 TEU in H1 FY23 with some volumes being diverted to Qube's other IMEX terminals while the automation rollout is being tested and refined.

The automated terminal is being delivered in three sections:

- As at 31 December 2022, Phase 1 (C-ASCs operating on the east side) is in the operational testing phase and is forecast to be completed in FY24.
- Phase 2 and Phase 3 of Automation will progressively be introduced during FY24/FY25. On completion of Phase 3, the ultimate capacity is expected to remain unchanged at 1 million TEUs per annum.

Qube continues to believe in the long-term strategic value of this investment, and expects to see continued growth in volumes through the MLP IMEX Terminal as additional warehouses are developed at MLP and new tenants build demand and container activity levels for the terminal.

The construction of the Interstate Terminal and Rail Access Network continues to progress in line with expectations. The majority of inground services are now complete, rail and sleepers have been delivered to site and paving works will commence in the next three months.

The expected capital expenditure in relation to Stage 1a of the Interstate Rail remains unchanged at around $133.5 million (around $154 million for Stage 1a and Stage 1b).

The required completion date for Stage 1a has been extended to 24 January 2024 as a result of the severe adverse weather in the period that delayed construction activities.

Further information covering the MLP Interstate Terminal is included in note 5 of the financial statements.

Deferred Consideration

During the period, Qube received a total of approximately $220.4 million in deferred consideration and paid the remaining $161.0 million of tax attributable to the MLP monetisation profit (with the tax paid inclusive of the tax attributable to all of the expected deferred consideration). The remaining deferred consideration of approximately $80 million is expected to be progressively received as construction of Stage 1a of the MLP Interstate Terminal is delivered (H2 FY23 and FY24).

Ports & Bulk (P&B)

Qube's P&B business unit reported H1 FY23 revenues of $806.4 million, which was 18.1% higher than H1 FY22. However, underlying EBITA (pre-divisional corporate overheads which are not allocated to the business unit) decreased by 8.5% to $64.4 million. This was largely due to the impact of skilled labour shortages, operational inefficiencies arising from port congestion, and the inability to fully recover some inflationary and supply chain driven cost increases in the bulk and domestic forestry activities.

The Australian general stevedoring activities saw reasonably strong H1 volumes however the business was impacted by ongoing port and yard congestion driven in part by quarantine and scheduling issues with arriving vessels. This resulted in lower productivity and higher operational costs, negatively impacting margins.

Qube's energy activities delivered a strong H1 FY23 performance with growth in both revenue and earnings derived from increased activities with existing customers. An increased level of lower margin pass-through revenues did dampen overall margins for this business.

The New Zealand forestry business experienced an improved performance in H1 FY23 versus the prior corresponding period. Volumes started to improve towards the end of the period, and earnings grew as a result of a restructuring of the operational cost base coupled with increases to rates.

The Australian forestry business saw material revenue growth mainly due to the full period impact of prior period acquisitions. The earnings and margins of this business were however negatively impacted by acute skilled labour shortages, which resulted in operational inefficiencies and higher operational costs.

Qube's bulk mining export activities delivered higher revenues in H1 FY23 driven by continued strong volumes across most commodities. The earnings and margins of this business however declined versus the prior corresponding period driven by a number of industry wide challenges that continued, if not were exacerbated, in H1 FY23. Foremost is the shortage of skilled labour, mainly experienced drivers and fitters, in a number of the more remote locations in which Qube operates, including the Pilbara and other Western Australian operations. This labour shortage has driven operational inefficiencies, higher costs to operate and perform our tasks and an inability to fully capture some of the revenue opportunities.

The business also experienced significantly higher inflationary impacts for key cost lines such as spare parts, tyres, lubricants, travel and contract labour. Due to the timing lag of the rise and fall mechanisms in many contracts, and the specific cost recovery formula which does not fully capture some of the rapid and large cost increases in certain components of the operations, these cost increases may not be recoverable, in part or full, until later periods or contracts are renegotiated. A much higher recovery rate is expected in FY24.

Our mobile lifting activities grew revenues and earnings due to the commencement of several large infrastructure and energy projects.

The top 10 Ports & Bulk customers represent around 18.7% of the Operating Division's total revenue and include mining companies, shipping lines as well as energy and gas companies.

Associates

The contribution to underlying NPATA from associate entities other than Patrick was $2.8 million in H1 FY23 compared to a $1.8 million loss in H1 FY22.

Patrick Terminals

The underlying contribution from Qube's 50% interest in Patrick was $32.2 million NPAT and $37.0 million NPATA, an increase of 37.0% and 28.0%, respectively, over the prior corresponding period. This contribution is inclusive of Qube's share of interest income ($5.2 million post-tax) on the shareholder loans provided to Patrick. Patrick continued to generate strong cash flow, with total distributions to Qube in the period of $45.0 million compared to $40.0 million in H1 FY22.

The statutory contribution to Qube's NPAT (being interest income on shareholder loans and share of profit after tax) was a profit of $24.6 million (compared to $16.4 million in H1 FY22). Variances to underlying results are largely driven by the impact of the leasing standard (AASB 16).

The financial performance was predominantly driven by high storage and other ancillary revenues despite volumes (lifts) being relatively flat compared to the prior corresponding period.

Patrick renewed and won a number of contracts in the period, however its market share decreased slightly to 41.0% (compared to 42.2% in FY22). Market share was impacted by the loss of a service to a competitor. Patrick's volumes (lifts) in H1 FY23 were -0.3% below H1 FY22, against market growth of 3.4%.

Patrick undertook capex in the period of around $30.7 million comprising growth capex of $8.6 million and maintenance capex of around $22.1 million, and expects to spend around $59 million on capex in H2.

Key projects progressed through the period and are on track to be delivered as planned. These projects include:

- Port Botany rail terminal - phase 1 completed, phase 2 works are well progressed with the project on track to be delivered by September 2023);
- Automated truck handling – project went live in Fishermen Islands in July 2022 and will be rolled out in Port Botany in mid-2023;
- Crane automation – pilot program in Fisherman Islands is in the final stages and expected to be fully implemented by March 2023;
- East Swanson rail facility - construction is well progressed and due for completion in mid-2023; and
- Fremantle redevelopment - construction in progress with civil works to be delivered by mid-2023.

	H1 FY23 $ million	H1 FY22 $ million	Change %
Patrick's Contribution to Qube			
Qube share of NPAT	27.0	17.4	55.2%
Qube share of NPAT (pre-amortisation)	31.8	22.8	39.6%
Qube interest income net of tax from Patrick	5.2	6.1	(15.0%)
Total Qube share of NPAT from Patrick	**32.2**	**23.5**	37.0%
Total Qube share of NPAT (pre-amortisation) from Patrick	**37.0**	**28.9**	28.0%
Patrick's Cash Distribution to Qube			
Interest income (pre-tax)	7.3	9.0	(19.4%)
Dividend	37.8	31.0	21.8%
Total	**45.0**	**40.0**	12.5%

Capital Expenditure

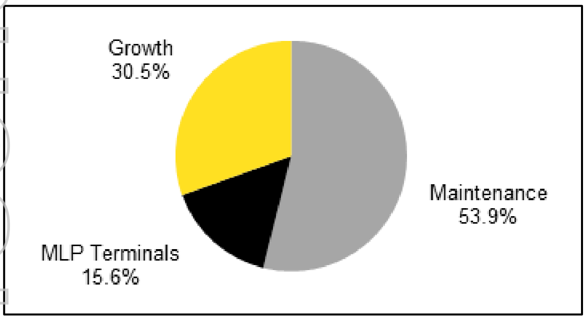
Qube spent approximately $211.8 million of gross capital expenditure in the period. The major breakdown of H1 FY23 capital expenditures was as follows:

- Growth capex $64.6 million;
- Maintenance capex of $114.2 million (including $30 million on replacement locomotives – currently leased); and
- MLP Terminal capex $33.0 million (including capex that relates to LOGOS/NIC 35% share of the Interstate terminal).

Key items of growth capital expenditure included grain wagons, warehouse, storage sheds, rail, mobile and other growth assets across the Operating Division as well as the development of the MLP Terminals (IMEX and Interstate).

Maintenance capex as a percentage of the depreciation was 128% in the period.

A summary of the composition of the capex undertaken in H1 FY23 is presented below.



Funding

Qube finished the period in a strong financial position with cash and available undrawn debt facilities of around $1.0 billion at 31 December 2022.

During the period, Qube has taken advantage of its strong liquidity position to rebalance its borrowing portfolio by reducing and extending the maturity of its facilities:

- Terminating approximately $460 million of its more expensive short-term liquidity facilities, bridge facility and term facilities;
- Terminating $100 million of its CEFC facility and shortening the maturity of the $50 million balance pending discussion and agreement to reset new clean energy targets (existing facility was linked to specific Moorebank targets now not applicable);
- Increasing the amount of other facilities by around $240 million; and
- Extending the term on approximately $190 million of its existing bilateral facilities.

Qube's debt facilities have a weighted average maturity of 2.5 years at 31 December 2022 (2.1 years at 30 June 2022).

Qube continues to be conservatively leveraged with net debt of around $0.9 billion, a leverage ratio (net debt / net debt + equity) of around 23%, being below the lower end of its target leverage range of 30% to 40%, and significant headroom to Qube's financial covenants.

Safety, Health and Sustainability (SHS)

In H1 FY23, Qube achieved a Total Recordable Injury Frequency Rate (TRIFR) of 6.4 per million hours worked, representing a 13.5% reduction from FY22 whilst the Lost Time Injury Frequency Rate (LTIFR) was 0.45 per million hours worked, representing a 37.5% reduction from FY22.

Our Critical Incident Frequency Rate (CIFR) increased to 1.08 attributable to the enhanced focus on reporting critical events with a potential critical consequence. Qube's strategy is to simplify systems, focus on what matters, and prevent fatal and catastrophic events from occurring.

Qube also implemented a new event management system which gives the business the capability to improve risk management and ensure Qube is focusing on prevention.

Decarbonisation

Qube published its decarbonisation plan in August as part of its FY22 Results. Since then we have:

- Commenced delivering on our plan including to achieve a 50% reduction in Scope 1 emissions intensity by 2030 and for 95% of prime movers to be Euro 5,6 by 2027;
- Entered into a number of partnerships to trial innovative technologies and alternative fuels over the next 2 years to accelerate decarbonisation;
- Invested in additional resourcing to strengthen our in-house capability, build our expertise and to drive improved analytics and research to support execution of our plan; and
- Initiated customer and supplier engagement on Scope 3 emissions management and reporting.

H1 FY23 Summary and FY23 Outlook

Qube generated very strong underlying earnings growth in H1 FY23 as a result of continuing high volumes across most of Qube's core markets, particularly on the export side of the logistics chain. Qube met or exceeded most of its key financial targets including:

- Revenue growth of 23.1% which significantly exceeded GDP in the period;
- EBITA margins improved despite some continued operational challenges;
- ROACE continued to improve towards Qube's target of at least 10.0%;
- Delivered strong EPSA growth; and
- Continued growth in fully-franked dividends per share.

The financial performance in H1 FY23 continued Qube's track record of delivering positive financial outcomes and growth over the long term despite challenges that are an inherent part of Qube's business.

Operating Division

Qube continues to expect to deliver strong growth in underlying revenue and earnings (EBITA) in the Operating Division for FY23, with the Logistics & Infrastructure business unit still expected to achieve higher earnings growth than the Ports & Bulk business unit.

The underlying earnings (EBITA) in H2 are expected to be lower than the underlying EBITA delivered in H1, mainly reflecting some moderation anticipated in imported container volumes and the impact of severe weather in New Zealand that occurred in January and February 2023 and disrupted some of Qube's forestry operations.

This outlook also reflects a range of assumptions for H2 including:

- Continued solid volumes and activity levels across most of Qube's markets;
- Ongoing cost and revenue impact from labour shortages in parts of Qube's business;
- Full recovery of cost increases in the bulk activities will only occur in FY24;
- No material adverse weather events; and
- No incremental earnings from new acquisitions that are currently being assessed.

Qube is presently forecasting FY23 capex to be around $400 to $500 million excluding potential acquisitions. Growth capex across the Operating Division will include locomotives and rolling stock, new warehouses and storage sheds and transport fleet equipment.

Maintenance capex is expected to be at or slightly above 100% of depreciation expense in FY23 mainly as a result of the operational decision to acquire rather than lease some replacement locomotives and some other mobile equipment.

The full year capex forecast also includes the MLP IMEX and Interstate Terminal capex which is expected to be around $130 million (which excludes receipt of the remaining deferred consideration of up to around $80 million relating to the funding of the development of the Interstate Terminal, the majority of which is expected to be received during the period). The actual level of capital expenditure in FY23 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

Patrick

Qube continues to expect that Patrick will deliver strong growth in underlying EBITDA/EBIT in FY23, driven by modest market growth, stable market share and improved margins through productivity initiatives and the full period benefit of higher infrastructure and ancillary charges which offset higher operating costs (including labour, fuel and rent).

Qube expects that Patrick's earnings contribution to Qube (NPATA) in H2 will be lower than the H1 NPATA contribution, mainly reflecting some moderation in imported container volumes and higher interest costs in the second half of the period.

Overall Qube expects that the NPATA contribution from Patrick in FY23 will be modestly higher than FY22. Patrick's earnings are expected to enable it to continue to deliver high cash distributions to its shareholders in H2 FY23.

Corporate and Interest Costs

Qube's full year net interest expense is expected to be around $20-25 million above FY22 (i.e. around $5 million lower than previously forecast) mainly resulting from lower net debt, as well as some additional capitalisation of interest costs relating to the MLP related capex.

Corporate costs are still expected to increase in FY23, consistent with previous guidance, mainly due to cost inflation, higher insurance costs and some additional resourcing.

Qube Group

Overall, having regards to the above expectations, Qube is currently expecting to deliver strong growth in full year underlying NPATA and EPSA in FY23 compared to FY22. Growth in underlying EPSA is expected to be higher than the NPATA growth due to the full year benefit from the share buyback completed in May 2022.

Underlying earnings (NPATA) in H2 are expected to be below the NPATA delivered in H1, mainly due to the lower expected earnings contribution from the Operating Division and Patrick in H2, as well as Qube's increased full year net interest costs.

The actual full year earnings growth will depend on a range of factors including market conditions in Qube's key markets, any further weather events, and the inflationary and interest rate environment.

This outlook assumes no material adverse change to current conditions or volumes in Qube's markets or domestic or global economic and/or political conditions, including any adverse change in the inflationary or interest rate outlook. It also assumes no deterioration in labour availability and that Qube is not materially impacted by any additional extreme weather events.

Qube is in a very strong financial and operating position, with a more predictable earnings profile from its well diversified and highly cash generative logistics operations focused on import, export and domestic supply chains. Qube will continue to maintain a conservative balance sheet that is supportive of accretive investments to enhance long term underlying earnings growth and shareholder value creation.

Matters Subsequent to the end of the period

Other than as noted in this report, there have been no events that have occurred subsequent to 31 December 2022 and up to the date of this report that have had a material impact on Qube's financial performance or position.

Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 11.

Rounding of amounts

The Company is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the ''rounding off'' of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest hundred thousand dollars in accordance with that ASIC Corporations Instrument.

This report is made in accordance with a resolution of directors.

Allan Davies
Chairman

Sydney
23 February 2023

Auditor's Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half-year ended 31 December 2022, I declare that to the best of my knowledge and belief, there have been:

(a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and

(b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Qube Holdings Limited and the entities it controlled during the period.

Elizabeth Stesel
Partner
PricewaterhouseCoopers

Sydney
23 February 2023

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	Notes	31 Dec 2022 $m	31 Dec 2021 $m
Revenue from continuing operations			
Revenue from sales and services	3	**1,439.2**	1,170.0
Other income	3	**9.0**	11.6
Total income		**1,448.2**	1,181.6
Direct transport and logistics costs		**(413.7)**	(319.9)
Repairs and maintenance costs		**(86.8)**	(72.6)
Employee benefits expense	4	**(484.5)**	(427.1)
Fuel, oil and electricity costs		**(132.1)**	(77.5)
Occupancy and property costs		**(21.0)**	(20.4)
Depreciation and amortisation expense	4	**(136.3)**	(123.5)
Professional fees		**(9.3)**	(9.1)
Fair value loss on non-current asset		**-**	(5.6)
Other expenses		**(16.4)**	(18.1)
Total expenses		**(1,300.1)**	(1,073.8)
Finance income		**9.3**	9.6
Finance costs	4	**(36.6)**	(22.9)
Net finance costs		**(27.3)**	(13.3)
Share of net profit of associates and joint ventures accounted for using the equity method		**21.8**	8.6
Profit before income tax		**142.6**	103.1
Income tax expense		**(37.5)**	(30.6)
Profit for the half-year from continuing operations		**105.1**	72.5
Discontinued operations			
Profit/(loss) after tax for the half-year from discontinued operations	5	**5.3**	(17.0)
Profit for the half year		**110.4**	55.5
Other comprehensive income for the half-year, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**9.3**	(3.6)
Change in fair value of cash flow hedges		**(0.5)**	(1.8)
Share of other comprehensive income of joint venture		**0.1**	0.8
Total comprehensive income for the half-year, net of tax		**119.3**	50.9
Profit for the half-year attributable to:			
Owners of Qube Holdings Limited		**111.3**	56.3
Non-controlling interests		**(0.9)**	(0.8)
		110.4	55.5
Total comprehensive income for the half-year is attributable to:			
Owners of Qube Holdings Limited		**120.2**	51.7
Non-controlling interests		**(0.9)**	(0.8)
		119.3	50.9
		Cents	**Cents**
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share from continuing operations		**6.0**	3.8
Diluted earnings per share from continuing operations		**5.9**	3.8
Basic earnings per share from continuing and discontinued operations		**6.3**	2.9
Diluted earnings per share from continuing and discontinued operations		**6.3**	2.9

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

	Notes	31 Dec 2022 $m	30 June 2022 $m
ASSETS			
Current assets			
Cash and cash equivalents		**168.4**	154.0
Trade and other receivables		**684.9**	888.8
Inventories		**28.1**	28.7
Derivative Financial Instruments		**0.2**	-
Total current assets		**881.6**	1,071.5
Non-current assets			
Loans receivable	6	**200.9**	200.9
Investment in equity accounted investments	7	**559.7**	577.3
Property, plant and equipment	9	**2,033.3**	1,897.1
Right of use assets		**776.3**	785.1
Deferred tax asset		**46.2**	54.5
Investment properties	12	**53.5**	53.5
Intangible assets	8	**896.2**	898.5
Derivative financial instruments		**27.8**	34.8
Other assets		**65.2**	62.7
Total non-current assets		**4,659.1**	4,564.4
Total assets		**5,540.7**	5,635.9
LIABILITIES			
Current liabilities			
Trade and other payables		**370.0**	374.8
Borrowings	11	**600.0**	58.6
Lease liabilities		**88.8**	84.7
Current tax payable		**10.6**	162.2
Derivative financial instruments		**-**	0.5
Provisions		**124.3**	130.7
Total current liabilities		**1,193.7**	811.5
Non-current liabilities			
Trade and other payables		**2.5**	2.5
Borrowings	11	**474.9**	998.7
Lease liabilities		**806.1**	810.3
Provisions		**22.0**	22.0
Total non-current liabilities		**1,305.5**	1,833.5
Total liabilities		**2,499.2**	2,645.0
Net assets		**3,041.5**	2,990.9
EQUITY			
Contributed equity	10	**2,719.5**	2,720.6
Reserves		**11.9**	-
Retained earnings		**313.2**	272.5
Capital and reserves attributable to owners of Qube		**3,044.6**	2,993.1
Non-controlling interests		**(3.1)**	(2.2)
Total equity		**3,041.5**	2,990.9

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

		Attributable to owners of Qube					
	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2021		3,088.9	3.3	269.6	3,361.8	(3.0)	3,358.8
Profit/(loss) for the half-year		-	-	56.3	56.3	(0.8)	55.5
Other comprehensive income		-	(4.6)	-	(4.6)	-	(4.6)
Total comprehensive income for the half-year		-	(4.6)	56.3	51.7	(0.8)	50.9
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	10	42.0	-	-	42.0	-	42.0
Issue of treasury shares to employees	10	26.2	-	-	26.2	-	26.2
Acquisition of treasury shares	10	(25.6)	-	-	(25.6)	-	(25.6)
Dividends provided for or paid	14	-	-	(67.0)	(67.0)	-	(67.0)
Fair value movement on allocation and vesting of securities	10	6.8	-	-	6.8	-	6.8
Employee share schemes		-	(18.4)	-	(18.4)	-	(18.4)
		49.4	(18.4)	(67.0)	(36.0)	-	(36.0)
Balance at 31 December 2021		3,138.3	(19.7)	258.9	3,377.5	(3.8)	3,373.7
Balance at 1 July 2022		**2,720.6**	**-**	**272.5**	**2,993.1**	**(2.2)**	**2,990.9**
Profit/(loss) for the half-year		**-**	**-**	**111.3**	**111.3**	**(0.9)**	**110.4**
Other comprehensive income		**-**	**8.9**	**-**	**8.9**	**-**	**8.9**
Total comprehensive income for the half-year		**-**	**8.9**	**111.3**	**120.2**	**(0.9)**	**119.3**
Transactions with owners in their capacity as owners:							
Issue of treasury shares to employees	10	**3.9**	**-**	**-**	**3.9**	**-**	**3.9**
Acquisition of treasury shares	10	**(4.6)**	**-**	**-**	**(4.6)**	**-**	**(4.6)**
Dividends provided for or paid	14	**-**	**-**	**(70.6)**	**(70.6)**	**-**	**(70.6)**
Fair value movement on allocation and vesting of securities	10	**(0.4)**	**-**	**-**	**(0.4)**	**-**	**(0.4)**
Employee share schemes		**-**	**3.0**	**-**	**3.0**	**-**	**3.0**
		(1.1)	**3.0**	**(70.6)**	**(68.7)**	**-**	**(68.7)**
Balance at 31 December 2022		**2,719.5**	**11.9**	**313.2**	**3,044.6**	**(3.1)**	**3,041.5**

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

	Notes	31 Dec 2022 $m	31 Dec 2021 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,614.1**	1,325.0
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,367.8)**	(1,142.3)
		246.3	182.7
Dividends and distributions received		**38.8**	32.5
Interest received		**8.8**	10.5
Interest paid		**(38.9)**	(44.4)
Income taxes paid		**(182.8)**	(33.6)
Net cash inflow from operating activities		**72.2**	147.7
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		**-**	(111.8)
Proceeds from sale of MLP Property Assets	5	**236.7**	1,361.9
Payments for property, plant and equipment		**(208.9)**	(214.6)
Payments for MLP capital expenditure and transaction costs		**(2.9)**	(114.0)
Loans advanced to associates		**(1.8)**	(8.3)
Loan repayments received from associates and related parties		**-**	0.1
Proceeds from sale of property, plant and equipment		**10.0**	8.3
Payments for investment in associate		**-**	(1.5)
Net cash inflow from investing activities		**33.1**	920.1
Cash flows from financing activities			
Proceeds from share issues	10	**-**	3.8
Payment for treasury shares	10	**(4.6)**	(1.2)
Proceeds from borrowings		**538.6**	510.0
Repayment of borrowings		**(518.6)**	(1,185.0)
Principal element of lease payments		**(32.9)**	(23.9)
Dividends paid to Company's shareholders		**(70.6)**	(49.4)
Net cash outflow from financing activities		**(88.1)**	(745.7)
Net increase in cash and cash equivalents		**17.2**	322.1
Cash and cash equivalents at the beginning of the half-year		**154.0**	125.8
Effects of exchange rate changes on cash and cash equivalents		**(2.8)**	-
Cash and cash equivalents at the end of the half-year		**168.4**	447.9

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

1. Basis of preparation of half-year report

Qube Holdings Limited (the Company), is a company incorporated and domiciled in Australia. The consolidated half-year financial report of the Company for the half-year ended 31 December 2022 comprises the Company and its controlled entities (the Group) and the Group's interests in joint ventures and associates.

The consolidated half-year financial report was approved by the Directors on 23 February 2023.

Statement of compliance

The condensed consolidated half-year financial report for the half-year reporting period ended 31 December 2022 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2022 and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

The Company is a company of a kind referred to in accordance with ASIC Corporations Instrument 2016/191, and amounts in the consolidated half-year financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated half-year financial report are consistent with those applied by the Group in the financial report for the year ended 30 June 2022 and the corresponding half-year reporting period, except for the adoption of new and amended standards as set out below.

Net current asset deficiency

As at 31 December 2022, Qube's current liabilities exceeded its current assets by $312.1 million which is largely due to $600 million of Current Borrowings at reporting date. Qube is satisfied that it will be able to meet all its obligations as they fall due given its strong profitability and operating cash flows, existing cash reserves and access to non-current undrawn borrowing facilities of $705.2 million which expire beyond one year as outlined in Note 11.

New and amended standards adopted by the Group

A number of new or amended standards became applicable for the current reporting period. The Group did not have to change its accounting policies or make retrospective adjustments as a result of adopting these standards.

Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2022 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Segment information

Qube's Board assesses the performance of the operating segments on a measure of underlying revenue, EBITDA and EBITA, NPAT and NPATA which excludes certain non-cash and non-recurring items from the statutory results to reflect core earnings. This reflects the way the operating businesses are managed and assessed from a profit and loss perspective by the chief operating decision maker.

Qube completed the monetisation of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets) to the LOGOS Consortium on 15th December 2021. Due to the sale of the MLP Property Assets and the reporting structure changes, the prior year figures are not comparable.

(a) Description of segments

Operating Division

The Operating Division comprises two core business units, being Logistics & Infrastructure and Ports & Bulk, with these units supported by a Divisional Corporate function.

Logistics & Infrastructure provides a broad range of services relating to the import and export of mainly containerised cargo as well as outsourced industrial logistics services across heavy transport, mobile crane and renewable energy industries. The services currently provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of containers to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, provision of lifting services or equipment and bulk rail and containerised haulage storage and handling for rural commodities. The business operates nationally with strategic locations near the ports in key capital cities. It also includes, AAT, a multi-user facility provider to the Australian stevedoring industry, operating terminals with facilities for importing and exporting motor vehicles, machinery, and projects and general cargo. The Moorebank Logistics Park (MLP) IMEX Terminal and Interstate Terminal development and future operations are also part of Logistics & Infrastructure.

Ports and Bulk has two core activities comprising port logistics and bulk logistics. It provides a range of logistics services relating to the import and export of mainly non-containerised freight, with a major focus on automotive, forestry, bulk and break bulk products.

Qube's port logistics activities are focused on the provision of an integrated logistics solution for the automotive industry, covering a range of activities including stevedoring, processing and delivery. Qube also provides stevedoring and related logistics services for the energy industry, forestry products and project and general cargo.

Qube's bulk logistics activities are aimed at offering customers a comprehensive logistics solution from mine-to-ship covering activities including transport, stockpile management, storage facilities and stevedoring. Qube handles a diverse range of commodities including iron ore, copper, nickel concentrate and mineral sands.

Property Division

This Division was discontinued effective from the 15th December 2021.

Patrick

Qube owns a 50% interest in Patrick with the other 50% owned by Brookfield and its managed funds. Patrick is an established national operator providing container stevedoring services in the Australian market with operations in the four largest container terminal ports in Australia. Given the material nature of this investment to Qube, this joint venture is being reported as a separate segment.

Corporate and Other

Corporate and Other is the only non-operating segment reported to the Board. The primary focus of the corporate head office is to provide strategic, commercial and treasury support to the divisions as well as to develop and manage new growth opportunities that do not fall within one of the existing divisions. It also includes managing a broad range of reporting, safety, health and environment, corporate governance and other functions of the Group.

2. Segment information (continued)

(b) Segment information provided to the Board

Half-year ended 31 December 2022	**Operating Division $m**	**Discontinued operation $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**1,448.2**	**7.6**	**-**	**-**	**1,455.8**
Intercompany trading	51.8	-	-	-	51.8
Discontinued operations	-	(7.6)	-	-	(7.6)
AASB 16 leasing adjustments	(0.4)	-	-	-	(0.4)
Other	(2.5)	-	0.1	-	(2.4)
Underlying Revenue	**1,497.1**	**-**	**0.1**	**-**	**1,497.2**

A reconciliation of net profit before income tax to underlying net profit after tax attributable to members is as follows:

Net profit/(loss) before income tax	**149.2**	**7.6**	**(33.4)**	**26.8**	**150.2**
Share of profit of equity accounted investments	(2.4)	-	-	(19.4)	(21.8)
Net finance (income)/cost	20.0	-	14.7	(7.4)	27.3
Depreciation and amortisation	135.5	-	0.8	-	136.3
EBITDA	**302.3**	**7.6**	**(17.9)**	-	**292.0**
AASB 16 leasing adjustment	(52.1)	-	(0.8)	-	(52.9)
Discontinued operations	-	(7.6)	-	-	(7.6)
Other	3.0	-	0.2	-	3.2
Underlying EBITDA	**253.2**	**-**	**(18.5)**	**-**	**234.7**
Underlying depreciation	(89.4)	-	(0.1)	-	(89.5)
Underlying EBITA	**163.8**	**-**	**(18.6)**	**-**	**145.2**
Underlying amortisation	(4.0)	-	-	-	(4.0)
Underlying EBIT	**159.8**	**-**	**(18.6)**	**-**	**141.2**
Underlying net finance income/(cost)	(0.3)	-	(13.7)	7.4	(6.6)
Underlying share of profit/(loss) of equity accounted investments	2.8	-	-	27.0	29.8
Underlying net profit/(loss) before income tax	**162.3**	**-**	**(32.3)**	**34.4**	**164.4**
Underlying income tax benefit/(expense)	(47.9)	-	9.7	(2.2)	(40.4)
Underlying net profit/(loss) after tax	**114.4**	**-**	**(22.6)**	**32.2**	**124.0**
Underlying non-controlling interests	0.9	-	-	-	0.9
Underlying net profit/(loss) after tax attributable to members	**115.3**	**-**	**(22.6)**	**32.2**	**124.9**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**118.2**	**-**	**(22.6)**	**37.0**	**132.6**
Underlying diluted earnings per share (cents)					**7.1**
Underlying diluted earnings pre-amortisation per share (cents)					**7.5**
Total segment assets	**4,660.6**	**-**	**156.8**	**723.3**	**5,540.7**
Total assets includes:					
Investments in associates and joint ventures	37.3	-	-	522.4	559.7
Loans to equity accounted investments	19.9	-	-	200.9	220.8
Additions to non-current assets (other than financial assets and deferred tax)	246.2	-	0.2	-	246.4
Total segment liabilities	**1,432.4**	**-**	**1,066.8**	**-**	**2,499.2**

2. Segment information (continued)

(b) Segment information provided to the Board (continued)

Half-year ended 31 December 2021	**Operating Division $m**	**Discontinued operation $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**1,181.5**	**8.8**	**0.1**		**1,190.4**
Intercompany trading	27.6	-	-	-	27.6
Fair value gains	(3.5)	-	-	-	(3.5)
Other	1.2	0.1	0.2	-	1.5
Underlying Revenue	**1,206.8**	**8.9**	**0.3**	**-**	**1,216.0**
A reconciliation of net profit before income tax to underlying net profit after tax attributable to members is as follows:					
Net profit/(loss) before income tax	**111.3**	**(28.3)**	**(21.2)**	**19.0**	**80.8**
Share of profit of equity accounted investments	1.7	-	-	(10.3)	(8.6)
Net finance (income)/cost	16.6	5.6	4.9	(8.7)	18.4
Depreciation and amortisation	122.7	0.6	0.8	-	124.1
EBITDA	**252.3**	**(22.1)**	**(15.5)**	**-**	**214.7**
Fair value gain on investment property	(3.5)	-	-	-	(3.5)
AASB 16 leasing adjustment	(48.1)	(0.4)	(0.5)	-	(49.0)
Discontinued operations	-	7.4	-	-	7.4
Loss on sale of assets held for sale	-	9.7	-	-	9.7
Fair value loss	-	5.6	-	-	5.6
Other	4.9	-	0.6	-	5.5
Underlying EBITDA	**205.6**	**0.2**	**(15.4)**	**-**	**190.4**
Underlying depreciation	(79.2)	(0.2)	(0.1)	-	(79.5)
Underlying EBITA	**126.4**	**-**	**(15.5)**	**-**	**110.9**
Underlying amortisation	(4.5)	-	-	-	(4.5)
Underlying EBIT	**121.9**	**-**	**(15.5)**	**-**	**106.4**
Underlying net finance income/(cost)	(0.5)	-	(12.0)	8.7	(3.8)
Underlying share of profit/(loss) of equity accounted investments	(1.8)	-	-	17.5	15.7
Underlying net profit/(loss) before income tax	**119.6**	**-**	**(27.5)**	**26.2**	**118.3**
Underlying income tax benefit/(expense)	(36.4)	-	8.2	(2.6)	(30.8)
Underlying net profit/(loss) after tax	**83.2**	**-**	**(19.3)**	**23.6**	**87.5**
Underlying non-controlling interests	0.8	-	-	-	0.8
Underlying net profit/(loss) after tax attributable to members	**84.0**	**-**	**(19.3)**	**23.6**	**88.3**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**87.2**	**-**	**(19.3)**	**28.9**	**96.8**
Underlying diluted earnings per share (cents)					**4.6**
Underlying diluted earnings pre-amortisation per share (cents)					**5.1**
Total segment assets	**4,521.5**	**-**	**453.1**	**762.6**	**5,737.2**
Total assets includes:					
Investments in associates and joint ventures	36.6	-	-	522.1	558.7
Loans to equity accounted investments	21.6	-	-	240.5	262.1
Additions to non-current assets (other than financial assets and deferred tax)	483.3	177.8	-	-	661.1
Total segment liabilities	**1,375.3**	**-**	**988.2**	**-**	**2,363.5**

*A reconciliation of the Patrick underlying contribution to the Group's results can be found in Note 7.
**Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Group's proportionate share of Patrick amortisation net of tax.

2. Segment information (continued)

(b) Segment information provided to the Board (continued)

Underlying Information is determined as follows:

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude discontinued operations and certain other non-cash and non-recurring items in order to more accurately reflect the underlying performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates and applying a 30% tax rate to the NPBT for each of Qube's associates.

EBITDA is net profit before tax adjusted to remove share of profit of associates, net finance costs, depreciation and amortisation.

EBITA is **EBITDA** adjusted to remove depreciation.

EBIT is **EBITA** adjusted to remove amortisation.

NPAT is net profit after tax attributable to the Group's shareholders

NPATA is **NPAT** pre-amortisation net of tax, including the Group's proportionate share of Patrick amortisation net of tax.

(c) Other segment information

Qube operates principally in Australia and has no single external customer for which revenues amount to 10% or more of total revenue.

(i) ***Segment assets***
The amounts provided to the Board with respect to total assets are measured in a manner consistent with that of the consolidated financial statements. These assets are allocated based on the operations of the segment.

(ii) ***Segment liabilities***
The amounts provided to the Board with respect to total liabilities are measured in a manner consistent with that of the consolidated financial statements. These liabilities are allocated based on the operations of the segment.

The Group's borrowings (excluding leases and debt facilities for ISO Ltd) are not considered to be segment liabilities but rather managed centrally by the treasury function.

3. Revenue and other income

	Half-year ended	
	31 Dec 2022	31 Dec 2021
	$m	$m
Sales revenue		
Logistics & Infrastructure revenue	**612.8**	517.8
Ports & Bulk revenue	**793.3**	629.7
Rental and property related income	**11.4**	5.0
Management fees	**0.1**	2.0
Other revenue	**21.6**	15.5
Total revenue	**1,439.2**	1,170.0
Other income		
Fair value gains on investment property	**-**	3.5
Net gain on disposal of property, plant and equipment	**6.3**	4.4
Other	**2.7**	3.7
Total other income	**9.0**	11.6

4. Expenses

(a) Profit before income tax includes the following specific expenses

Depreciation		
Buildings	**3.0**	3.3
Plant and equipment	**78.5**	68.0
Leasehold improvements	**7.7**	8.1
Right of use asset	**43.2**	39.6
Total depreciation	**132.4**	119.0
Amortisation		
Customer contracts	**2.0**	2.6
Port Concessions	**1.9**	1.9
Total amortisation	**3.9**	4.5
Total depreciation and amortisation expense	**136.3**	123.5
Finance expenses		
Interest and finance costs paid/payable	**24.2**	16.2
Lease borrowing costs	**19.8**	21.8
Total interest and finance charges expense	**44.0**	38.0
Interest capitalised	**(8.0)**	(8.0)
Fair value loss/(gain) on derivative instruments	**0.6**	(7.1)
Total finance costs expense	**36.6**	22.9
Rental expense relating to operating leases		
Property	**8.3**	9.8
Plant, equipment and motor vehicles	**17.4**	8.2
Total rental expense relating to operating leases	**25.7**	**18.0**
Employee benefits expense		
Defined contribution superannuation expenses	**31.9**	28.1
Share based payment expenses	**3.1**	3.4
Other employee benefits expense	**449.5**	395.6
Total employee benefits expense	**484.5**	427.1

(b) Income tax

Qube's effective tax rate for the half-year to 31 December 2022 was 27%, compared to 31% for the half-year ended 31 December 2021. After adjusting for share of profit of associates, this rate was 31% (35% in the prior corresponding period). The higher effective tax rate for the prior period comparative was primarily attributable to historical differences between the accounting carrying value and tax value relating to the sale of the MLP Property Assets and non-deductible acquisition costs incurred during the corresponding prior period.

5. Discontinued operations

On 5 July 2021, Qube announced that it had entered into binding transaction documentation with the LOGOS Consortium for the sale of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets). This sale completed on 15th December 2021 for consideration before tax, transaction costs and adjustments of around $1.67 billion.

Qube received up front proceeds of around $1.37 billion and another $236.7 million ($220.4 million related to deferred consideration and $16.3 million related to cost recoveries) was received during the period ended 31 December 2022. The remaining $80 million of the deferred consideration will be paid progressively as construction of Stage 1a of the MLP Interstate Terminal is delivered.

The Group has also determined that the transaction meets the definition of discontinued operations based on the requirements of *AASB 5 – Non-current Assets held for sale and discontinued operations*.
Financial information relating to the discontinued operation for the period to the date of disposal is set out below.

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 6 months ended 31 December 2022 and 2021.

	31 Dec 2022 $m	31 Dec 2021 $m
Revenue	**0.1**	7.6
Other income	**-**	1.2
Operating expenses	**-**	(9.8)
Net finance costs	**-**	(5.1)
Redundancy costs	**-**	(6.5)
Net gain/(loss) on sale of MLP Property Assets	**7.5**	(9.7)
Profit/(loss) before income tax	**7.6**	(22.3)
Income tax (expense)/benefit	**(2.3)**	5.3
Profit/(loss) after income tax of discontinued operations	**5.3**	(17.0)
Net cash (outflow) from operating activities	**(4.5)**	(7.7)
Net cash (outflow) from investing activities	**(3.5)**	(111.7)
Net cash inflow from financing activities	**-**	125.1
Net increase/(decrease) in cash generated	**(8.0)**	5.7

The discontinued cash flows above should be read in conjunction with the Proceeds from sale of MLP Property Assets disclosed within the Consolidated Statement of Cash Flows.

MLP Interstate Terminal
Under the terms of the original contractual arrangements with National Intermodal Corporation (NIC, formerly MIC) when the MLP was established, Qube was obliged to develop an interstate rail terminal with capacity of at least 250,000 TEU (Stage 1) and to increase the capacity through expansion to at least 500,000 TEU (Stage 2) if required by demand.

As noted previously pursuant to the MLP Property Assets sale, Qube, NIC and the LOGOS Consortium agreed new arrangements for the future ownership and operation of the MLP Interstate Terminal comprising the following elements:

- Establishment of a new Joint Development Model (JDM) to undertake the management of the MLP Interstate Terminal following completion of the initial stage of construction.
- Qube to retain responsibility to manage the construction of Stage 1 of the MLP Interstate Terminal, and to initially fund the Stage 1 construction which is estimated to cost $154 million.
- Construction of Stage 1a has commenced and is scheduled for completion towards the end of H1 FY24.
- NIC will obtain a 10% interest in the JDM for nominal cost, with Qube funding NIC's share of the Stage 1 capex.
- LOGOS to purchase a 25% interest in the JDM from Qube with a call option to increase its ownership of the JDM to up to 45%.
- NIC to have veto rights over a limited number of matters predominantly relating to open access arrangements in order to support the operation of the terminal as a best in class, multi-user terminal.

5. Discontinued operations (continued)

Management views the arrangement as linked with the broader Moorebank sale given it was executed to obtain NIC consent.

In calculating the gain on sale, consideration has been made as to whether any other assets and liabilities need to be recorded as a result of the new arrangement. In doing so, management has performed an assessment as to whether the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. This assessment has been made with reference to the construction obligations Qube has with respect to the NIC, LOGOS and Qube shareholdings.

NIC shareholding

A provision of around $15 million has been recognised for construction costs to be borne by Qube in relation to NIC's future shareholding as part of the gain on sale calculation in the year ended 30 June 2022, the provision has been reduced proportionate to capital expenditure spent in satisfying the obligation to date with no other changes noted.

Qube shareholding

A critical judgement exists with respect to whether a provision should be recorded in relation to Qube's shareholding. Any amount recognised is reflective of management's best estimate to settle the present obligation as at 31 December 2022.

Management have concluded the economic benefits expected to be received under the contract are equal to or greater than Qube's estimated costs to fund construction of Stage 1a for Qube's shareholding. Whilst this is management's best estimate, there is risk that these costs will not be recovered which may occur if management's assumptions are not realised.

In this instance, Qube may not fully recover through use or sale its proportionate share of the total construction costs which is expected to be around $100 million.

LOGOS shareholding

Management recognized a liability to fund LOGOS' portion of construction costs for $37.5 million, or 25% of the estimated total construction costs, within the gain on sale calculation. The provision has been reduced proportionate to capital expenditure in satisfying the obligation to date with no other changes noted. Qube are entitled to receive $7.5 million in contingent consideration upon completion of the Stage 1a build with an additional $30 million of contingent consideration which will be received based on achieving specific volume (TEU) hurdles. The contingent receivable of $37.5 million from LOGOS is recorded within other non-current assets.

AASB 10 *Consolidated Financial statements* requires that contingent consideration is recognised at fair value. Qube holds a call option giving Qube the ability to purchase LOGOS's 25% shareholding at a future date in certain circumstances. LOGOS holds a counter call option should they wish to retain the 25% which triggers a requirement for LOGOS to pay all remaining contingent consideration to Qube irrespective of volume throughput.

Given the structure of the call and countercall, management have determined that the fair value of the consideration is $37.5 million, as Qube will either receive $37.5 million cash or shares which are considered to be worth at least $37.5 million assuming that Qube's cost is fully recoverable. Whilst this is management's best estimate, there is risk that these costs will not be recovered which may occur if management's assumptions are not realised.

6. Non-current loans receivable

	31 Dec 2022	30 June 2022
	$m	$m
Loans receivable	**200.9**	200.9

The Group has provided a related party loan to Patrick as part of the acquisition of its 50% interest in August 2016, the balance of which is $200.9 million at 31 December 2022 (30 June 2022: $200.9 million). The loan is for a fixed term of 10 years, subordinated to all creditors, with an effective interest rate of 7.3% and no conversion rights.

The credit quality of all loans receivable, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the necessity of whether a loss allowance is required for any given financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities. The Group does not believe impairment is required at 31 December 2022 based on the current forecast provided by Patrick. On this basis the fair value of the loans approximates their carrying values.

7. Investments accounted for using the equity method

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 31 December 2022. The entities listed below have share capital/units consisting solely of ordinary shares/units, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

Name of entity	Place of business/country of incorporation	% Ownership interest 31 Dec 2022	30 June 2022	Carrying amount 31 Dec 2022	30 June 2022
		%	%	**$m**	$m
Patrick[1]	Australia	**50**	50	**522.4**	540.7
Other equity accounted investments				**37.3**	36.6
Total equity accounted investments				**559.7**	577.3

[1.] The Group's 50% investment in Patrick is held through PTH No. 1 Pty Ltd. The carrying amount above excludes shareholder loans provided by Qube to PTH No.1 of $200.9 million (30 June 2022: $200.9 million) which also forms part of Qube's total investment in Patrick.

Other than Patrick, the Group's equity accounted investments are considered individually immaterial and are discussed in part (c) below.

(b) Summarised financial information of joint ventures

The tables below provide summarised statutory financial information for those joint ventures that are material to the Group. The information disclosed reflects the amounts presented in the financial statements of the relevant joint ventures and not Qube Holdings Limited's share of those amounts. They have been amended to reflect the adjustments made by Qube when using the equity method, including fair value adjustments and modifications for differences in accounting policy where material.

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2022	30 June 2022
	$m	$m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**43.4**	21.1
Other current assets	**115.4**	112.2
Total current assets	**158.8**	133.3
Total non-current assets	**3,856.3**	3,839.0
Current liabilities		
Financial liabilities*	**-**	0.1
Other current liabilities	**156.1**	179.4
Total current liabilities	**156.1**	179.5
Non-current liabilities		
Financial liabilities*	**1,118.0**	1,064.5
Shareholder loans	**401.8**	401.8
Other non-current liabilities	**1,421.7**	1,372.4
Total non-current liabilities	**2,941.5**	2,838.7
Net Assets	**917.5**	954.1

***Excluding trade payables**

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2022	30 June 2022
	$m	$m
Reconciliation to carrying amounts		
Opening net assets	**954.1**	956.4
Profit for the period	**38.8**	56.6
Dividends	**(75.5)**	(62.0)
Movement in reserves	**0.1**	3.1
Closing net assets	**917.5**	954.1
Group's share in %	**50%**	50%
Group's share in $m	**458.8**	477.1
Goodwill	**63.6**	63.6
Carrying amount	**522.4**	540.7

	31 Dec 2022	31 Dec 2021
	$m	$m
Summarised statement of comprehensive income		
Revenue	**408.1**	373.3
Interest Income	**0.4**	-
Depreciation & amortisation	**(72.4)**	(71.9)
Interest expense	**(62.2)**	(53.5)
Income tax expense	**(16.6)**	(7.6)
Profit for the period	**38.8**	20.6
Other comprehensive income	**0.1**	1.9
Total comprehensive income	**38.9**	22.5

7. Investments accounted for using the equity method (continued)

(b) Summarised financial information of joint ventures (continued)

A reconciliation of the underlying trading performance of Patrick to Qube's share of underlying net profit after tax per Note 2 is included in the table below for the half-years ended 31 December 2022 and 31 December 2021. The statutory figures below represent non-statutory numbers compiled based on statutory PBT after add backs for Interest, Tax, Depreciation & Amortisation.

Patrick underlying contribution reconciliation (100%) **For the half-year ended 31 December 2022**	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	**408.1**	**(8.1)**	**400.0**
EBITDA	**189.7**	**(24.4)**	**165.3**
EBITA	**131.1**	**(4.2)**	**126.9**
EBIT	**117.3**	**(4.2)**	**113.1**
Interest expense (net) - External	**(47.1)**	**25.9**	**(21.2)**
Interest expense - Shareholders	**(14.8)**	**-**	**(14.8)**
Net profit before tax	**55.4**	**21.7**	**77.1**
Taxation	**(16.6)**	**(6.5)**	**(23.1)**
Net profit after tax	**38.8**	**15.2**	**54.0**
Net profit after tax pre-amortisation	**48.5**	**15.2**	**63.7**
Qube share (50%) of net profit after tax	**19.4**	**7.6**	**27.0**
Qube interest income net of tax from Patrick[1]	**5.2**	**-**	**5.2**
Qube net profit after tax from Patrick	**24.6**	**7.6**	**32.2**
Qube share (50%) of net profit after tax pre-amortisation	**24.2**	**7.6**	**31.8**
Qube net profit after tax pre-amortisation from Patrick	**29.4**	**7.6**	**37.0**

Patrick underlying contribution reconciliation (100%) **For the half-year ended 31 December 2021**	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	373.3	(22.3)	351.0
EBITDA	153.5	(23.3)	130.2
EBITA	97.0	(3.6)	93.4
EBIT	81.7	(3.7)	78.0
Interest expense (net) - External	(36.0)	25.0	(11.0)
Interest expense - Shareholders	(17.5)	-	(17.5)
Net profit before tax	28.2	21.3	49.5
Tax (@ 30%)	(7.6)	(7.1)	(14.7)
Net profit after tax	20.6	14.2	34.8
Net profit after tax pre-amortisation	31.4	14.2	45.6
Qube share (50%) of net profit after tax	10.3	7.1	17.4
Qube interest income net of tax from Patrick[1]	6.1	-	6.1
Qube net profit after tax from Patrick	16.4	7.1	23.5
Qube share (50%) of net profit after tax pre-amortisation	15.7	7.1	22.8
Qube net profit after tax pre-amortisation from Patrick	21.8	7.1	28.9

[1]Qube's share of shareholder interest income is subject to a prima facie 30% tax charge, whereas Qube's share of profit from Patrick trading results has already been tax effected.

[2]For the half-year to 31 December 2022 underlying adjustments included net after tax AASB 16 leasing adjustments of $21.6 million (Qube share $10.8 million) and $14.2 million (Qube share $7.1 million) in the prior corresponding period.

7. Investments accounted for using the equity method (continued)

(c) Individually immaterial associates and joint ventures

In addition to the interests disclosed above in Patrick, the Group also has interests in a number of individually immaterial associates[1] that are accounted for using the equity method.

	31 Dec 2022 $m	30 June 2022 $m
Aggregate carrying amount of individually immaterial associates and joint ventures	**37.3**	36.6

	31 Dec 2022 $m	31 Dec 2021 $m
Aggregate amounts of the Group's share of:		
Profit/(Loss) for the period	**2.1**	(1.7)
Other comprehensive income	**-**	-
Total comprehensive income	**2.1**	(1.7)

[1] 'K' Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd and Southern Export Terminals Pty Ltd.

(d) Commitments and contingent liabilities of associates and joint ventures

Other than as noted above there has been no material change in contingent liabilities of associates and joint ventures as set out in Qube's 2022 Annual Report.

(e) Significant judgement: consolidation of entities with 50% ownership

The directors have concluded that where the Group holds 50% of the voting rights of an entity that this does not in itself confer that the Group has control of that entity. To establish whether control exists, the Group determines whether it is exposed to, or has the rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

In the case of PTH No.1 Pty Ltd, Northern Stevedoring Services Pty Ltd, "K" Line Auto Logistics Pty Ltd and Southern Export Terminals Pty Ltd, Intermodal Group Pty Ltd and Intermodal Train Services Pty Ltd, Qube does not have the ability to affect returns of these entities without the prior consent of the remaining shareholders and therefore these are accounted for as associates and joint ventures as outlined in the Group's accounting policy.

8. Intangible assets

	Goodwill $m	Port Concessions $m	Customer contracts $m	Total $m
At 30 June 2022				
Cost	802.0	113.5	81.3	996.8
Accumulated amortisation and impairment	-	(20.8)	(77.5)	(98.3)
Net book amount	802.0	92.7	3.8	898.5
Half-year ended 31 December 2022				
Opening net book amount	**802.0**	**92.7**	**3.8**	**898.5**
Exchange differences	**1.6**	**-**	**-**	**1.6**
Amortisation charge	**-**	**(1.9)**	**(2.0)**	**(3.9)**
Closing net book amount	**803.6**	**90.8**	**1.8**	**896.2**
At 31 December 2022				
Cost	**803.6**	**113.5**	**81.3**	**998.4**
Accumulated amortisation	**-**	**(22.7)**	**(79.5)**	**(102.2)**
Net book amount	**803.6**	**90.8**	**1.8**	**896.2**

9. Property, plant and equipment

	Land & Buildings $m	Plant & Equipment $m	Leasehold Improvements $m	Total $m
At 30 June 2022				
Cost	322.4	2,292.8	412.4	3,027.6
Accumulated amortisation	(46.0)	(931.8)	(152.7)	(1,130.5)
Net book amount	276.4	1,361.0	259.7	1,897.1
Half-year ended 31 December 2022				
Opening net book amount	**276.4**	**1,361.0**	**259.7**	**1,897.1**
Additions	**13.2**	**198.3**	**3.0**	**214.5**
Reclassifications	**5.3**	**(8.8)**	**3.5**	**-**
Reclassification from inventory	**-**	**10.0**	**-**	**10.0**
Disposals	**-**	**(4.5)**	**-**	**(4.5)**
Exchange differences	**-**	**5.4**	**-**	**5.4**
Depreciation charge	**(3.0)**	**(78.5)**	**(7.7)**	**(89.2)**
Closing net book amount	**291.9**	**1,482.9**	**258.5**	**2,033.3**
At 31 December 2022				
Cost	**340.8**	**2,461.6**	**416.7**	**3,219.1**
Accumulated amortisation	**(48.9)**	**(978.7)**	**(158.2)**	**(1,185.8)**
Net book amount	**291.9**	**1,482.9**	**258.5**	**2,033.3**

10. Equity securities issued

	31 Dec 2022 Shares	31 Dec 2021 Shares	**31 Dec 2022 $m**	31 Dec 2021 $m
(a) Issues of ordinary shares during the half-year				
Opening balance as at 1 July	**1,765,762,524**	1,906,960,085	**2,736.9**	3,096.3
Dividend reinvestment plan	**-**	5,514,801	**-**	17.6
Employee share plan issues	**-**	7,726,305	**-**	24.4
Closing balance 31 December	**1,765,762,524**	1,920,201,191	**2,736.9**	3,138.3
(b) Movements in treasury shares during the half-year				
Opening balance as at 1 July	**(10,021)**	(223,881)	**(16.3)**	(7.4)
Treasury shares acquired	**(1,623,818)**	(383,109)	**(4.6)**	(1.2)
Treasury shares issued	**-**	(7,726,305)	**-**	(24.4)
Transfer of treasury shares	**1,345,719**	8,323,274	**3.9**	26.2
Fair value movement on allocation and vesting of securities	**-**	-	**(0.4)**	6.8
Closing balance 31 December	**(288,120)**	(10,021)	**(17.4)**	-
Total contributed equity	**1,765,474,404**	1,920,191,170	**2,719.5**	3,138.3

Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Holdings Limited Employee Share Trust for the purpose of allocating shares that vest under the Short-Term Incentive Plan (STI) and the Long-Term Incentive Plan (LTI). Details of the plans were disclosed in the Remuneration Report of the Qube Holdings Limited 2022 Annual Report.

11. Borrowings

During the period, Qube has taken advantage of its strong liquidity position to rebalance its borrowing portfolio by reducing and extending the maturity of its facilities:

- Terminating approximately $460 million of its more expensive short-term liquidity facilities, bridge facility and term facilities;
- Terminating $100 million of its CEFC facility and shortening the maturity of the $50 million balance pending discussion and agreement to reset new clean energy targets (existing facility was linked to specific Moorebank targets now not applicable);
- Increasing the amount of other facilities by around $240 million; and
- Extending the term on approximately $190 million of its existing bilateral facilities.

At 31 December 2022 Qube's debt facilities have a weighted average maturity of around 2.5 years (June 2022: 2.1 years). Debt facilities totalling $720 million, of which $600 million are drawn, mature within the next 12 months and are classified as current liabilities by the Group. All other facilities terms extend beyond 12 months and have been disclosed as non-current liabilities.

Financing arrangements

The Group has access to the following undrawn borrowing facilities at the end of the reporting period:

	31 Dec 2022 $m	30 June 2022 $m
Floating rate		
Expiring within one year	**120.0**	-
Expiring beyond one year*	**705.2**	1,170.8
	825.2	1,170.8

*Undrawn facilities as at 31 December 2022 are adjusted for $26.1 million in bank guarantees (June 2022: $24.2 million) drawn under the working capital facilities.

Subject to the continuance of satisfactory covenant compliance, the undrawn borrowing facilities may be drawn down at any time.

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the half-year to 31 December 2022.

12. Fair value measurement

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments and non-financial assets since the 2022 annual financial report.

(a) Fair value hierarchy

To provide an indication about the reliability of the inputs used in determining fair value, the Group classifies its financial instruments into the three levels prescribed under the accounting standards. An explanation of each level 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 or indirectly, and

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

The following table presents the Group's financial assets, non-financial assets and financial liabilities measured and recognised at fair value at 31 December 2022 and 30 June 2022 on a recurring basis:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
At 31 December 2022				
Fair value measurements				
Assets				
Investment Properties	**-**	**-**	**53.5**	**53.5**
Contingent consideration	-	-	**86.2**	**86.2**
Derivatives designated as hedges	**-**	**15.3**	**-**	**15.3**
Derivatives not designated as hedges	**-**	**12.7**	**-**	**12.7**
Total assets	**-**	**28.0**	**139.7**	**167.7**
Liabilities				
Derivatives not designated as hedges	**-**	**-**	**-**	**-**
Total liabilities	**-**	**-**	**-**	**-**
At 30 June 2022				
Fair value measurements				
Assets				
Investment Properties	-	-	53.5	53.5
Contingent consideration	-	-	283.0	283.0
Derivatives designated as hedges	-	21.2	-	21.2
Derivatives not designated as hedges		13.6		13.6
Total assets	-	34.8	336.5	371.3
Liabilities				
Derivatives designated as hedges	-	0.5	-	0.5
Total liabilities	-	0.5	-	0.5

There were no transfers between levels 1 and 2 for recurring fair value measurements during the period.

The $86.2 million of contingent consideration reference above includes $79.6 million of deferred purchase price balance that will be paid progressively as construction of stage 1a of the MLP Interstate Terminal is delivered the majority of which should be received during FY23. It also includes $37.5 million to be paid by LOGOS contingent upon completion of the stage 1a construction and the achievement, over time, of specific volume (TEU) hurdles for the Interstate Terminal. The balance of the $86.2 million is a net expected outflow of $30.9 million which comprises a number of contingent costs that Qube are required to incur as part of the overall MLP transaction, the main one being the commitment to fund the rail access works for the MLP precinct.

12. Fair value measurement (continued)

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

- Cross currency interest rate swaps, interest rate swaps and collars - Present value of the estimated future cash flows using an appropriate market based yield curve, which is independently derived. Yield curves are sourced from readily available market data quoted for all major currencies.
- Forward exchange contracts and options - Quoted forward exchange rates at reporting date for contracts with similar maturity profiles.
- Other techniques, such as discounted cash flow analysis are used to determine fair value for the remaining financial instruments such as contingent consideration.

All of the resulting fair value estimates are included in levels 1 and 2 except for contingent consideration payable explained in (c) below.

Non-financial assets

The Group obtains independent valuations for its investment properties at least annually. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent valuations performed by an independent valuer who holds a recognised and relevant qualification and any other relevant factors. The directors determine a property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the directors consider information from a variety of sources including independent valuations prepared by third party valuers. These valuations typically include information such as:

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and

The Russell Park investment property utilised the capitalisation approaches, which resulted in the fair value estimate for this property being included in level 3.

(c) Fair value measurements using significant unobservable inputs (level 3)

Financial instruments

(i) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the half-year to 31 December 2022.

There were also no changes made to any of the valuation techniques applied in prior periods.

(ii) Valuation inputs and relationships to fair value

Contingent consideration

Actual consideration payable is contingent on certain future conditions including financial results, warranty periods and volume related targets. The minimum amount payable is $nil, and the maximum is $nil over the relevant period.

Non-financial assets

(iii) Transfers between levels 2 and 3 and changes in valuation techniques

There were no transfers between the levels of the fair value hierarchy in the half-year to 31 December 2022.

12. Fair value measurement (continued)

(c) Fair value measurements using significant unobservable inputs (level 3) (continued)

(iv) Valuation processes

For level 3 assets being independently valued the Group engages external, independent and qualified valuers to determine the fair value at least annually.

The main level 3 inputs used by the Group are derived and evaluated as follows: Property assets - key assumptions including capitalisation rate, vacancy rate and market rent are estimated with reference to market evidence and transactions, where possible. The Group's policy is to engage an external valuer at least annually to value investment property assets. Given that Russell Park was externally valued at 30 June 2022, the Group has performed an internal valuation of this asset at reporting date considering market evidence that may impact key assumptions including the capitalisation rate and market rent. The following table summarises the quantitative information about the significant unobservable inputs used in fair value measurement of investment property based on the capitalisation of earnings methodology:

Description	Fair value at 31 December 2022 $m	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment property	**$53.5**	Capitalisation rate	**8.50%**	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	**0.57%**	
		Market rent (per sqm)	**$75.5**	Market rent represents the net market income per sqm used for valuation purposes

<u>Estimated fair value of contingent consideration relating to Moorebank Logistics Park sale</u>

The fair value of the remaining contingent consideration and contingent payments for the sale of MLP has been determined with reference to the consideration that is likely to be received for the sale, this includes an element of contingent consideration, less the fair value of contingent payments.

- Contingent consideration – expected cash inflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information.
- Contingent payments – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the ongoing discussions with relevant parties and other available external and internal information.

13. Business combinations

There were no acquisitions in the half-year ended 31 December 2022.

Provisional disclosures made as at 30 June 2022 in relation to the Newcastle Agri Terminal Pty Ltd (NAT) and CTC Terminals Pty Ltd (CTC), True Blue Containers (2005) Pty Ltd and AST group of companies acquisitions were finalised with no change noted. There are no changes in the provisional disclosures made as at 30 June 2022 relating to Harvestco Australia Pty Ltd.

14. Dividends

	31 Dec 2022	31 Dec 2021
	$m	$m
(a) Ordinary shares		
Dividends provided for or paid during the half-year	**70.6**	67.0
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 3.75 cents per fully paid ordinary share (December 2021 – 3.0 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 13 April 2023 out of retained earnings at 31 December 2022, but not recognised as a liability at the end of the half-year	**66.2**	57.6

15. Contingencies

Contingent liabilities

Controlled entities within the Group are and become parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group.

Contamination at Moorebank

As part of the MLP monetisation transaction, Qube and the LOGOS Consortium have entered into agreements that allocate responsibility for the ongoing development of the project between the parties and provides certain indemnities to each other, some of which, if triggered, could result in a substantial payment by Qube to the LOGOS Consortium. This includes indemnifying the LOGOS Consortium for certain financial loss that arises if there is a termination event under the Development and Operations Deed (DOD) due to a failure by Qube to complete construction of Stage 1a of the MLP Interstate Terminal by the target date of 24 January 2024 (subject to extension for valid relief events), events of default under the DOD caused by Qube and in respect of certain contamination claims that may be brought against the LOGOS Consortium.

The nature and specific terms of these agreements are commercially sensitive and have therefore not been disclosed. However, having regards to the circumstances that could give rise to a claim and Qube's ability to mitigate, Qube does not expect any material financial exposure to arise as a result of the indemnities provided and accordingly no contingent liability has been recognised in Qube's financial statements.

It is noted in relation to the PFAS contamination that Qube's exposure has not been considered sufficiently likely to warrant the disclosure of any contingent liability in prior years and the monetisation has not changed this situation.

16. Events occurring after the reporting period

Other than as noted in this report, there have been no events that have occurred subsequent to 31 December 2022 and up to the date of this report that have had a material impact on Qube's financial performance or position.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 12 to 33 are in accordance with the *Corporations Act 2001,* including:

 (i) complying with Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and

 (ii) giving a true and fair view of the consolidated entity's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the directors.

Allan Davies
Chairman

Sydney
23 February 2023

Independent auditor's review report to the members of Qube Holdings Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Qube Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2022, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of Qube Holdings Limited does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date

2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of the Company are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

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Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2022 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth Stesel
Partner

Sydney
23 February 2023