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26 February 2013

**ASX and Media Announcement**

**Results for announcement to the market**
**Preliminary Half Year Report**

Please find attached the following documents in relation to Qube's results for the half year ended 31 December 2012:

1. Preliminary Half Year Report (Appendix 4D)
2. ASX and Media Announcement
3. Interim Financial Report

Further Enquiries:

| | |
|---|---|
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# Qube Holdings Limited
## (ABN 14 149 723 053)
## (Formerly Qube Logistics Holdings Limited)
## APPENDIX 4D Half Year Report 31 December 2012

### 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 2012.

| | Dec 2012 $'000 | Dec 2011 $'000 | Movement |
|---|---|---|---|
| Revenue from ordinary activities | 526,200 | 345,771 | +52% |
| Profit from ordinary activities after tax attributable to members | 34,662 | 8,180 | +324% |
| Net profit for the period attributable to members | 34,662 | 8,180 | +324% |
| Earnings per share (cents per share) | 3.8c | 1.2c | +217% |
| Interim dividend per share (fully franked) | 2.2c | 2.0c | +10% |
| Dividend record date | 12 March 2013 | | |
| Dividend payment date | 11 April 2013 | | |

<u>Comparative information</u>

The information for the six months to 31 December 2011 is not comparable to the current period due to transactions and changes in accounting treatment associated with the Qube Restructure and ancillary transactions which were completed in September 2011 and outlined in the Qube 2012 Annual Report.

**Underlying Information***

Qube delivered strong underlying revenue and earnings growth for the half-year ended 31 December 2012.

| Underlying information | Dec 2012 $'000 | Dec 2011** $'000 | Movement |
|---|---|---|---|
| Underlying Revenue | 526,304 | 397,509 | +32% |
| Underlying EBITDA | 89,468 | 54,352 | +65% |
| Underlying Proportional Revenue | 596,216 | 444,664 | +34% |
| Underlying Proportional EBITDA | 104,567 | 70,849 | +48% |

The six month results to 31 December 2011 include pro-forma adjustments to assist in gaining an understanding of the underlying financial performance of Qube's businesses compared to the current period.

* The underlying result excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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.

**Underlying Information (continued)***

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.

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

| | Dec 2012 | Dec 2011 |
|---|---|---|
| | $'000 | $'000 |
| **Revenue from external customers** | **526,200** | **345,771** |
| Fair value adjustments (net) | 104 | - |
| Pro-forma adjustments** | - | 51,738 |
| **Underlying revenue** | **526,304** | **397,509** |
| Proportional share of associates revenue | 73,093 | 47,155 |
| Proportional NCI share of MIPT revenue | (3,181) | - |
| **Underlying Proportional Revenue** | **596,216** | **444,664** |
| | | |
| **Net profit/(loss) before income tax** | **52,553** | **(13,812)** |
| Share of profit of associates | (8,924) | (6,682) |
| Interest income | (1,829) | (1,649) |
| Interest expense | 18,991 | 7,150 |
| Depreciation & amortisation | 28,522 | 15,176 |
| **EBITDA** | **89,313** | **183** |
| Fair value of derivatives and investments | 155 | - |
| Non-recurring Qube restructure items (excluding stamp duty) | - | 43,201 |
| Stamp Duty | - | 4,283 |
| Pro-forma adjustments** | - | 6,685 |
| **Underlying EBITDA** | **89,468** | **54,352** |
| Proportional share of Associates EBITDA | 17,660 | 16,497 |
| Proportional NCI share of MIPT EBITDA | (2,561) | - |
| **Underlying Proportional EBITDA** | **104,567** | **70,849** |

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

Underlying and Underlying Proportional Revenue are determined as follows:

**Underlying Revenue** is revenue from external customers adjusted to exclude non-cash items such as fair value adjustments.

**Underlying Proportional Revenue** is Underlying Revenue adjusted to:

- include 6 months proportional revenue contribution from Qube's associates, and
- exclude 6 months of the proportional non-controlling interest (NCI) share of MIPT revenue.

EBITDA, Underlying EBITDA and Underlying Proportional EBITDA are determined as follows:

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

**Underlying EBITDA** is EBITDA adjusted to remove non-cash items such as fair value adjustments.

**Underlying Proportional EBITDA** is Underlying EBITDA adjusted to:

- include the 6 months proportional EBITDA contribution from Qube's associates, and
- exclude the 6 months proportional EBITDA attributable to the NCI share of MIPT.

** Pro-forma information is defined on page 3.

* The underlying result excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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.

*****Pro-forma adjustments***

The Pro-forma adjustments have been made to the 31 December 2011 statutory results to present them as if the Qube Restructure and the acquisition of the Qube Logistics NCI occurred on 1 July 2011. The adjustments made are as follows:

- Qube operated as a company for the entire comparative reporting period;
- Qube owned 100% of Qube Logistics, Qube Ports & Bulk and Minto Properties (Minto) for the entire reporting period;
- Qube owned and equity accounted the following investments - Australian Amalgamated Terminals (50%), Northern Stevedoring Services (50%), "K" Line Auto Logistics / Prixcar (25%), Moorebank Industrial Property Trust (MIPT) (30%) for the entire reporting period;
- The one-off costs relating to the Qube Restructure have been excluded; and
- Other non-recurring items relating to the two month period prior to the Qube Restructure have been excluded.

## Dividend Reinvestment Plan

Qube operates a dividend reinvestment plan (DRP) that enables shareholders to elect to reinvest all, or a portion of, their dividends into additional shares in Qube. The DRP is available for the interim dividend payable on 11 April 2013. Shares will be issued at a discount of 2.5% to the volume weighted average market price of shares sold on the ASX over the 10 trading days immediately following the record date for payment of the dividend and will rank equally with existing ordinary shares on issue. Lodgement of the election notice for participation in the DRP is due by 5:00pm on 12 March 2013.

## Net Tangible Assets per Share

The net tangible assets per share are $0.46 per share (2011:$0.57 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 2012 Interim Financial Report which has been subject to a review by PricewaterhouseCoopers.

* The underlying result excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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.

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26 February 2013

**ASX and Media Announcement**

**Qube delivers a record first half result with another strong performance**

Revenue up 32%

EBITA up 56%

NPAT up 19%

Qube Holdings Limited today announced record earnings and strong growth across both its Ports & Bulk and Logistics divisions for the half year to 31 December 2012. The underlying[1] revenue was $526.3 million and underlying profit after tax attributable to shareholders was $37.8 million, an increase of around 32% and 19% respectively on the pro-forma 31 December 2011 result. The underlying EBITA for the period was $64 million, an increase of approximately 56% on the pro-forma 31 December 2011 result.

On a statutory basis, Qube reported revenue of $526.2 million and profit after tax attributable to shareholders of $34.7 million, an increase of 52% and 323% respectively over the statutory results for the half year to 31 December 2011.

The directors have determined to pay a fully franked interim dividend of 2.2 cents per share, a 10% increase on the interim dividend for the previous corresponding period reflecting Qube's strong result and positive outlook.

Key highlights for the half year include:

- Record financial results for Qube's operating divisions.
- Significantly increased revenue and earnings.
- Continued improvement in safety performance.
- Recent acquisitions performing well with integration going smoothly.
- Greater Qube brand awareness with significant increase in new business.

Releasing the results, Qube's Managing Director, Maurice James said, "The current financial year has started strongly for Qube as we continue to establish ourselves as Australia's leading provider of integrated logistics services focussed on the import and export supply chains."

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1 The underlying result excludes non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying' and 'pro-forma' 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. See Attachment 1 for further information.

“I am delighted with the strong performance from both operating divisions which have delivered record results while maintaining tight cost control.”

“The revenue and earnings growth in both the Logistics division and Ports & Bulk division demonstrates that Qube is in a sweet spot in the Australian economy with balanced exposure to the resources, container logistics and automotive sectors.”

“Throughout this first half we have worked hard to integrate our recent acquisitions which have met or exceeded expectations and which will fully contribute to earnings growth in 2014.”

“Greater brand awareness of Qube, together with a reputation for innovative solutions, is also leading to increased customer inquiries and a number of new business opportunities.”

“Qube is now in a stronger position to deliver sustainable growth in the medium to long term,” Mr James said.

Key underlying and statutory financial data for the six months ended 31 December 2012 and 31 December 2011 is summarised below:

| **Six months ended 31 December** | **2012 ($m)** | **2011 ($m)** | **Change From Prior Year (%)** | **2012 ($m)** |
|---|---|---|---|---|
| | **Underlying** | **Pro-forma** | | **Statutory** |
| Operating Revenue | 526.3 | 397.5 | 32% | 526.2 |
| EBITDA | 89.5 | 54.4 | 65% | 89.3 |
| EBITA | 64.0 | 40.9 | 56% | 63.8 |
| EBIT | 60.9 | 37.8 | 61% | 60.8 |
| Net Interest Expense | (17.0) | (5.8) | 193% | (17.2) |
| Share of Profit of Associates | 8.9 | 10.1 | -12% | 8.9 |
| Profit Before Tax | 52.8 | 42.1 | 25% | 52.6 |
| Tax (Expense) Benefit | (13.2) | (10.4) | 27% | (16.1) |
| Profit After Tax | 39.6 | 31.8 | 25% | 36.5 |
| Non-Controlling Interest | (1.8) | 0.0 | N/A | (1.8) |
| Profit After Tax Attributable to Shareholders | 37.8 | 31.8 | 19% | 34.7 |
| | | | | |
| Earnings Per Share (cents) | 4.1 | 3.9 | 5% | 3.8 |
| Dividend Per Share (cents) | 2.2 | 2.0 | 10% | 2.2 |

A reconciliation of the statutory profit before tax to the underlying EBITDA for the half year to 31 December 2012 is set out in Attachment 1.

## Logistics Division

The Logistics division reported record results with a pleasing improvement in margins. The business was able to achieve significant organic growth and better asset utilisation by providing tailored solutions to its customers.

Underlying revenue increased to $272.5 million and underlying EBITDA increased to $40.4 million, an increase of 11% and 25% respectively on the pro-forma December 2011 result. This reflected the contribution from the MIST/ITG acquisition (completed on 22 August 2012) which has been fully integrated into the New South Wales operations, as well as organic growth and a strong focus on costs and operating efficiencies.

| Six months ended 31 December | 2012 ($m) | 2011 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | Underlying | Pro-forma | |
| Operating Revenue | 272.5 | 244.5 | 11% |
| EBITDA | 40.4 | 32.3 | 25% |
| Depreciation | (11.8) | (8.8) | 34% |
| EBITA | 28.6 | 23.5 | 22% |
| Amortisation | (0.8) | (0.8) | 0% |
| EBIT | 27.8 | 22.7 | 22% |
| Qube Share of Associates' NPAT | 0.2 | 0.1 | 100% |
| | | | |
| EBITDA Margin (%) | 14.8% | 13.2% | 1.6% |
| EBITA Margin (%) | 10.5% | 9.6% | 0.9% |

The demand for Qube’s port-rail services continued to increase, with Qube’s rail business benefitting from the availability of the locomotives and wagons acquired in the previous financial year. Qube has secured several new rail contracts and expects to acquire further rolling stock during the second half of FY 2013.

Qube’s development at Victoria Dock to provide additional hardstand capacity is well progressed and should be completed around the end of the current financial year.

## Ports & Bulk Division

The Ports & Bulk division delivered record results in the period. Operating margins improved over the prior period and the results also benefitted from the contribution from capital investment and acquisitions made in previous periods.

Underlying revenue increased to $240.9 million and underlying EBITDA increased to $42.8 million, an increase of 60% and 79% respectively on the pro-forma December 2011 result.

| Six months ended 31 December | 2012 ($m) | 2011 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | **Underlying** | **Pro-forma** | |
| Operating Revenue | 240.9 | 150.4 | 60% |
| EBITDA | 42.8 | 23.9 | 79% |
| Depreciation | (13.7) | (4.7) | 191% |
| EBITA | 29.1 | 19.2 | 52% |
| Amortisation | (2.0) | (2.0) | 0% |
| EBIT | 27.1 | 17.2 | 58% |
| Qube Share of Associates' NPAT | 8.7 | 7.7 | 13% |
| | | | |
| EBITDA Margin (%) | 17.8% | 15.9% | 1.9% |
| EBITA Margin (%) | 12.1% | 12.8% | -0.7% |

The ports' activities again benefitted from continued strong vehicle imports and sales which contributed to stevedoring, facilities access, storage and processing revenue.

Revenue and earnings from bulk activities increased following record volumes at Qube's Utah Point facility which is now running at an annualised volume in excess of 12 million tonnes, a full six months contribution from Giacci (which was acquired in March 2012) and the commencement of new contracts during the period.

Qube's offering of reliable, cost effective logistics solutions is increasingly attractive to a broad range of mining companies as reducing capital spend and operating costs becomes a greater priority for the sector.

The division did experience some weakness from its customers with exposure to mineral sands, however, the diversity of the business (geographically, by customer and product) has enabled the growth in revenue and earnings.

The associates in the division generated a 13% increase in underlying net profit after tax for the first half compared to the pro-forma December 2011 result, although this is not expected to be sustained over the full year.

## Strategic Assets Division

The properties within the Strategic Assets division continued to generate an attractive yield during the period from the existing tenants.

Underlying revenue increased to $12.9 million and underlying EBITDA increased to $10.2 million, reflecting Qube's Moorebank investment being consolidated for the entire period whereas Qube's 30% interest was equity accounted in the prior period. The 2011 pro-forma revenue and earnings (EBIT) primarily relate to Qube's 100% ownership of Minto Properties.

| Six months ended 31 December | 2012 ($m) | 2011 ($m) | Change From Prior Year (%) |
|---|---|---|---|
| | **Underlying** | **Pro-forma** | |
| Operating Revenue | 12.9 | 2.7 | 378% |
| EBITDA | 10.2 | 1.9 | 437% |
| Depreciation | 0.0 | 0.0 | 0% |
| EBITA | 10.2 | 1.9 | 437% |
| Amortisation | (0.2) | (0.2) | 0% |
| EBIT | 10.0 | 1.7 | 488% |
| Qube Share of Associates' NPAT | 0.0 | 2.3 | N/A |
| NCI Share of Qube's NPAT | (1.8) | 0.0 | N/A |
| | | | |
| EBITDA Margin (%) | 79.1% | 70.4% | 8.7% |
| EBITA Margin (%) | 79.1% | 70.4% | 8.7% |

During the period, the tenant on the Moorebank property exercised its option to extend its lease and a higher rent will apply from late March 2013. This provides certainty of income while negotiations continue over the future development of this property.

Qube is continuing to actively engage with key stakeholders to gain the necessary approvals to progress the development of an inland terminal and related logistics activities on its site at Moorebank.

Planning is underway for the long term use of the Minto site.

## Funding

Qube continues to have adequate undrawn debt facilities and cash to undertake further investment and remains at the low end of its target gearing range. The refinancing of the debt relating to the strategic properties is well progressed and is expected to be completed well prior to the maturity of these facilities. Qube is in compliance with all its debt covenants with significant headroom under its syndicated debt facilities.

## Dividend

Qube is pleased to announce that it will pay a fully franked interim dividend of 2.2 cents per share in respect of the six months ended 31 December 2012, an increase of 10% over the interim dividend in the prior corresponding period. This reflects a payout ratio of 54% of Qube's underlying earnings per share. The increase in the dividend reflects the strong underlying result achieved by Qube in the period and the positive outlook.

The record date for the dividend is 12 March 2013 and the dividend will be paid on 11 April 2013. The dividend reinvestment plan will operate for this dividend and a discount of 2.5% will apply.

## Outlook

In the second half of FY 2013, Qube will continue to benefit from the significant demand for its logistics solutions across both divisions. This is expected to involve additional investment in facilities and equipment to support our customers' requirements. Qube will continue to build a stronger, more diversified business with an attractive growth outlook.

Subject to no material deterioration in economic conditions, Qube expects continued revenue and earnings growth for the 2013 financial year, albeit at a lower rate than that achieved in the 2012 financial year.

As previously advised, the full benefit of the investments undertaken in FY 2012 and FY 2013 will be realised from FY 2014 and beyond.

Further Enquiries:

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# Attachment 1

## Reconciliation of Statutory Results to Underlying and Pro-forma Results

Six months ended 31 December 2012

There was a small number of non-recurring and non-cash items included in the statutory results for the half year to 31 December 2012 that do not reflect the underlying financial performance of Qube. The table below provides a reconciliation of the statutory to underlying consolidated net profit after tax attributable to Qube shareholders.

| | ($m) |
|---|---|
| **Statutory profit after tax attributable to Qube** | **34.7** |
| Adjust for: | |
| Fair value of swaps and investments (net of tax) | 0.2 |
| Finalisation of tax adjustments on prior year acquisitions | 2.7 |
| Other tax adjustments | 0.2 |
| **Underlying profit after tax attributable to Qube** | **37.8** |

The table below provides a reconciliation of the net profit before tax of Qube by segment to underlying EBITDA and underlying Proportional EBITDA (which are key internal measures used to assess the underlying performance of Qube's businesses) for the six months ended 31 December 2012.

| Six months ended 31 December 2012 | Logistics Division ($m) | Ports & Bulk Division ($m) | Strategic Assets Division ($m) | Corporate ($m) | Consolidated ($m) |
|---|---|---|---|---|---|
| | | | | | |
| **Net profit / (loss) before tax** | **27.2** | **35.0** | **7.9** | **(17.6)** | **52.6** |
| Add: net interest expense | 0.8 | 0.8 | 2.1 | 13.5 | **17.2** |
| Add: depreciation and amortisation expense | 12.7 | 15.7 | 0.2 | 0.0 | **28.5** |
| Less: share of profit after tax from associates | (0.2) | (8.7) | 0.0 | 0.0 | **(8.9)** |
| **EBITDA** | **40.4** | **42.8** | **10.2** | **(4.1)** | **89.3** |
| Add: non-cash items | | | | | |
| Fair value revaluation loss (net) | 0.0 | 0.0 | 0.0 | 0.2 | **0.2** |
| **Underlying EBITDA** | **40.4** | **42.8** | **10.2** | **(3.9)** | **89.5** |
| Add: Proportional share of associates' EBITDA | 0.6 | 17.1 | 0.0 | 0.0 | **17.7** |
| Less: Proportional NCI share of Moorebank EBITDA | 0.0 | 0.0 | (2.6) | 0.0 | **(2.6)** |
| **Underlying Proportional EBITDA** | **41.0** | **59.9** | **7.6** | **(3.9)** | **104.6** |

## Attachment 1 (cont)

Six months ended 31 December 2011

The statutory results for the half year to 31 December 2011 were impacted by the Qube Restructure completed in September 2011 which involved significant transaction costs and changes to accounting measurements. Therefore, the statutory results do not reflect the underlying financial performance of Qube in that period and are not comparable to the current period's results.

As previously advised, the pro-forma financial information provides a more meaningful and consistent reflection of the underlying performance of Qube for the half year to 31 December 2011.

The pro-forma information for the half year to 31 December 2011 has been prepared on the following basis:

- Qube owned its current interest in Qube Logistics, Qube Ports & Bulk, AAT, NSS, Prixcar and Minto Properties for the entire reporting period
- Qube accounted for its 30% ownership of the Moorebank Industrial Property Trust (MIPT) as an associate for the entire period
- Qube operated as a company for the entire reporting period
- The one-off costs relating to the restructure have been excluded
- Other non-cash items and non-operating items have been excluded

The pro-forma proportional information has been prepared on the same basis as the pro-forma information, however, Qube's share of associates' revenue, EBITDA and EBIT has been included in the figures.

The table below provides a reconciliation of the net profit before tax to the Pro-forma EBITDA and Pro-forma Proportional EBITDA for the six months ended 31 December 2011.

| **Six months ended 31 December 2011** | **Logistics Division ($m)** | **Ports & Bulk Division ($m)** | **Strategic Assets Division ($m)** | **Corporate ($m)** | **Consolidated ($m)** |
|---|---|---|---|---|---|
| | | | | | |
| **Net profit / (loss) before tax** | **18.3** | **15.5** | **0.7** | **(48.3)** | **(13.8)** |
| Add: net interest expense | 3.7 | 1.2 | 2.6 | (2.0) | **5.5** |
| Add: depreciation and amortisation expense | 10.5 | 4.5 | 0.2 | 0.0 | **15.2** |
| Less: share of profit after tax from associates | (0.1) | (4.9) | (1.6) | 0.0 | **(6.7)** |
| **EBITDA** | **32.3** | **16.2** | **1.9** | **(50.2)** | **0.2** |
| Add: non-recurring items relating to Qube Restructure | 0.0 | 0.0 | 0.0 | 47.5 | **47.5** |
| **Underlying EBITDA** | **32.3** | **16.2** | **1.9** | **(2.8)** | **47.7** |
| Add: Pro-forma EBITDA | 0.0 | 7.7 | (0.0) | (1.0) | **6.7** |
| **Pro-forma EBITDA** | **32.3** | **23.9** | **1.9** | **(3.8)** | **54.4** |
| Add: Proportional share of associates' EBITDA | 0.1 | 14.0 | 2.3 | 0.0 | **16.5** |
| **Pro-forma Proportional EBITDA** | **32.5** | **37.9** | **4.2** | **(3.8)** | **70.8** |

Further information regarding Qube's results, including an explanation of statutory and non-statutory financial information, is set out in Qube's financial results for the six months ended 31 December 2012 and is available on www.qube.com.au.

# Qube Holdings Limited ABN 14 149 723 053
**(formerly Qube Logistics Holdings Limited)**

# Interim report - 31 December 2012

## Contents



This interim 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 2012 and any public announcements made by Qube Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

## Directors' report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited (Qube), formerly Qube Logistics Holdings Limited, and the entities it controlled at the end of, or during, the half-year ended 31 December 2012.

**Directors**
The following persons were directors of Qube during the whole of the half-year and up to the date of this report:

| | |
|---|---|
| Chris Corrigan | (Non-executive Chairman) |
| Sam Kaplan | (Non-executive Deputy Chairman) |
| Maurice James | (Managing Director) |
| Allan Davies | (Non-executive Director) |
| Robert Dove | (Non-executive Director) |
| Peter Dexter | (Non-executive Director) |
| Yutaka Nakagawa | (Non-executive Director) |
| Ross Burney | (Non-executive Director) |
| Simon Moore | alternate to Robert Dove |
| Aage Holm | alternate to Peter Dexter |
| Alan Miles | alternate to Yutaka Nakagawa |

**Dividend**
The Directors have declared a fully franked dividend of 2.2 cents per share, an increase of 10.0% on the prior comparable period, reflecting the strong underlying profit of Qube in the period and positive outlook.

**Review of operations**
During the six months to 31 December 2012, Qube delivered record financial results as a result of strong organic growth and the contribution from acquisitions. Statutory Revenue increased by 52.2% to $526.2 million and statutory EBITDA increased from $0.2 million to $89.3 million. The prior period results are not comparable to the current period due to transactions and changes to accounting treatments associated with the Qube Restructure and ancillary acquisitions which were completed in September 2011 and outlined in the Qube 2012 Annual Report. Underlying revenue increased by 32.4% and EBITDA by 64.6%. Both operating divisions achieved growth and improved margins compared to the prior corresponding period.

During the period, Qube completed the acquisition of the Macarthur Intermodal Shipping Terminal Pty Limited (MIST) which provided it with an additional rail terminal and increased scale for its rail business.

Qube has undertaken further growth capital expenditure of approximately $60 million in the period to develop capacity at its operating facilities as well as acquiring equipment to support new contracts. This has included the commencement of the construction of hardstand at Victoria Dock, and the purchase of trailers, road-trains and Rotabox containers to support major contracts. The earnings contribution from this capital expenditure will not make a full year contribution until FY 2014.

Qube also injected a further $20 million, through its investment in “K” Line Auto Logistics Pty Limited, to support Prixcar Services Pty Limited’s (Prixcar) acquisition of a vehicle transport business giving it the capability of offering customers a fully integrated logistics solution.

These and the other acquisitions undertaken by Qube in the prior year are overall performing in line with management’s expectations and will contribute to continued long term growth.

Qube continues to experience strong demand from customers for its integrated logistics solutions in both operating divisions.

<u>Logistics Division</u>
The Logistics division reported record results with a pleasing improvement in margins. Underlying revenue and EBITDA increased by 11.5% and 25.0% respectively. The business was able to achieve significant organic growth and better asset utilisation, by providing tailored solutions to its customers.

There was very strong demand for Qube’s port-rail services, typically as part of a broader logistics solution. The 8 locomotives and 100 wagons acquired in FY 2012 were fully operational in the period. Qube has secured several new long term contracts to support this investment and expects to acquire further rolling stock during 2013.

The redevelopment of the site at Victoria Dock to provide additional hardstand capacity is well progressed and should be completed by the end of the financial year.

Ports & Bulk Division
The Ports & Bulk division also delivered record results in the period with underlying revenue and EBITDA increasing by 60.2% and 78.9% respectively. Operating margins improved over the prior year largely due to the contribution from capital investment and acquisitions made in previous periods.

The ports activities again benefitted from continued strong vehicle imports and sales which contributed to stevedoring, facilities access, storage and processing revenue.

Revenue and earnings from bulk activities increased following record volumes at Qube's Utah Point facility, a full six months contribution from Giacci (which was acquired in March 2012) and the commencement of new contracts during the period.

The recent volatility and uncertainty in the mining sector has made Qube's offering of reliable, cost effective logistics solutions more attractive to a broad range of mining companies as reducing capital spend and operating costs becomes a greater priority for the sector.

The division did experience some weakness from its customers with exposure to mineral sands, however, the diversity of the business (geographically, by customer and product) has enabled the growth in revenue and earnings despite this weakness.

Strategic Assets
The Strategic Assets division continued to generate stable income during the period from the existing tenants.

Qube is continuing to actively engage with key stakeholders to gain the necessary approvals to progress the development of an inland terminal and related logistics activities on its site at Moorebank.

During the period, the tenant on the Moorebank property exercised its option to extend its lease by five years to March 2018. This provides certainty of income while negotiations continue over the future development of this property.

**Change in state of affairs**
During the period, the Company changed its name from Qube Logistics Holdings Limited to Qube Holdings Limited in order to differentiate the Logistics operating division from the parent entity.

**Matters subsequent to the end of the period**
Since the end of the half year no significant events have occurred which would impact on the financial position of the Group disclosed in the balance sheet as at 31 December 2012 or on the results and cash flows of the Group, for the financial period ended on that date and up to and including the date of this report.

**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 4.

**Rounding of amounts**
The company is of a kind referred to in Class Order 98/100, 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 thousand dollars in accordance with that Class Order.

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

Chris Corrigan
Director

Sydney
25 February 2013

pwc

## Auditor's Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half year ended 31 December 2012, 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.

N R McConnell
Partner
PricewaterhouseCoopers

25 February 2013

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| | Notes | **31 Dec 2012 $'000** | 31 Dec 2011 $'000 |
|---|---|---|---|
| **Revenue from continuing operations** | | | |
| Revenue from sales and services | 3 | 511,775 | 342,573 |
| Other income | 3 | 14,425 | 3,198 |
| **Total income** | | **526,200** | **345,771** |
| Direct transport and logistics costs | | 142,636 | 98,877 |
| Repairs and maintenance costs | | 25,683 | 16,848 |
| Employee benefits expense | 4 | 190,164 | 117,891 |
| Fuel, oil and electricity costs | | 39,147 | 25,649 |
| Occupancy and property costs | | 25,243 | 24,520 |
| Depreciation and amortisation expense | 4 | 28,522 | 15,176 |
| Professional fees | | 4,647 | 3,285 |
| Qube restructure termination payment | 4 | - | 40,000 |
| Trust related expenses | | - | 2,668 |
| Other expenses | | 9,367 | 15,850 |
| **Result from operating activities** | | 60,791 | (14,993) |
| Finance income | | 1,829 | 1,649 |
| Finance costs | 4 | (18,991) | (7,150) |
| **Net finance costs** | | (17,162) | (5,501) |
| Share of net profit of associates accounted for using the equity method | 5 | 8,924 | 6,682 |
| **Profit/(Loss) before income tax** | | **52,553** | **(13,812)** |
| Income tax expense/(benefit) | | 16,096 | (22,732) |
| **Profit for the half-year** | | **36,457** | **8,920** |
| **Other comprehensive income for the half-year, net of tax** | | - | - |
| **Total comprehensive income for the half-year** | | **36,457** | **8,920** |
| Total comprehensive income for the half-year is attributable to: | | | |
| Owners of Qube | | 34,662 | 8,180 |
| Non-controlling interests | | 1,795 | 740 |
| | | 36,457 | 8,920 |
| | | **Cents** | Cents |
| **Earnings per share for profit attributable to the ordinary equity holders of the company:** | | | |
| Basic earnings per share | | **3.8** | 1.2 |
| Diluted earnings per share | | **3.8** | 1.2 |

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

| | Notes | 31 Dec 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|---|
| **ASSETS** | | | |
| **Current assets** | | | |
| Cash and cash equivalents | | 46,776 | 118,565 |
| Trade and other receivables | | 169,493 | 141,823 |
| Inventories | | 6,969 | 3,604 |
| Current tax receivable | | 4,872 | 2,903 |
| Total current assets | | 228,110 | 266,895 |
| **Non-current assets** | | | |
| Trade and other receivables | | 2,849 | 4,002 |
| Investments accounted for using the equity method | 5 | 205,562 | 182,763 |
| Financial assets at fair value through profit or loss | | 837 | 996 |
| Property, plant and equipment | | 484,803 | 362,933 |
| Investment properties | | 282,740 | 279,400 |
| Intangible assets | 6 | 608,267 | 599,703 |
| Other assets | | 1,345 | 1,395 |
| Total non-current assets | | 1,586,403 | 1,431,192 |
| **Total assets** | | 1,814,513 | 1,698,087 |
| **LIABILITIES** | | | |
| **Current liabilities** | | | |
| Trade and other payables | | 90,842 | 94,505 |
| Borrowings | | 92,616 | 19,306 |
| Provisions | | 45,276 | 38,226 |
| Derivative financial instruments | | 1,088 | 2,662 |
| Total current liabilities | | 229,822 | 154,699 |
| **Non-current liabilities** | | | |
| Trade and other payables | | 16,588 | 18,523 |
| Borrowings | | 441,895 | 423,864 |
| Derivative financial instruments | | 1,697 | - |
| Deferred tax liabilities | | 2,157 | 592 |
| Provisions | | 8,921 | 9,169 |
| Total non-current liabilities | | 471,258 | 452,148 |
| **Total liabilities** | | 701,080 | 606,847 |
| **Net assets** | | 1,113,433 | 1,091,240 |
| **EQUITY** | | | |
| Contributed equity | 7 | 1,027,107 | 1,019,583 |
| Reserves | | (36,268) | (34,138) |
| Retained earnings | | 43,550 | 27,903 |
| Capital and reserves attributable to the owners of Qube | | 1,034,389 | 1,013,348 |
| Non-controlling interests | | 79,044 | 77,892 |
| **Total equity** | | 1,113,433 | 1,091,240 |

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

| | | Attributable to owners | | | | | |
|---|---|---|---|---|---|---|---|
| | Notes | **Contributed equity $'000** | **Reserves $'000** | **Retained earnings $'000** | **Total $'000** | **Non-controlling interests $'000** | **Total equity $'000** |
| **Balance at 1 July 2011** | | **583,907** | **20,589** | **63,299** | **667,795** | **18,592** | **686,387** |
| Profit for the half-year | | - | - | 8,180 | 8,180 | 740 | 8,920 |
| Other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the half-year** | | **-** | **-** | **8,180** | **8,180** | **740** | **8,920** |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Contributions of equity, net of transaction costs and tax | 7 | 366,218 | - | - | 366,218 | - | 366,218 |
| Dividends provided for or paid | 9 | - | - | (15,162) | (15,162) | (338) | (15,500) |
| Acquisition of options from senior management of subsidiaries | | - | (8,751) | - | (8,751) | - | (8,751) |
| Transactions with non-controlling interests | | - | (5,959) | - | (5,959) | (14,590) | (20,549) |
| Employee share scheme | | - | (5,122) | - | (5,122) | - | (5,122) |
| | | 366,218 | (19,832) | (15,162) | 331,224 | (14,928) | 316,296 |
| **Balance at 31 December 2011** | | **950,125** | **757** | **56,317** | **1,007,199** | **4,404** | **1,011,603** |
| **Balance at 1 July 2012** | | **1,019,583** | **(34,138)** | **27,903** | **1,013,348** | **77,892** | **1,091,240** |
| Profit for the half-year | | - | - | 34,662 | 34,662 | 1,795 | 36,457 |
| Other comprehensive income | | - | - | - | - | - | - |
| **Total comprehensive income for the half-year** | | **-** | **-** | **34,662** | **34,662** | **1,795** | **36,457** |
| **Transactions with owners in their capacity as owners:** | | | | | | | |
| Contributions of equity, net of transaction costs and tax | 7 | 4,434 | - | - | 4,434 | 1,333 | 5,767 |
| Dividends provided for or paid | 9 | - | - | (19,015) | (19,015) | - | (19,015) |
| Transactions with non-controlling interests | | - | - | - | - | (1,976) | (1,976) |
| Employee share scheme | 7 | 3,090 | (2,130) | - | 960 | - | 960 |
| | | 7,524 | (2,130) | (19,015) | (13,621) | (643) | (14,264) |
| **Balance at 31 December 2012** | | **1,027,107** | **(36,268)** | **43,550** | **1,034,389** | **79,044** | **1,113,433** |

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

| | Notes | **31 Dec 2012 $'000** | 31 Dec 2011 $'000 |
|---|---|---|---|
| **Cashflows from operating activities** | | | |
| Receipts from customers (inclusive of goods and services tax) | | 534,401 | 384,338 |
| Payments to suppliers and employees (inclusive of goods and services tax) | | (464,095) | (346,105) |
| | | 70,306 | 38,233 |
| Proceeds from disposal of financial assets at fair value through profit or loss | | - | 6,459 |
| Dividends and distributions received | | 6,141 | 6,922 |
| Interest income | | 2,321 | 1,558 |
| Other revenue | | 253 | 599 |
| Interest paid | | (18,519) | (6,667) |
| Income taxes paid | | (14,397) | (7,122) |
| Fees paid to Kaplan Funds Management Pty Limited | | - | (19,729) |
| **Net cash inflow from operating activities** | | 46,105 | 20,253 |
| | | | |
| **Cashflows from investing activities** | | | |
| Payments for acquisition of subsidiaries, net of cash acquired | 8 | (47,132) | (2,958) |
| Payments for property, plant and equipment | | (105,415) | (26,097) |
| Payments for settlement of deferred consideration | | (5,500) | - |
| Payments for investment properties | | (263) | - |
| Payments for asset acquisitions | | - | (9,782) |
| Assets acquired through asset acquisitions | | - | 10,160 |
| Payments for non-controlling interests | | - | (13,317) |
| Payments for additional investment in associates | 5 | (20,000) | - |
| Proceeds from sale of property, plant and equipment | | 1,234 | 136 |
| **Net cash (outflow) from investing activities** | | (177,076) | (41,858) |
| | | | |
| **Cashflows from financing activities** | | | |
| Proceeds from issues of shares | | - | 83,775 |
| Proceeds from the issue of units to non-controlling interests | | 1,333 | - |
| Proceeds from borrowings | | 100,000 | 28,374 |
| Repayment of borrowings | | (11,588) | (7,000) |
| Finance lease payments | | (13,016) | (6,040) |
| Dividends paid to shareholders | | (14,915) | (13,818) |
| Distributions paid to non-controlling interests in subsidiaries | | (2,632) | (338) |
| **Net cash inflow from financing activities** | | 59,182 | 84,953 |
| | | | |
| **Net (decrease)/increase in cash and cash equivalents** | | (71,789) | 63,348 |
| Cash and cash equivalents at the beginning of the half-year | | 118,565 | 78,860 |
| **Cash and cash equivalents at end of the half-year** | | 46,776 | 142,208 |

*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), formerly Qube Logistics Holdings Ltd, is a company domiciled in Australia. The consolidated interim financial report of the Company for the six months ended 31 December 2012 comprises the Company and its controlled entities (the Group) and the Group's interests in associates.

The consolidated interim financial report is presented in Australian dollars and has been prepared on a historical cost basis, except for derivative financial instruments, other financial assets and investment properties that have been measured at fair value at reporting date.

The consolidated interim financial report was approved by the Directors on 25 February 2013.

**Net current liabilities**

Qube's current liabilities exceed its current assets at 31 December 2012 by $1.7 million. The current liabilities include $73.3 million of bank debt facilities relating to Qube's strategic properties which mature in the second half of 2013. Qube is progressing the refinancing of these facilities and expects this to be finalised prior to their maturity. In any event, Qube currently has sufficient available cash and undrawn facilities to repay these loans. The consolidated interim financial report has therefore been presented on a 'going-concern' basis.

**Statement of compliance**

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated interim financial report does not include all of the information required for an annual financial report and should be read in conjunction with the financial report of the Group for the year ended 30 June 2012. The Company is a company of a kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the consolidated interim financial report have been rounded off to the nearest thousand dollars, unless otherwise stated.

**Significant accounting policies**

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are the same as those applied by the Group in the financial report for the year ended 30 June 2012.

**Accounting estimates and judgements**

The preparation of the consolidated interim financial report requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. These critical estimates and judgements at 31 December 2012 are the same as those disclosed in the annual report for the financial year ended 30 June 2012.

Actual results may differ from these estimates.

**Comparative information - change in presentation**

During the year ended 30 June 2012, Qube completed a major restructure ('Qube Restructure').

There were a number of non-recurring costs and changes to accounting treatments associated with the Qube Restructure that had a significant impact on Qube's statutory result. As a result of these factors, the statutory results for the half year ended 31 December 2011 are not comparable to the reported results for the half year ended 31 December 2012, nor in the directors' opinion do the results provide a reflection of the underlying profitability of Qube and its businesses for the prior period.

Consistent with its disclosure at 30 June 2012, the Company has changed the classification of some of its income and major expense items in the statement of comprehensive income and changed the classification of major investing activity items in the cashflow to better reflect the operations of the Group. The comparative information has been reclassified accordingly and there is no change to the net result.

## 1 Basis of preparation of half-year report (continued)

### Impacts of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2012 reporting periods. The Group's assessment of the impact of these new standards and interpretations is set out below.

(i) AASB 9 *Financial Instruments*, AASB 2009-11 *Amendments to Australian Accounting Standards arising from* AASB 9and AASB 2010-7 *Amendments to Australian Accounting Standards arising from AASB 9* (December 2010) (effective for annual reporting periods beginning on or after 1 January 2015).

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is applicable for periods after 1 January 2015 but is available for early adoption.
The derecognition rules have been transferred from AASB *139 Financial Instruments: Recognition and Measurement* and have not been changed. The Group is still assessing the impact of these amendments.

(ii) AASB 10 *Consolidated Financial Statements*, AASB 11 *Joint Arrangements*, AASB 12 *Disclosure of Interests in Other Entities*, revised AASB 127 *Separate Financial Statements* and AASB 128 *Investments in Associates and Joint Ventures* and AASB 2011-7 *Amendments to Australian Accounting Standards arising from the Consolidation and Joint Arrangements Standards* (effective 1 January 2013).
In August 2011, the AASB issued a suite of five new and amended standards which address the accounting for joint arrangements, consolidated financial statements and associated disclosures.

AASB 10 replaces all of the guidance on control and consolidation in AASB 127 *Consolidated and Separate Financial Statements*, and Interpretation 12 *Consolidation – Special Purpose Entities*. The core principle that a consolidated entity presents a parent and its subsidiaries as if they are a single economic entity remains unchanged, as do the mechanics of consolidation. However the standard introduces a single definition of control that applies to all entities. It focuses on the need to have both power and rights or exposure to variable returns before control is present.

AASB 11 introduces a principles based approach to accounting for joint arrangements. The focus is no longer on the legal structure of joint arrangements, but rather on how rights and obligations are shared by the parties to the joint arrangement. Based on the assessment of rights and obligations, a joint arrangement will be classified as either a joint operation or joint venture. Joint ventures are accounted for using the equity method, and the choice to proportionately consolidate will no longer be permitted. Parties to a joint operation will account their share of revenues, expenses, assets and liabilities in much the same way as under the previous standard. AASB 11 also provides guidance on joint arrangements.

These standards are not expected to have any impact on the Group's financial statements.

AASB 12 sets out the required disclosures for entities reporting under the two new standards, AASB 10 and AASB 11, and replaces the disclosure requirements currently found in AASB 128. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements, but will impact the type of information disclosed in relation to the Group's investments.

AASB 127 is renamed *Separate Financial Statements* and is now a standard dealing solely with separate financial statements. Application of this standard by the Group will not affect any of the amounts recognised in the financial statements.

Amendments to AASB 128 provide clarification that an entity continues to apply the equity method and does not remeasure its retained interest as part of ownership changes where a joint venture becomes an associate, and vice versa. The amendments also introduce a "partial disposal" concept. The Group is still assessing the impact of these amendments.

The Group does not expect to adopt the new standards before their operative date. They would therefore be first applied in the financial statements for the annual reporting period ending 30 June 2014.

(iii) AASB 2010-8 *Amendments to Australian Accounting Standards - Deferred Tax: Recovery of Underlying Assets* (effective from 1 January 2012)
In December 2010, the AASB amended AASB 112 *Income Taxes* to provide a practical approach for measuring deferred tax liabilities and deferred tax assets when investment property is measured using the fair value model. AASB 112 requires the measurement of deferred tax assets or liabilities to reflect the tax consequences that would follow from the way management expects to recover or settle the carrying amount of the relevant assets or liabilities that is through use or through sale. The amendment introduces a rebuttable presumption that investment property which is measured at fair value is recovered entirely by sale. The Group has applied the amendment from 1 July 2012.

## 1 Basis of preparation of half-year report (continued)

**Impacts of standards issued but not yet applied by the entity (continued)**

(iv) AASB 13 *Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13* (effective from 1 January 2013)

AASB 13 was released in September 2011. It explains how to measure fair value and aims to enhance fair value disclosures. The Group has provisionally determined that none of its current measurement techniques will have to change as a result of this new guidance. The Group does not intend to adopt the new standard before its operative date, which means that it would be first applied in the annual reporting period ending 30 June 2014.

## 2 Segment information

### (a) Description of segments

Management has determined the operating segments based on the reports used by the Board to make strategic decisions.

**Logistics**

The primary focus of the Logistics division is on providing a broad range of services primarily relating to the import and export of containerised cargo. 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 full and empty container parks, customs and quarantine services, warehousing, intermodal terminals and international freight forwarding. The business operates nationally with strategic locations near the ports in key capital cities.

**Ports & Bulk**

This division has two core activities comprising port and bulk logistics with operations in 29 ports around the country. It is focused on the provision of a range of logistics services relating to the import and export of primarily non-containerised freight, with a major focus on automotive, bulk and break bulk products.

Qube's port logistics activities are related to the provision of an integrated logistics solution for the automotive industry, covering a range of activities including facilities management, stevedoring, processing and delivery. This division also provides stevedoring services for general and project cargo and other similar items.

Qube's bulk logistics activities are aimed at offering customers a comprehensive logistics solution from mine-to-ship covering activities including transport, stockpile management, ship loading facilities and stevedoring. Qube handles a diverse range of commodities including iron ore, coal and concentrates. The main operations are located in Western Australia and Queensland.

**Strategic Assets**

This division comprises Qube's interest in the Moorebank Industrial Property Trust (MIPT) (66.7%) and strategically located property at Minto in Sydney's south west (100%). Both of these properties are located adjacent to the dedicated Southern Sydney Freight Line (SSFL).

These assets are being leased to quality third party tenants to generate income while Qube undertakes the necessary analysis and planning with a view to obtaining the required development approvals to transform these assets into operating logistics properties predominantly involving inland rail terminals and related logistics activities.

**Corporate & Other**

Corporate head office 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, and to manage a broad range of reporting, corporate governance and other functions of the Group.

Costs relating to certain development projects in the planning and analytical phase are also reported within this segment.

## 2 Segment information (continued)

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

Qube's Board assesses the performance of the operating segments on a measure of Underlying and Underlying Proportional Revenue, EBITDA and EBIT which is allocated into segments as follows:

| **Six months ended 31 December 2012** | **Logistics $'000** | **Ports & Bulk $'000** | **Strategic Assets $'000** | **Corporate & Other $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Revenue from external customers** | **272,523** | **240,871** | **12,910** | **(104)** | **526,200** |
| Fair value adjustments (net) | - | - | - | 104 | 104 |
| **Underlying revenue** | **272,523** | **240,871** | **12,910** | - | **526,304** |
| Proportional share of associates revenue | 6,238 | 66,855 | - | - | 73,093 |
| Proportional NCI share of Moorebank revenue | - | - | (3,181) | - | (3,181) |
| **Underlying Proportional Revenue** | **278,761** | **307,726** | **9,729** | - | **596,216** |

Underlying and Underlying Proportional Revenue is determined as follows:

**Underlying Revenue** is revenue from external customers adjusted to exclude non-cash items such as fair value adjustments.

**Underlying Proportional Revenue** is Underlying Revenue adjusted to:
- include 6 months proportional revenue contribution from Qube's associates, and
- exclude 6 months of the proportional NCI share of MIPT revenue

A reconciliation of Underlying Proportional EBITDA to profit before income tax is as follows:

| | Logistics $'000 | Ports & Bulk $'000 | Strategic Assets $'000 | Corporate & Other $'000 | Total $'000 |
|---|---|---|---|---|---|
| **Net profit/(loss) before income tax** | **27,229** | **35,010** | **7,906** | **(17,592)** | **52,553** |
| Share of profit of associates | (235) | (8,689) | - | - | (8,924) |
| Interest income | (401) | (484) | (122) | (822) | (1,829) |
| Interest expense | 1,180 | 1,257 | 2,220 | 14,334 | 18,991 |
| Depreciation & amortisation | 12,654 | 15,660 | 206 | 2 | 28,522 |
| **EBITDA** | **40,427** | **42,754** | **10,210** | **(4,078)** | **89,313** |
| Fair value of derivatives and investments | - | - | - | 155 | 155 |
| **Underlying EBITDA** | **40,427** | **42,754** | **10,210** | **(3,923)** | **89,468** |
| Proportional share of Associates EBITDA | 561 | 17,099 | - | - | 17,660 |
| Proportional NCI share of Moorebank EBITDA | - | - | (2,561) | - | (2,561) |
| **Underlying Proportional EBITDA** | **40,988** | **59,853** | **7,649** | **(3,923)** | **104,567** |
| **Total segment assets** | **625,525** | **878,878** | **291,683** | **18,427** | **1,814,513** |
| Total assets includes: | | | | | |
| Investments in associates | 2,124 | 203,438 | - | - | 205,562 |
| NCI Share of total assets | - | - | 79,073 | - | 79,073 |

EBITDA, Underlying EBITDA and Underlying Proportional EBITDA are determined as follows:

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

**Underlying EBITDA** is EBITDA adjusted to remove non-cash items such as fair value adjustments and other non-recurring expenses.

**Underlying Proportional EBITDA** is Underlying EBITDA adjusted to:
- include the 6 months proportional EBITDA contribution from Qube's associates, and
- exclude the 6 months EBITDA attributable to the NCI share of MIPT.

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

| **Six months ended 31 December 2011** | **Logistics $'000** | **Ports & Bulk $'000** | **Strategic Assets $'000** | **Corporate & Other $'000** | **Total $'000** |
|---|---|---|---|---|---|
| **Revenue from continuing operations** | **244,739** | **98,959** | **2,664** | **1,058** | **347,420** |
| Less: interest income | (271) | (145) | (140) | (1,093) | (1,649) |
| **Revenue from external customers** | **244,468** | **98,814** | **2,524** | **(35)** | **345,771** |
| Pro-forma adjustments | - | 51,573 | 130 | 35 | 51,738 |
| **Pro-forma revenue** | **244,468** | **150,387** | **2,654** | - | **397,509** |
| Pro-forma share of associates revenue | - | 43,500 | 3,655 | - | 47,155 |
| **Pro-forma Proportional Revenue** | **244,468** | **193,887** | **6,309** | - | **444,664** |

Pro-forma and Pro-forma Proportional revenue is determined as follows:

**Pro-forma Revenue** is revenue from external customers adjusted to:

- exclude distributions received from Moorebank Industrial Property Trust (MIPT) for the 2 months it was under Qube's previous trust structure, and
- include the revenues of Qube Ports & Bulk and Minto Properties for the 2 month period prior to the Qube Restructure.

**Pro-forma Proportional Revenue** is Pro-forma Revenue adjusted to include the 6 month proportional revenue contribution from Qube's associates including MIPT and Logistics non-controlling interests.

A reconciliation of Proportional Pro-forma EBITDA to loss after income tax is as follows:

| | | | | | |
|---|---|---|---|---|---|
| **Net profit/(loss) before income tax** | **18,302** | **15,502** | **651** | **(48,267)** | **(13,812)** |
| Share of profit of associates | (141) | (4,946) | (1,595) | - | (6,682) |
| Interest income | (271) | (145) | (140) | (1,093) | (1,649) |
| Interest expense | 3,925 | 1,319 | 2,782 | (876) | 7,150 |
| Depreciation and amortisation | 10,514 | 4,456 | 206 | - | 15,176 |
| **EBITDA** | **32,329** | **16,186** | **1,904** | **(50,236)** | **183** |
| Non-recurring items | - | - | - | 43,201 | 43,201 |
| Stamp duty | - | - | - | 4,283 | 4,283 |
| **Adjusted EBITDA** | **32,329** | **16,186** | **1,904** | **(2,752)** | **47,667** |
| Pro-forma adjustments | - | 7,716 | (33) | (998) | 6,685 |
| **Pro-forma EBITDA** | **32,329** | **23,902** | **1,871** | **(3,750)** | **54,352** |
| Proportional share of Associates EBITDA | 141 | 14,033 | 2,323 | - | 16,497 |
| **Pro-forma Proportional EBITDA** | **32,470** | **37,935** | **4,194** | **(3,750)** | **70,849** |
| **Total segment assets** | **443,043** | **612,051** | **131,497** | **145,715** | **1,332,306** |
| Total assets includes: | | | | | |
| Investments in associates | 2,833 | 178,906 | 73,071 | - | 254,810 |
| NCI Share of total assets | 13,420 | - | - | - | 13,420 |

EBITDA, Adjusted EBITDA, Pro-forma and Pro-forma Proportional EBITDA are determined as follows:

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

**Adjusted EBITDA** is EBITDA adjusted to remove the impact of the non-recurring costs associated with the Qube Restructure and Qube's previous trust structure, non-cash items such as fair value adjustments and non-operating expenses such as refinance costs and stamp duty.

**Pro-forma EBITDA** is Adjusted EBITDA amended to:

- exclude distributions received from MIPT for the 2 months it was under Qube's previous trust structure, and
- include the EBITDA of Qube Ports & Bulk and Minto Properties for the 2 month period prior to the Qube Restructure.

**Pro-forma Proportional EBITDA** is Pro-forma EBITDA adjusted to include the 6 month proportional EBITDA contribution from Qube's associates including MIPT and Logistics non-controlling interests.

## 3 Revenue and other income

| | Half-year ended | |
|---|---|---|
| | **31 Dec 2012** | 31 Dec 2011 |
| **From continuing operations** | **$'000** | $'000 |
| ***Sales revenue*** | | |
| Transport and logistics services rendered | **511,775** | 342,573 |
| | **511,775** | 342,573 |
| ***Other income*** | | |
| Rental and property related income | **14,294** | 2,149 |
| Net gain on disposal of property, plant and equipment | **232** | 103 |
| Fair value losses on financial assets at fair value through profit or loss | **(156)** | (95) |
| Management fees | **40** | 163 |
| Dividend and distribution income | **15** | 871 |
| Other | **-** | 7 |
| | **14,425** | 3,198 |

## 4 Expenses

**Profit before income tax includes the following specific expenses:**

| | | |
|---|---|---|
| *Depreciation* | | |
| Buildings | **357** | 4 |
| Plant and equipment | **22,688** | 10,365 |
| Leasehold improvements | **2,413** | 1,574 |
| Total depreciation | **25,458** | 11,943 |
| *Amortisation* | | |
| Customer contracts | **2,858** | 3,027 |
| Operating rights | **206** | 206 |
| Total amortisation | **3,064** | 3,233 |
| *Depreciation and amortisation expense* | **28,522** | 15,176 |
| *Finance expenses* | | |
| Interest and finance charges paid/payable: | | |
| Other persons | **18,869** | 6,578 |
| Fair value adjustments – derivative instruments | **122** | 572 |
| Finance costs expensed | **18,991** | 7,150 |
| *Rental expense relating to operating leases* | | |
| Property | **14,551** | 18,571 |
| Motor vehicles | **316** | 4,652 |
| Plant and equipment | **24,004** | 19,346 |
| Total rental expense relating to operating leases | **38,871** | 42,569 |
| *Employee benefits expense* | | |
| Defined contribution superannuation expenses | **11,450** | 7,120 |
| Share based payment expenses | **1,803** | 172 |
| Other employee benefits expense | **176,911** | 110,599 |
| Total employee benefits expenses | **190,164** | 117,891 |
| *Restructure costs* | | |
| Qube restructure termination payment | **-** | 40,000 |
| *Stamp duty costs* | **-** | 4,283 |

## 5 Investments in associates

### (a) Ownership interests

The Group has interests in the following associate entities that are or were equity accounted for:

| Name of entity | Principal Activity | Country of Incorporation | Ownership Interest as at 31 Dec 2012 % | Ownership Interest as at 30 June 2012 % |
|---|---|---|---|---|
| Australian Amalgamated Terminals Pty Ltd | Development & management of wharf side facilities | Australia | **50** | 50 |
| Northern Stevedoring Services Pty Ltd | Stevedores and transport operators | Australia | **50** | 50 |
| "K" Line Auto Logistics Pty Ltd* | Storage, processing & distribution of motor vehicles | Australia | **50** | 50 |
| Moorebank Industrial Property Trust | Industrial Property Trust | Australia | **-**** | -** |
| Mackenzie Hillebrand | Logistics solutions | Australia | **50** | 50 |

* 25% interest in Prixcar held through Qube's 50% holding in "K" Line Auto Logistics Pty Ltd.
** Moorebank was reclassified to a subsidiary holding as of 8 June 2012, when control was effectively gained.

| | 31 Dec 2012 $'000 | 30 June 2012 $'000 |
|---|---|---|
| **(b) Movements in carrying amounts** | | |
| Carrying amount at the beginning of the period | **182,763** | - |
| Reclassification from financial assets at fair value through profit and loss | **-** | 221,342 |
| Additional investment | **20,000** | 33,812 |
| Share of profit after income tax | **8,924** | 16,431 |
| Share of investment property revaluation loss | **-** | (3,196) |
| Reclassification to a subsidiary | **-** | (69,925) |
| Dividends and distributions received/receivable | **(6,125)** | (15,701) |
| Carrying amount at the end of the period | **205,562** | 182,763 |

### (c) Summarised financial information of associates

The Group's share of the half year results of its principal associates and its aggregated assets (including goodwill) and liabilities are as follows:

| | Company's share of: | | | |
|---|---|---|---|---|
| **31 December 2012** | **Assets $'000** | **Liabilities $'000** | **Revenues $'000** | **Profit $'000** |
| Australian Amalgamated Terminals Pty Ltd* | 57,708 | 57,446 | 19,450 | 5,031 |
| Northern Stevedoring Services Pty Ltd | 26,994 | 19,919 | 21,783 | 2,728 |
| "K" Line Auto Logistics Pty Ltd** | 34,491 | 12 | 42 | 930 |
| Mackenzie Hillebrand | 5,075 | 2,942 | 6,239 | 235 |
| | 124,268 | 80,319 | 47,514 | 8,924 |

* Included within Australian Amalgamated Terminal's Liabilities is $53m in shareholder loans owed to Qube.
** Prixcar investment held through Qube's 50% interest in "K" Line Auto Logistics Pty Ltd

## 6 Intangible assets

| | Goodwill $'000 | Customer Contracts $'000 | Operating Rights $'000 | Total $'000 |
|---|---|---|---|---|
| **At 1 July 2011** | | | | |
| Cost | 191,672 | - | 7,609 | 199,281 |
| Accumulated amortisation | - | - | (857) | (857) |
| Net book amount | 191,672 | - | 6,752 | 198,424 |
| **Year ended 30 June 2012** | | | | |
| Opening net book amount | 191,672 | - | 6,752 | 198,424 |
| Finalisation of acquisition accounting | (14,275) | 18,500 | - | 4,225 |
| Acquisition of business | 373,050 | 30,300 | - | 403,350 |
| Amortisation charge | - | (5,885) | (411) | (6,296) |
| Closing net book amount | 550,447 | 42,915 | 6,341 | 599,703 |
| **At 30 June 2012** | | | | |
| Cost | 550,447 | 48,800 | 7,609 | 606,856 |
| Accumulated amortisation | - | (5,885) | (1,268) | (7,153) |
| Net book amount | **550,447** | **42,915** | **6,341** | **599,703** |
| **Half-year ended 31 December 2012** | | | | |
| Opening net book amount | **550,447** | **42,915** | **6,341** | **599,703** |
| Finalisation of acquisition accounting | **(1,372)** | **-** | **-** | **(1,372)** |
| Acquisition of business | **13,000** | **-** | **-** | **13,000** |
| Amortisation charge | **-** | **(2,858)** | **(206)** | **(3,064)** |
| Closing net book amount | **562,075** | **40,057** | **6,135** | **608,267** |
| **At 31 December 2012** | | | | |
| Cost | **562,075** | **48,800** | **7,609** | **618,484** |
| Accumulated amortisation | **-** | **(8,743)** | **(1,474)** | **(10,217)** |
| Net book amount | **562,075** | **40,057** | **6,135** | **608,267** |

## 7 Equity securities issued

| | **31 Dec 2012 Shares** | 31 Dec 2011 Shares* | **31 Dec 2012 $'000** | 31 Dec 2011 $'000 |
|---|---|---|---|---|
| Opening balance as at 1 July (shares/units) | **921,407,185** | 610,839,329 | **1,019,583** | 583,907 |
| **Issues of ordinary shares/units during the half-year** | | | | |
| Qube Restructure - redemption of units | - | (610,839,329) | - | (583,907) |
| Qube Restructure - corporatisation | - | 610,839,330 | - | 583,907 |
| Qube Restructure - internalisation | - | 23,094,688 | - | 32,000 |
| Qube Restructure - acquisitions | - | 164,093,576 | - | 234,654 |
| KFM Performance fee payment | - | 6,613,759 | - | 8,708 |
| Management ELTIP | **2,000,000** | 3,900,000 | **3,090** | 5,294 |
| Placement | - | 63,909,774 | - | 85,000 |
| Dividend reinvestment plan issues | **3,082,660** | 1,105,303 | **4,434** | 1,419 |
| Less: | | | | |
| Transaction costs arising on share issue | - | - | - | (1,225) |
| Deferred tax credit recognised directly in equity | - | - | - | 368 |
| Closing balance 31 December | **926,489,845** | 873,556,430 | **1,027,107** | 950,125 |

* Shares unless otherwise specified.

## 8 Business combination

**Macarthur Intermodal Shipping Terminal Pty Limited (MIST) acquisition**

On 22 August 2012, the Group acquired 100% of the issued share capital of MIST and its operating subsidiaries, (the 'ITG Group') for $49.3 million excluding stamp duty and associated transaction costs. The acquisition is an important element in Qube's expansion into the provision of logistics solutions for rural commodities.

Details of the purchase consideration, the net assets acquired and goodwill are as follows:

| | $'000 |
|---|---|
| Purchase consideration | |
| Cash paid | **49,318** |
| Deferred consideration | **-** |
| Total purchase consideration | **49,318** |

The provisionally determined fair values of the assets and liabilities recognised as a result of the acquisition are as follows:

| | Fair value $'000 |
|---|---|
| Cash and cash equivalents | **2,186** |
| Trade & other receivables | **6,583** |
| Inventories | **2,997** |
| Plant and equipment | **32,164** |
| Trade & other payables | **(4,941)** |
| Provision for employee benefits | **(1,310)** |
| Lease liabilities | **(1,361)** |
| Net identified assets acquired | **36,318** |
| Add: goodwill | **13,000** |
| Net assets acquired | **49,318** |

The goodwill is attributable to the cost synergies and the scale this acquisition will provide Qube, which will ultimately benefit customers. None of the goodwill is expected to be deductible for tax purposes.

*(i) Acquired land*

In addition to the purchase of the MIST business as noted above, Qube purchased freehold land and improvements for $44,500,000. Stamp duty costs of $2,433,000 have also been capitalised into the value of the land in accordance with *AASB 116, Property, Plant & Equipment.*

*(ii) Acquisition related costs*

Acquisition related costs of $822,000 are included in professional fees in the profit or loss.

*(iii) Acquired receivables*

The fair value of trade and other receivables is $6,583,000 and includes trade receivables with a fair value of $5,191,000 which are expected to be collectible.

*(iv) Revenue and profit contribution*

Operationally the business assets acquired have been integrated within Qube Logistics' existing NSW business almost immediately. Therefore it is impracticable and unreliable to report separate revenue and profit contributions since the acquisition of MIST or from the commencement of the half year.

## 9 Dividends

| | Half-year | |
|---|---|---|
| | **31 Dec 2012 $'000** | 31 Dec 2011 $'000 |
| **(a) Ordinary shares / units** | | |
| Dividends provided for or paid during the half-year | 19,015 | 15,162 |
| **(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 declared an interim dividend of 2.2 cents per fully paid ordinary share (December 2011 – 2.0 cents), fully franked. The aggregate amount of the proposed dividend expected to be paid on 11 April 2013 out of retained earnings at 31 December 2012, but not recognised as a liability at the end of the half-year, is | 20,383 | 17,471 |

## 10 Contingencies

**Contingent liabilities**

There has been no material change in contingent liabilities set out in Qube's 2012 Annual Report.

## 11 Events occurring after the reporting period

Except as outlined in these consolidated interim financial statements, there have been no other events that have occurred subsequent to 31 December 2012 and up to the date of this report that have had a material impact on Qube's financial performance or position.

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 18 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 2012 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.

Chris Corrigan
Director

Sydney
25 February 2013

pwc

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

### Report on the Half-Year Financial Report

We have reviewed the accompanying consolidated half-year financial report of Qube Holdings Limited (the Company), which comprises the consolidated balance sheet as at 31 December 2012, and 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, selected explanatory notes and the directors' declaration for the Qube Holdings Limited Group (the consolidated entity). The consolidated entity comprises the Company and the entities it controlled during that half-year.

*Directors' responsibility 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 (including the Australian Accounting Interpretations) 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 is free from material misstatement whether due to fraud or error.

*Auditor's responsibility*

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and 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*. As the auditor of Qube Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

*Independence*

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.

*Conclusion*

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

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

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

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
25 February 2013