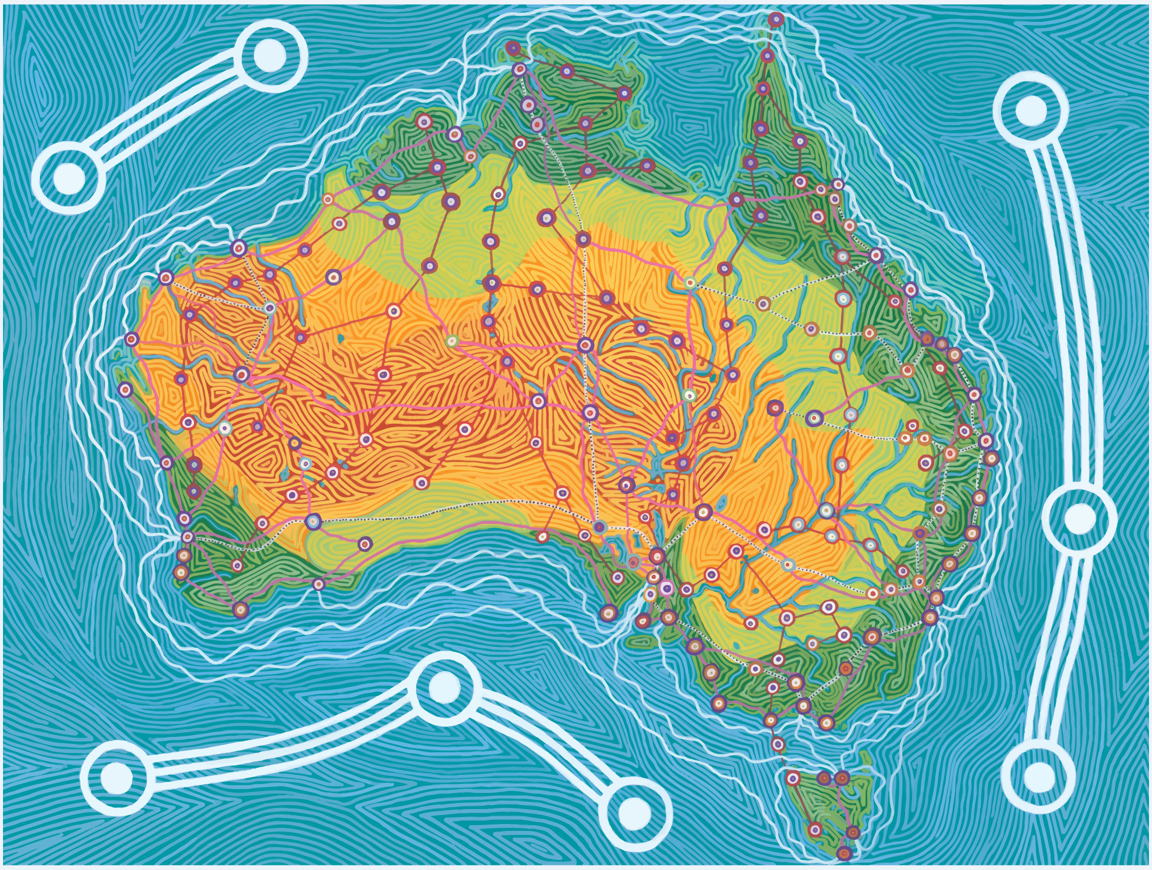
ANNUAL REPORT 2023

ACKNOWLEDGEMENT OF COUNTRY

In the spirit of reconciliation, Qube acknowledges the Traditional Custodians of country throughout Australia and their connections to land, sea and community.

We pay our respects to Elders past, present and emerging.

In FY23, Qube developed its first 'Reflect' Reconciliation Action Plan. The Plan features an artwork created by Sydney-based Indigenous artist, Darren Charlwood, entitled *Yindyamarra*.



"I wanted to create a work that showed the balance and interconnectedness that exists between people and the sea and the country."

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CHAIRMAN

ALLAN DAVIES

Chairman's Message

On behalf of the Board, I am pleased to report that FY23 was a very good year for Qube, with the business continuing its strong financial performance, despite some challenging economic conditions as the global economy recovers from the impacts of the COVID-19 pandemic.

Underlying revenue grew by 16% while underlying earnings growth (EBITA) increased by 27%. The business also achieved a net profit after tax (pre-amortisation) of $239.6 million, which is an increase of 19% on the prior period.

This strong performance was particularly pleasing given the continued challenges of a high inflationary environment, which is increasing key operating and funding costs across Qube's activities, as well as ongoing labour shortages (particularly in regional areas) which also impacted costs and operational productivity.

I want to acknowledge the significant effort of the Qube management team in working with Qube's customer base and workforce to identify and implement strategies to address these issues while ensuring that Qube continues to deliver a reliable, efficient service to its customer base and remains an employer of choice.

Given the strength of these results, the Board has determined to increase ordinary dividends by 28.6% to 8.1 cents per share, fully franked. Over the five-year period to 30 June 2023, Qube's total shareholder return was around 34%. During this period Qube's market capitalisation increased by around 30% or $1.2 billion reflecting share price growth.

Key drivers of these results, and of the strength of the business overall, is Qube's commitment to its strategy of diversification across markets and geographies, together with its operational capabilities. These give the business the agility and capability to withstand downturns in any one sector and ensures the business is resilient against economic cycles.

Operating division and Patrick performance

The business' performance in FY23 was largely driven by a very strong contribution from the Logistics and Infrastructure (L&I) business unit, with continued high volumes across agriculture, automotive and container related logistics activities. Most of Qube's other markets, including energy and resources, also delivered solid volumes, although imported container volumes did weaken in the second half of FY23 which mainly impacted Patrick's volumes and earnings in this period (owned 50% by Qube).

Underlying revenue in the L&I business increased by 18.9% to $1.34 billion, and underlying EBITDA and EBITA increased by 46.1% and 54.2% to $284.7 million and $224.5 million, respectively. This was an exceptional result. Revenues in the Ports and Bulk business unit increased by 14.3% to $1.65 billion, however underlying EBITDA only increased by 0.7% to $254.6 million and underlying EBITA decreased by 2.8% to $133.3 million which was weaker than anticipated.

In FY23, the top 10 customers across the division represented approximately 17.4% of the Operating Division's total revenue and included mining companies, grain traders, energy companies, retailers and manufacturers. No single customer represented more than 4.0% of the total divisional revenue.

Patrick delivered underlying growth in revenue and EBITDA of around 6.9% and 9.2% to around $780.6 million and $305.5 million, respectively which was a sound result given the aforementioned decline in volumes in the second half of the period.

KEY RESULTS

STATUTORY REVENUES
$2,879.8
MILLION
↑ +14.4%*

STATUTORY EBITA
$273.8
MILLION
↑ +22.1%*

STATUTORY NPATA
$181.8
MILLION
↑ +27.6%*

UNDERLYING REVENUE
$2,989.9
MILLION
↑ +16.2%

UNDERLYING EBITA
$280.3
MILLION
↑ +26.8%

FULL-YEAR DIVIDEND OF 8.1 CENTS PER SHARE FULLY FRANKED

**STATUTORY NUMBERS ARE INCLUSIVE OF DISCONTINUED OPERATIONS.*

Investing for the future

While much of our growth in FY23 was achieved organically, Qube continued to undertake substantial investment in the period, spending around $365.3 million on growth related capex. This included the continued construction of the import-export (IMEX) and Interstate rail terminals at the Moorebank Logistics Park (MLP). The two MLP rail terminals, when fully operational and at scale, are expected to generate attractive financial returns for Qube and also be important in facilitating modal shift from road to rail.

Qube also completed two acquisitions towards the end of the financial year, acquiring 100% of the Kalari from Swire Investments (Australia) Ltd.

Kalari is a leading logistics provider to the Australian mining and resources industry, specialising in on-road and off-road bulk haulage through a fleet of predominantly performance based standards (PBS) vehicles, materials handling and supply chain optimisation. Kalari services a range of Tier 1 customers with significant mining operations, predominantly across Queensland and South Australia and this acquisition enhances Qube's existing resources logistics offering.

Qube also acquired a 50 percent stake in Pinnacle, a New Zealand owned and operated group of companies. Pinnacle operates both port-based and standalone facilities in nine locations throughout New Zealand under its wholly owned Specialised Group and MetroBox brands.

Pinnacle provides customers with a range of services including container storage and handling, refrigerated container maintenance and repair, container transport and warehousing, predominantly for Tier 1 global customers. Our joint venture interest in Pinnacle also provides Qube with a unique opportunity to gain an initial exposure to the New Zealand container logistics market, with significant longer term organic growth opportunities.

Summary and outlook

While inflationary pressures remain and there is some uncertainty as to the economic outlook, through a combination of our diversified operations, balance sheet strength, experienced management and operational team and network of strategic infrastructure and extensive operating assets, Qube is well placed to continue prospering in FY24.

Qube's underlying earnings are expected to continue to benefit from high volumes across most commodities and markets, while the business is well-placed to continue to achieve organic growth from existing as well as newly acquired businesses.

I would like to thank my Board colleagues for their commitment and collegiality through FY23, as well as Qube's exceptional management team and 9000 strong workforce for their hard work and dedication to making Qube Thrive. Thank you also to our customers for allowing Qube to play a vital role in your supply chain. We know that your success is our success.

Finally, thank you to our shareholders for your ongoing support of Qube and the vital role we play in keeping the economy moving.

Allan Davies
24 August 2023

MANAGING DIRECTOR

PAUL DIGNEY

Managing Director's Report

Qube achieved another strong financial result in FY23, highlighting the resilience and strength of the business and our core markets.

Our FY23 performance underscores the value of our diversification strategy, which is underpinned by substantial investments including in infrastructure, property, equipment, technology and people to build capacity, scale and capability. These investments are essential to delivering reliable, safe, and cost-effective solutions for our large customer base and will be an important enabler of our continued future growth.

Indeed, Qube's return on average capital employed (ROACE) continued to improve towards Qube's target of at least 10.0% and this is despite a meaningful portion of Qube's average capital employed still being in the construction or development phase and therefore not yet generating target earnings.

Our results for the period also demonstrate Qube's ability to mitigate the impact of inflationary pressures that continue to be prevalent across the economy. We did so in FY23 through an ongoing focus on implementing productivity initiatives where possible, leveraging Qube's scale and infrastructure to reduce unit costs, and proactively engaging with our customer base and suppliers to achieve rate adjustments where necessary to ensure that Qube could continue to deliver a premium level of service on a sustainable basis. This will remain an area of focus in FY24.

Safety

With more than 9000 people now working across our operations, ensuring their safety and wellbeing is a major priority for me and the entire Qube management team, with Safety the first of five core pillars in our Plan to Thrive.

In FY23 we achieved a 16% reduction from FY22 in the Lost Time Injury Frequency Rate (LTIFR) to 0.63 per million hours worked. This is a very pleasing outcome and reflects a significant effort across the business to strengthen worker engagement in this important area, including via our Report for Support program and other innovations detailed in our Sustainability Report.

Qube's Total Recordable Injury Frequency Rate (TRIFR) saw an increase of around 19% in FY23 but continues to be better than industry benchmarks.

Our Plan to Thrive

In FY23, we continued to rollout our Plan to Thrive, with a major focus on our values of Integrity, Reliability and Inclusion. These values are fundamental to the Qube culture, which is built on trust, respect, inclusion and collaboration in everything we do.

By investing to strengthen this culture, we are investing in our future. Qube is already fortunate to enjoy strong retention rates across our operations, however we know that our employee value proposition must evolve to ensure we can attract the best and brightest talent, while also encouraging improved female participation across the Group. We are currently on track to meet our goal of 15% female participation by 2025 but we know we have more to do, particularly within our management ranks.

KEY FACTS

RETURN ON AVERAGE CAPITAL EMPLOYED (ROACE)

↑ 9.1%

TOWARD OUR TARGET OF AT LEAST **10%**

SCOPE 1 EMISSIONS

↓ 3%

SCOPE 2 EMISSIONS

↓ 3.6%

EMISSIONS INTENSITY

↓ 18%

(COMPARED WITH FY22)

EMISSIONS INTENSITY

↓ 30%

(COMPARED WITH FY18 BASELINE)

We continued our investments in the communities in which we work, including partnering with a range of organisations to deliver tangible and mutually beneficial outcomes. We also maintained our track record of investing in technology to deliver innovative, reliable and safe logistics supply chain solutions to our customers, including by leveraging Artificial Intelligence, robotics, virtual reality and drones.

'Planet' is the third pillar in our Plan and during FY23, our Scope One emissions declined by 3% and our carbon intensity decreased by 18% when compared with FY22 and 30% against our FY18 baseline. We are continuing our focus on meeting our decarbonisation goals and targets and increasing our understanding of the climate-related risks and opportunities within our operations.

We achieved a milestone with 90% of our heavy vehicle fleet transitioned to Euro 5 and 6 standards, ensuring we are on track to meet our target of 95% by 2027, and we were involved in a range of trials including of the world's first electric triple road train, through the Vision Electric project.

In FY24, we will sharpen our focus in this important area, with the formation of a new Executive Committee: Net Zero, which will further develop Qube's approach to emissions reduction.

Outlook

Our performance in FY23, provides a strong foundation upon which we can continue to a sustainable future for Qube and for our people, our customers and our shareholders.

Our supply chain diversification, coupled with our robust operating and financial position and predictable earnings profile, positions us well to continue managing persistent inflationary pressures and economic headwinds, while delivering long-term earnings growth.

Our strong balance sheet, ensures we are in an excellent position to continue to undertake suitable accretive investments and acquisitions to drive continued growth and further enhance the quality and diversity of our business, as we did in FY23 with the acquisition of Kalari and our joint venture investment in Pinnacle.

Importantly, we will remain focussed and disciplined on ensuring that any investments are aligned with Qube's strategy, meet Qube's financial return criteria and are consistent with Qube's risk profile, to ensure that we continue to create value for our shareholders.

Thank you to the Board for their support during FY23, my executive management team and our entire workforce for their hard work and dedication during FY23 and their commitment every day to make Qube Thrive.

Paul Digney
24 August 2023

Directors' Report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited and the entities it controlled ('Group' or 'Qube') at the end of, or during, the year ended 30 June 2023.

Directors

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

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

Principal Activities

During the financial year the principal continuing activities of the Group consisted of providing comprehensive logistics solutions across multiple aspects of the import-export supply chain.

DIVIDENDS PROVIDED OR PAID BY THE COMPANY ON ORDINARY SHARES DURING THE FINANCIAL YEAR:				
	Cents per share	Total $M	Franked percentage	Payment date
Paid during the 2023 financial year				
2022 Final dividend	3.30	58.3	100%	18 October 2022
2022 Special dividend	0.70	12.3	100%	18 October 2022
2023 Interim dividend	3.75	66.2	100%	13 April 2023
Paid during the 2022 financial year				
2021 Final dividend	3.50	66.7	100%	22 October 2021
2022 Interim dividend	3.00	57.6	100%	8 April 2022
Dividends declared by the Company after year end				
2023 Final dividend	4.35	76.8	100%	17 October 2023

Loans to directors and executives

There are no loans made during the year or outstanding to directors and executives as at 30 June 2023.

Information on directors and senior management

Information on directors and senior management including meetings of directors is set out on pages 8 to 12 and forms part of this Directors' Report.

Review of Operations

The Review of Operations on pages 13 to 26 forms part of this Directors' Report.

Auditor

PwC continues in office in accordance with section 327 of the Corporations Act 2001.

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 64.

Non-audit services

The Company may decide to employ the auditor on assignments additional to their statutory audit duties where the auditor's expertise and experience with the Group are important.

Details of the amounts paid or payable to the auditor (PwC) for non-audit services provided during the year are set out below.

The Board of directors has considered the position and, in accordance with advice received from the Audit and Risk Management Committee, is satisfied that the provision of the non-audit services is compatible with the general standard of independence for auditors imposed by the Corporations Act 2001. The directors are satisfied that the provision of non-audit services by the auditor, as set out below, did not compromise the auditor independence requirements of the Corporations Act 2001 for the following reasons:

All non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor.

- None of the services undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants.

During the year the following fees were paid or payable for non-audit services provided by the auditor of the Group, its related practices and non-related audit firms:

Taxation Services	2023 $'000	2022 $'000
PwC Australian firm:		
Tax compliance services	113.4	58.0
Tax advisory services	173.2	17.3
Non-PwC Audit firm:		
Tax compliance services	137.8	25.0
Total remuneration for taxation services	424.4	100.3
Other services		
PwC Australian firm:		
Due diligence services	130.0	37.5
Other services	140.0	35.2
Non-PwC Audit firm:		
Other services	206.7	268.5
Total remuneration for non-audit services	**901.1**	**441.5**

Remuneration Report

The Remuneration Report is set out on pages 27 to 63 and forms part of the Directors' Report for the financial year ended 30 June 2023.

Insurance of officers

During the financial year, Qube Holdings Limited paid a premium to insure the directors and secretaries of the Company and its Australian based controlled entities, and the general managers of each of the divisions of the Group against liabilities that are permitted to be covered by Section 199B of the Corporations Act 2001. It is a condition on the insurance contract that its limits of indemnity, the nature of the liability and the amount of the premium not be disclosed.

Indemnity of auditors

The Company has not indemnified the auditor under certain circumstances as permitted in the Corporations Act 2001.

Proceedings on behalf of the Company

No person has applied to the Court under section 237 of the Corporations Act 2001 for leave to bring proceedings on behalf of the Company, or to intervene in any proceedings to which the Company is a party, for the purpose of taking responsibility on behalf of the Company for all or part of those proceedings.

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 of the Corporations Act 2001.

Matters subsequent to the end of the period

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.

No other matters or circumstances have arisen since 30 June 2023 that significantly affect Qube's operations, results or state of affairs, or may do so in future years.

Rounding of amounts

The Group is of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instruments 2016/191, issued by the Australian Securities and Investments Commission, relating to the "rounding off'' of amounts in the Directors' Report. Amounts in the Directors' Report have been rounded off in accordance with that ASIC Corporations Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

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

Allan Davies, Director | Sydney, 24 August 2023

Information on Directors and Key Management Personnel

ALLAN DAVIES OAM *Bachelor Engineering (Mining) Hons, GAICD,*
CHAIRMAN
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr. Davies has over 40 years of mining experience in the Australian and international coal and metalliferous mining industries having worked in operational roles up to Executive Director.

From 2000 until early 2006, Mr. Davies also worked for Patrick Corporation Limited as Director Operations. This position included responsibility for Patrick's interest in Pacific National, Patrick Shipping, Patrick General Stevedoring and Patrick Autocare.

Mr. Davies was a Director of Pacific National from its initial acquisition by Toll and Patrick in 2001 until 2006.

Mr. Davies was also a Director of Queensland Rail and then QR National (predecessor to Aurizon) from 1 October 2008 until 13 December 2011.

Mr. Davies was appointed a Director of Qube on 26 August 2011 and Chairman on 23 June 2017. Mr Davies is also a Non-Executive Director of Patrick Terminals.

On 12 June 2023, Mr. Davies was awarded the Medal of the Order of Australia (OAM) for service to the community through charitable organisations.

Directorships of other listed companies held during the last three years:

Nil

Special responsibilities for Qube

Chairman of the Board of Directors
Member of the Nomination and Remuneration Committee

SAM KAPLAN
DEPUTY CHAIRMAN
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr Kaplan is Managing Director of Kaplan Funds Management Pty Limited, the investment manager of Qube from its establishment in 2006 until the Qube restructure in September 2011.

Mr Kaplan was one of the founders of Patrick Corporation Limited and was involved in strategic planning with the company. During his tenure at Patrick Corporation Limited, Mr Kaplan was involved in a number of acquisitions including Pacific National and Virgin Blue.

Mr Kaplan was appointed a Director of Qube on 23 March 2011.

Directorships of other listed companies held during the last three years:

Ironbark Capital Limited (appointed on 15 December 2021)

Special responsibilities for Qube

Deputy Chairman of the Board of Directors
Member of the Audit and Risk Management Committee

PAUL DIGNEY
MANAGING DIRECTOR

Experience and expertise

Mr. Digney has over 30 years' executive management experience in supply chain and port logistics roles across Australia.

During the 1990s, Mr. Digney established Liberty Cargo Systems and provided port logistics and international freight forwarding services. Patrick Corporation Limited acquired the company in 1999 and it became the platform for the Patrick Port Services Division. As General Manager, Mr. Digney rapidly expanded the new division through growth and acquisitions which became Patrick Logistics Division. Mr Digney headed this division until 2006 when Toll acquired Patrick Corporation.

In 2007, together with other former Patrick executives, Mr. Digney led an investment consortium to acquire management control and ownership of the former P&O Trans Australia, now Qube Logistics & Infrastructure.

Mr Digney held the position of Managing Director of Qube Logistics from 2007 to 2016. Mr. Digney's was appointed to the role of Chief Operating Officer of the Qube Group in 2016 and to Managing Director on 1 July 2021.

Mr. Digney is also a Non-Executive Director of Patrick Terminals.

Directorships of other listed companies held during the last three years:

Nil

Special responsibilities for Qube

Managing Director
Member of the Safety, Health and Sustainability Committee

ROSS BURNEY
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr. Burney is the Chief Executive of Hume Partners. He has over 30 years of experience as an accountant and investor. Hume's clients include Taverners Group, a top 10 Qube shareholder.

Mr. Burney was appointed as a Director of Qube on 9 September 2011.

Directorships of other listed companies held during the last three years:

Nil

Special responsibilities for Qube

Member of the Nomination and Remuneration Committee

ALAN MILES
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr. Miles is Managing Director of "K" Line (Australia) Pty Limited. Mr. Miles has more than 40 years of experience in the Australian shipping industry, including management roles in bulk, liner and PCC shipping.

Mr. Miles is also the Chairman of Prixcar Services Pty Limited and a Director of Kawasaki Australia. He also is a Director of other affiliated Kawasaki companies in Australia and a member of the Policy Council of Shipping Australia.

Mr. Miles was appointed as a director of Qube on 1 April 2013.

Directorships of other listed companies held during the last three years:

Nil

Special responsibilities for Qube

Chairman of the Safety, Health and Sustainability Committee

STEPHEN MANN
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr Mann has over 20 years of strategy, transformation and business development experience across multiple geographies and different industries including transport, rail, aviation, infrastructure, manufacturing and resources.

He has held Senior Executive roles across a wide range of organisations including Aurizon, TNT, Qantas, BlueScope Steel and Western Sydney Airport.

Mr Mann has a Master of Business Administration with Distinction from INSEAD (Institut Européen d'Administration des Affaires).

Mr Mann was appointed as a Director of Qube on 1 September 2019.

Directorships of other listed companies held during the last three years:

Nil

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee (ceased on 25 November 2022)
Chair of the Audit and Risk Management Committee

JACKIE MCARTHUR
NON-EXECUTIVE DIRECTOR

Experience and expertise

Ms. McArthur has more than 20 years' experience at executive and board level roles in general management and strategy, supply chain and logistics, operations, food and packaging manufacturing, emerging brand issues and crisis management, corporate social responsibility, governance, engineering and information technology.

Ms. McArthur has held various Senior Executive positions including Managing Director of Martin-Brower ANZ, a global leading distributor and supply chain services provider. She has also held various Senior Executive positions with McDonald's, both in Australia and overseas, including Vice President of Supply Chain for Asia, Pacific, Middle East and Africa.

Ms. McArthur was appointed as a Director of Qube on 17 August 2020.

Directorships of other listed companies held during the last three years:

Cleanaway Waste Management Limited
(appointed on 1 September 2022)

Inghams Group Limited (appointed on 18 September 2017)

Tassal Group Limited (ceased on 22 November 2022)

Invocare Limited from (ceased on 28 May 2021)

Special responsibilities for Qube

Chair of the Nomination and Remuneration Committee

LINDSAY WARD
NON-EXECUTIVE DIRECTOR

Experience and expertise

Mr. Ward has more than 35 years' experience in the ports, logistics, rail haulage, renewables, agriculture, resources and data centre industries, in both Senior Executive and Non-Executive Director roles. He is currently a Non-Executive Director and Chairman of the Port of Portland and was previously a Non-Executive Director of ASX listed Whitehaven Coal, ASX Listed Metro Mining, Quantum Bulk Liquid Storage, Global Renewables and Waterloo Wind Farm.

He has worked in Senior Executive roles including CEO, Managing Director and General Manager with companies including Palisade Investment Partners, Asciano, Toll Holdings and BHP.

Mr. Ward holds a Bachelor of Applied Science (Geology) and a Graduate Diploma in Business Management. He is also a Fellow of the Australian Institute of Company Directors.

Mr. Ward was appointed as a Director of Qube on 4 October 2022.

Directorships of other listed companies held during the last three years:

Whitehaven Coal Limited (ceased on 31 December 2022)

Special responsibilities for Qube

Member of the Safety, Health and Sustainability Committee
(appointed on 25 November 2022)

NICOLE HOLLOWS
NON-EXECUTIVE DIRECTOR

Experience and expertise

Ms. Hollows has over 20 years' experience in the resources sector in a number of senior managerial roles across both the public and private sectors, including in mining, utilities and rail.

Ms. Hollows is currently an independent Non-Executive Chairman of Jameson Resources Limited and also an independent Non-Executive Director of Downer EDI Limited. She was formerly the Chief Financial Officer and subsequently Chief Executive Officer of Macarthur Coal Limited, Managing Director of AMCI Australia and South East Asia and Chief Executive Officer of Sunwater Limited.

Ms. Hollows holds a Bachelor of Business – Accounting, a Graduate Diploma in Advanced Accounting (Distinction) from the Queensland University of Technology (QUT) and she is a Graduate of Harvard Business School's Program for Management Development.

Ms. Hollows is a Non-Executive Director of Chief Executive Women, a fellow of the Australian Institute of Company Directors and a member of Chartered Accountants Australia & New Zealand.

Ms. Hollows was appointed as a Director of Qube on 19 October 2020.

Directorships of other listed companies held during the last three years:

Jameson Resources Limited (appointed in March 2020)
Downer EDI Limited (appointed in June 2018)

Special responsibilities for Qube

Member of the Audit and Risk Management Committee
Member of the Safety, Health and Sustainability Committee

Meetings of Directors

The number of meetings of the Company's Board of Directors and of each board committee held during the year and the number of meetings each director attended were:

	BOARD 10 meetings held		AUDIT AND RISK MANAGEMENT 6 meetings held		NOMINATION AND REMUNERATION 8 meetings held		SAFETY, HEALTH AND SUSTAINABILITY 5 meetings held	
	A	B	A	B	A	B	A	B
Allan Davies[1]	10	10	0	6	8	8	0	5
Sam Kaplan	10	10	6	6				
Paul Digney[2]	10	10	0	6	0	6	5	5
Ross Burney	10	10			8	6		
Alan Miles	10	9					5	5
Stephen Mann	10	10	6	6			3	5
Jackie McArthur	10	10		1	8	8	0	3
Nicole Hollows	10	10	6	6			5	5
Lindsay Ward	9	9					2	2

Notes

A Number of meetings held during the time the director held office (including acting as an alternate director) for Board meetings, or was a member of a committee for committee meetings, during the year

B Number of meetings attended

1 Chairman

2 Executive Director

Not a member of the committee during the entire year

During the year the following Board and Board committee appointments and cessations occurred:

- Lindsay Ward was appointed as a Non-Executive Director from 4 October 2022.
- Lindsay Ward was appointed as a member of the Safety, Health and Sustainability Committee from 25 November 2022.
- Stephen Mann ceased as a member of the Safety, Health and Sustainability Committee from 25 November 2022.

In addition to the above formal, annually scheduled meetings, a number of informal meetings were held as required. Strategy and briefing sessions and operating site tours were also held for directors during the year.

Key Management Personnel

MANAGING DIRECTOR

The Managing Director during the reporting period was Mr Paul Digney who was appointed on 1 July 2021. Prior to this appointment, Mr Digney was the Chief Operating Officer (COO) of Qube, primarily overseeing the management and integration of the businesses in Qube's Operating Division. Mr. Digney has over 30 years' executive management experience in supply chain and port logistics roles across Australia. He is also a Non-Executive Director of Patrick Terminals.

CHIEF FINANCIAL OFFICER

The Chief Financial Officer (CFO) is Mr Mark Wratten. Mr Wratten has more than 30 years of experience in financial and operational management across Australia, the USA and UK with significant experience in the logistics sector. He has held various Senior Executive positions including Chief Financial Officer of Brambles (Industrial Services and Cleanaway divisions), Global Chief Financial Officer of Recall Holdings Limited and Global Chief Financial Officer of Vocus Group Limited.

GENERAL COUNSEL AND COMPANY SECRETARY

The General Counsel and Company Secretary is Mr William Hara. Prior to joining Qube in January 2013, Mr Hara worked as General Counsel and Company Secretary at Patrick Corporation Limited for 10 years and Group General Counsel and Company Secretary at Lendlease for 6 years.

BUSINESS UNIT DIRECTORS

Director – Logistics & Infrastructure

The Director – Logistics & Infrastructure is Mr John Digney who was appointed to this role in June 2016. Mr Digney brings more than 30 years of transportation and supply chain management experience to the Qube group, with roles including Director of Operations and, prior to joining Qube, National Operations Manager at Patrick Corporation.

Director – Ports

The Director – Ports is Mr Michael Sousa. Mr Sousa has more than 28 years of experience in maritime and general logistics. He has held several executive roles, including General Manager – Commercial and General Manager – Operations with the Ports business unit, before being appointed to his current role in 2009.

Director – Bulk

The Director – Bulk is Mr Todd Emmert. Mr Emmert has more than 20 years of experience as a supply chain and logistics specialist. He has worked in senior roles across all aspects of the supply chain, including overseas postings with international shipping line, intra/interstate rail, port and stevedoring roles.

Review of Operations

Overview

Qube delivered strong underlying financial results in FY23, with revenue growth of 16.2% to almost $3.0 billion, EBITDA increasing by 19.5% to $464.8 million, and EBITA increasing by around 26.8% to $280.3 million. Underlying NPATA increased by 19.4% to $239.6 million and underlying earnings per share (pre-amortisation) increased to 13.6 cents, a 28.3% increase over FY22 and a record result for Qube. These excellent financial outcomes were achieved despite multiple challenges in the period including weather events that disrupted operations, continued skilled labour shortages in some areas and the impact of inflationary pressures across Qube's operations.

Pleasingly, the high earnings corresponded to high cashflow generation with Qube generating around $498.1 million in operating cashflow (pre-tax, interest and distributions received), resulting in the cash conversion in the period increasing to around 107% of underlying EBITDA compared to 71% in FY22.

Statutory revenue increased by 14.4% to approximately $2.9 billion and statutory profit after tax attributable (NPAT) to shareholders increased by 31.7% to $167.9 million. Statutory diluted earnings per share pre-amortisation increased by 37.3% to 10.3 cents per share.

The FY23 statutory earnings include the impact of the lease accounting standard, AASB 16, which has reduced statutory net profit after tax by around $32.1 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 FY22 was $33.3 million.

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	2,989.9	16.2%	2,879.8	14.4%
EBITA	280.3	26.8%	273.8	22.1%
NPAT	224.8	21.1%	167.9	31.7%
NPATA	239.6	19.4%	181.8	27.6%
EPSA (cents)	13.6	28.3%	10.3	37.3%
Ordinary DPS (cents)	8.1	28.6%	8.1	28.6%
Total DPS (cents)**	8.1	15.7%	8.1	15.7%

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 FY22 financial statements. Excluding discontinued operations, FY22 revenue was $2,505.7 million and EBITA was $229.8 million.*

*** Total DPS in FY22 included a 0.7 cents per share special dividend which was mainly attributable to the MLP monetisation proceeds.*

The result was predominantly driven by organic growth as well as the full period contribution from acquisitions and growth capex undertaken in the prior year. Towards the end of the period, Qube completed two new acquisitions which provide further scale and diversification and will contribute to earnings growth in FY24 and beyond.

The result was underpinned by a record contribution from the Operating Division, led by the Logistics & Infrastructure activities which benefitted from high agri and motor vehicle volumes, and solid activity levels across container related activities. The Ports & Bulk related activities generated reasonable earnings although the results were impacted by weather events, skilled labour shortages and higher operational costs.

Qube's increased earnings were achieved despite a large increase in Qube's net interest cost which was mainly due to higher interest rates in the period.

Pleasingly, Qube's return on average capital employed (ROACE) increased from 8.0% in FY22 to 9.1% in FY23 and remains on track to meet Qube's target ROACE of at least 10.0%. The ROACE from the Operating Division increased to 10.5% in FY23 (FY22: 9.6%) despite a meaningful portion of Qube's average capital employed still being in the construction or development phase and therefore not yet generating target earnings. Patrick also increased its ROACE from 7.4% in FY22 to 8.3% in FY23.

Patrick increased its operating earnings (EBITDA/EBITA) despite declining volumes in the second half of the period. However, the overall earnings contribution to Qube from its 50% ownership of Patrick (comprising share of NPATA and after-tax interest income on shareholder loans) reduced to $63.1 million in FY23 from $64.7 million in FY22. This was largely due to a higher external interest expense within Patrick from higher interest rates and higher net debt compared to FY22.

Qube's other associates also contributed to the strong result, collectively delivering NPATA to Qube of $7.9 million compared to a loss of $1.4 million in FY22.

The FY23 financial result clearly demonstrates Qube's ability to mitigate the impact of inflationary pressures that continue to be prevalent across the economy. Qube was able to do so through an ongoing focus by management on implementing productivity initiatives where possible, leveraging Qube's scale and infrastructure to reduce unit costs, and proactively engaging with its customer base and suppliers to achieve rate adjustments where necessary to ensure that Qube could continue to deliver a valuable service on a sustainable basis.

Qube's consistent delivery of strong financial outcomes despite inevitable challenges across its markets and the broader economy is attributable to the diversified nature of Qube's activities enabled by a highly experienced workforce, the attractive characteristics of Qube's core markets and Qube's strong market positions and breadth of activities within these markets.

This has been the outcome of Qube's consistent, focussed vision and strategy over many years which has been underpinned by substantial investment including on infrastructure, property, equipment, technology and people to build capacity, scale and capability that supports reliable, safe logistics solutions that delivers value for Qube's customer base.

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 30 June 2023 Appendix 4E.

Dividend

The strong financial outcome in the period, high cashflow generation and positive outlook has resulted in the Board determining to pay a fully franked final ordinary dividend of 4.35 cents per share. This brings the total full year dividend to 8.1 cents per share, being a 15.7% increase on the prior year's dividend (which included a 0.7 cents special dividend mainly attributable to the MLP monetisation outcome). Excluding the prior year's special dividend, the FY23 full year dividend represents a 28.6% increase on the prior year's full year ordinary dividend. The dividend reinvestment plan will not apply in relation to the final dividend.

The full year dividend represents around a 60% payout ratio of Qube's FY23 underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA) which is at the upper end of the target dividend payout ratio of 50-60%.

Operating Division

The Operating Division reported another period of strong underlying revenue growth of 16.2% to almost $3.0 billion and underlying earnings growth (EBITA) of 26.4% to $319.0 million. Margins (EBITDA / EBITA) improved to 16.8% and 10.7% from 16.3% and 9.8%, respectively in the prior corresponding period.

The result was driven by very strong underlying earnings growth by the Logistics & Infrastructure business unit and a small decline in underlying earnings (EBITA) from the Ports & Bulk business unit. Divisional overhead costs also increased within the period due to factors including higher insurance and labour costs.

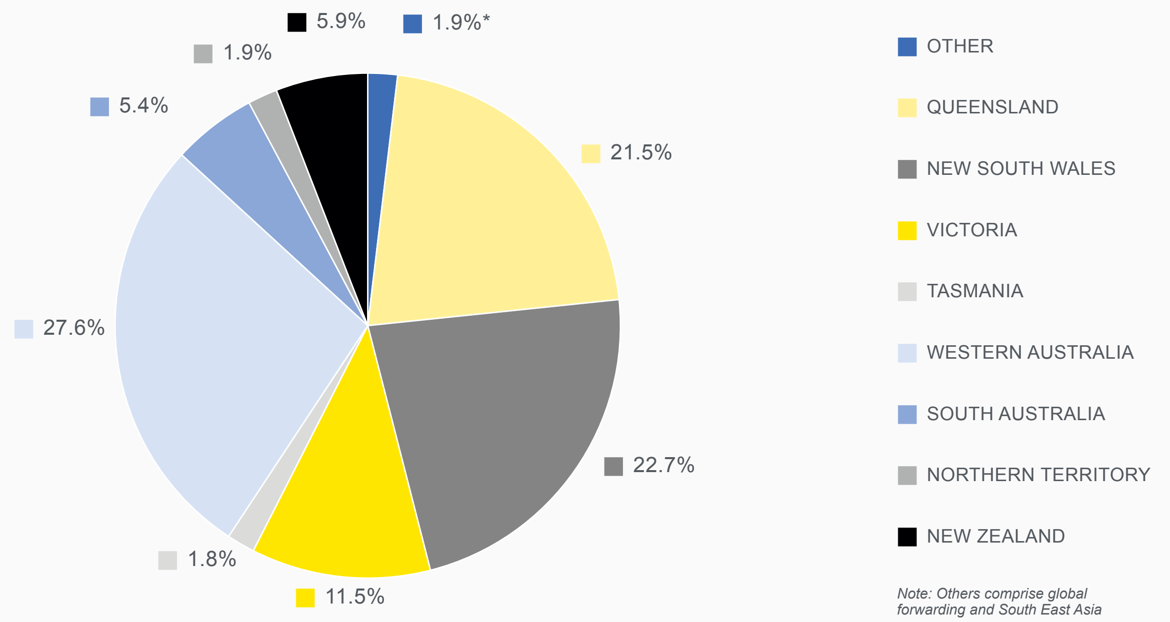
Both business units generated solid revenue growth, however, the composition of the revenue, as well as certain higher costs and operational impacts in the Ports & Bulk business unit meant that the conversion of revenue growth to higher earnings was very different between the two business units as explained further below.

OPERATING DIVISION	FY23 $ MILLION	FY22 $ MILLION	GROWTH $ MILLION	GROWTH %
Revenue				
Logistics & Infrastructure	1,342.6	1,129.3	213.3	18.9%
Ports & Bulk	1,649.0	1,443.1	205.9	14.3%
Divisional Corporate	(1.9)	0.2	(2.1)	N/A
Total Revenue	**2,989.7**	**2,572.6**	**417.1**	**16.2%**
EBITA				
Logistics & Infrastructure	224.5	145.6	78.9	54.2%
Ports & Bulk	133.3	137.2	(3.9)	-2.8%
Divisional Corporate	(38.8)	(30.4)	(8.4)	-27.6%
Total EBITA	**319.0**	**252.4**	**66.6**	**26.4%**
EBITA Margin (%)	**10.7%**	**9.8%**		
ROACE (%)	**10.5%**	**9.6%**		

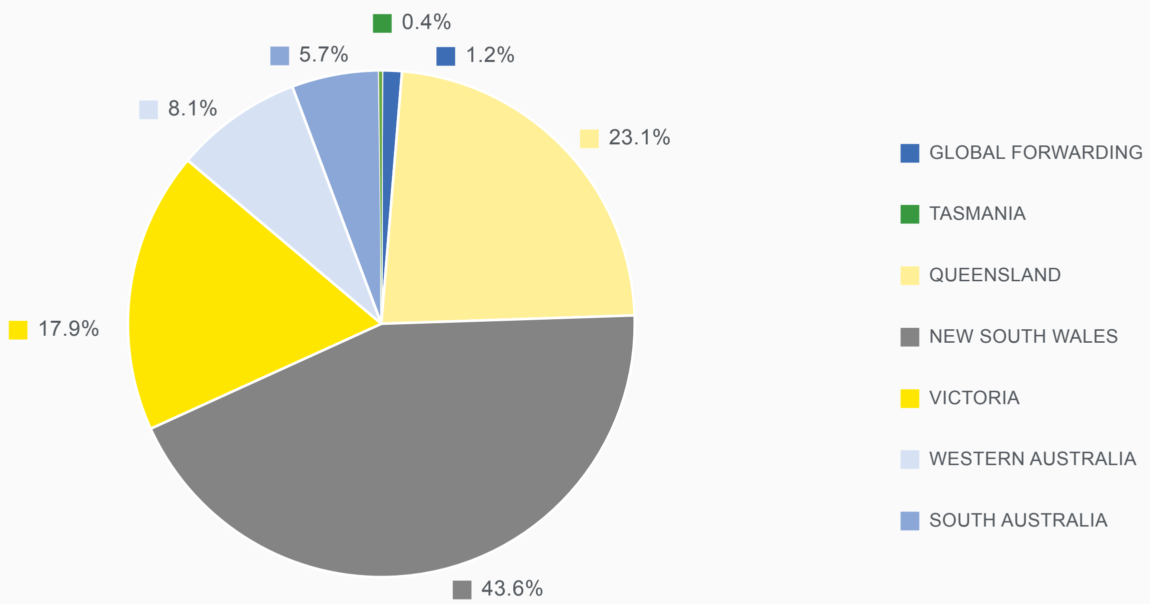
Qube remained highly diversified by customer, product, service and geography. In FY23, the top 10 customers across the Operating division represented approximately 22.1% of the Operating Division's total revenue and included mining companies, energy companies, grain traders, retailers and manufacturers. 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 27.6% of total divisional revenue. The largest four regions within the Operating Division (being Western Australia, Queensland, New South Wales and Victoria) collectively represent around 83.3% of divisional revenue. This balanced outcome reflects the higher weighting of the Logistics & Infrastructure business unit's activities to New South Wales, Victoria and Queensland while the Ports & Bulk activities are weighted more heavily in Western Australia, Queensland as well as New Zealand.

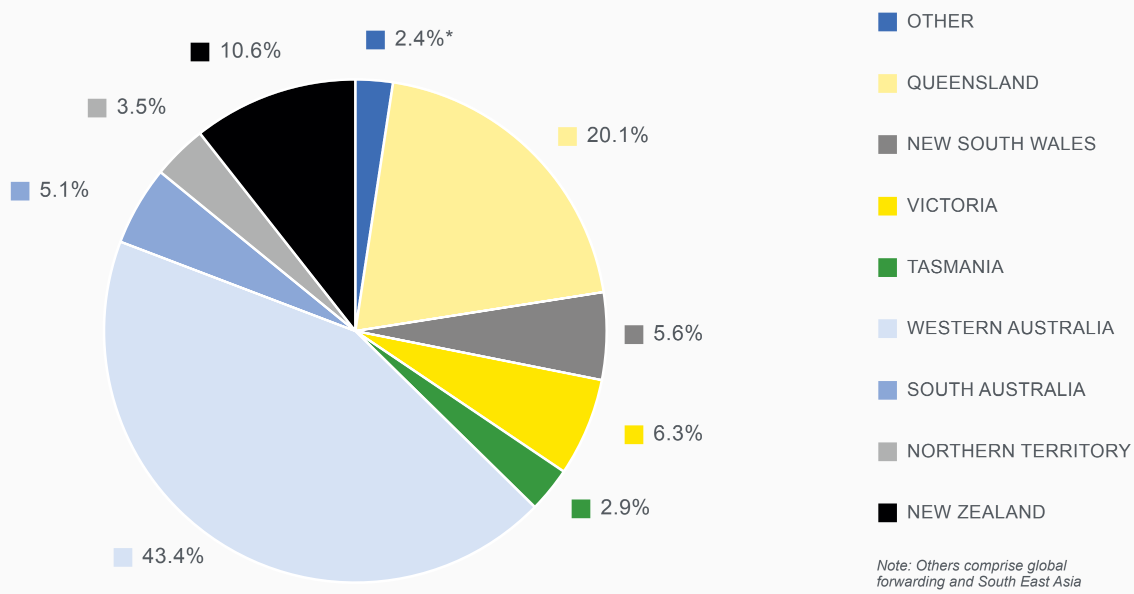
OPERATING DIVISION FY23



LOGISTICS & INFRASTRUCTURE FY23



PORTS & BULK FY23



Logistics & Infrastructure (L&I)

The L&I business unit delivered an exceptional result with underlying revenue increasing by 18.9% to $1.34 billion, and underlying EBITDA and EBITA increasing by 46.1% and 54.2% to $284.7 million and $224.5 million, respectively. Margins (EBITA) improved significantly to 16.7% from 12.9% in the prior corresponding period.

The L&I related Associates, IMG and Pinnacle contributed $3.0 million to Qube's NPATA compared to a $0.5 million loss in the prior corresponding period.

The result benefitted from high volumes across all parts of the business. Combined with rate increases introduced in late FY22 and throughout FY23, the revenue growth more than offset the impact of higher costs resulting from the inflationary environment.

Container related activities were solid across the business, including transport, warehousing and container storage and handling operations. A number of key contracts were renewed in the period, the business retained all of its key customers and also generated new business which all supported high organic growth.

Qube continued to build out its warehouse capacity, including leasing an additional warehouse at MLP and constructed another new warehouse on Qube's property at Altona, Victoria with a further warehouse planned for construction at Fisherman Island, Queensland during FY24. However, in light of the significant recent increase in leasing rates for industrial warehousing, the business is assessing strategies to maximise the earnings from these facilities which may include sub-leasing some warehouses where this will optimise earnings without impacting Qube's logistics operations.

The L&I business unit also benefitted from high agri-related volumes in the period through its two New South Wales export grain terminals and related logistics activities which include rail haulage and up-country storage. Volumes through these two grain terminals were broadly in line with the prior year's volumes.

The automotive terminal business (AAT) delivered increased earnings from high vehicle and project cargo across its facilities in New South Wales, Queensland and Victoria. Volumes benefitted from some improvement in the global supply chain issues that had caused a backlog in motor-vehicle imports to Australia, and revenue and earnings were also supported by higher storage volumes resulting from quarantine issues which delayed the processing of motor vehicles off the wharf in the period.

In May 2023, Qube acquired an initial 50% interest in Pinnacle Group, a New Zealand based business. Pinnacle operates a range of logistics services including empty container parks, container transport and refrigerated container maintenance and repair services. This investment provides Qube with a relatively low risk entry into the New Zealand containerised logistics market through a partnership with an experienced, quality management team. Qube intends to use this acquisition as a base to leverage Qube and Pinnacle's customer relationships and operational expertise and capabilities to expand the business. Qube expects to move to 100% ownership of this business during FY24.

Qube has invested significantly over many years in the L&I business unit to acquire and develop infrastructure and facilities near ports and rail to support growth in this business unit. These facilities have a relatively high fixed cost component and therefore the higher container, agri and vehicle volumes across many of these facilities in FY23 contributed to the significant earnings growth and margin improvement in the period. This was particularly pleasing as it was achieved despite ongoing cost pressures and some weakness in container volumes towards the end of the period.

Although volumes (and therefore margins) at these facilities may be volatile in certain periods due to economic or climate-related factors, the scale, diversification and growth opportunities within this business unit, should support sustainable long-term overall earnings growth and high margins.

The business remains highly diversified with the top 10 L&I customers representing around 14.2% of the Operating Division's total revenue and include retailers, manufacturers, food processors and grain traders.

Moorebank Logistics Park (MLP) IMEX Terminal

The development and testing of the automated MLP IMEX Terminal continued in the period with the IMEX expected to be fully operational by early calendar 2024. The total expected cost of the automated MLP IMEX to bring it to the operational status is around $400 million of which approximately $367 million has been spent to 30 June 2023. Qube is also constructing a container park within the footprint of the IMEX Terminal land which should be supportive of more rapid volume growth and accelerate achieving earnings breakeven.

To maximise operational productivity while testing is ongoing, Qube continued to divert rail volumes away from the MLP IMEX to other rail terminals operated by Qube, resulting in only around 78,100 TEU's at the MLP IMEX in FY23 (compared to 78,300 in FY22).

This approach highlights the operational flexibility and capacity of Qube's overall logistics offering which enables Qube to utilise whichever sites and operational modes deliver the optimal operational and financial outcomes consistent with meeting customers' requirements.

Once the IMEX terminal commences normal operations, Qube expects the volumes to steadily increase from catchment volumes and as the new warehouses under construction at the MLP are completed and commence operations.

Having regards to the pace of new warehouse development on site at the MLP and the improving financial and environmental benefits of rail relative to road, Qube remains confident that the MLP IMEX terminal and related logistics activities will generate attractive financial returns for Qube.

As previously noted, the MLP IMEX Terminal is now managed, operated and reported within the L&I business unit as part of the broader integrated logistics activities undertaken by the group. Therefore, once fully operational, it will not be practical to assess the profitability of this asset on a stand-alone basis. However, in FY23, it generated an EBITDA loss of around $3.2 million mainly due to rent, equipment and labour costs and low volumes during the testing phase, and an EBIT loss of around $5.5 million due to the additional non-cash depreciation expense.

Given the relatively high fixed cost nature of this asset (mainly relating to depreciation), it is expected to generate accounting losses until volumes reach around 500,000 TEU per annum although positive cashflow is expected to be achieved earlier (at around 250,000-300,000 TEU) which is targeted to be achieved by FY26.

Qube is targeting achieving 500,000 TEU per annum and an EBITDA from terminal operations (predominantly handling activities) of at least $14 million within 5 years of automated operations commencing, and 1 million TEU per annum and an EBITDA from terminal operations of at least $47 million within 12 years of operations commencing.

These indicative target earnings figures exclude the significant revenue and earnings that are expected to accrue to Qube from related logistics activities at MLP including rail haulage to and from the terminal, road haulage to catchment areas, empty container park operations, warehousing operations and general container storage and other ancillary services.

MLP Interstate Terminal

The construction of the MLP Interstate Terminal (Stage 1a) continued during the period and is presently expected to be completed in H2 FY24 which is slightly later than originally contemplated. The total estimated cost to complete the Interstate Terminal (including Stage 1a and 1b) has increased from $154 million to $200 million with the increase mainly attributable to scope changes and weather related delays.

As previously advised, on completion, the terminal will be handed over to the Joint Development Model (JDM) who will undertake the ongoing management of the terminal. The JDM is a joint venture in which Qube will hold a 65% interest, LOGOS (25%) and National Intermodal Corporation (NIC - 10%). Qube will be appointed by the JDM as the operator of the terminal for an initial five-year term.

The JDM has commenced the process of engaging with prospective customers of the Terminal. Based on the significant interest expressed to date from major interstate rail operators, Qube expects reasonable volumes will be attracted to the MLP Interstate Terminal relatively soon after commencing normal operations. This may include Qube increasing its interstate rail services from its current services operating 2-3 times per week between Sydney and Melbourne.

Qube is presently in a disagreement with the head contractor for the MLP Interstate Terminal over variations to the construction price and delivery timeframe. At this stage, based on a legal and commercial assessment of its position, Qube does not expect the outcome of this disagreement to have a material impact on Qube's financial position or the underlying returns from the MLP Interstate Terminal.

Further information covering the MLP Interstate Terminal and the JDM is included in note 24 of the financial statements.

Ports & Bulk (P&B)

The P&B business unit delivered a weaker than expected result with underlying revenue increasing by 14.3% to $1.65 billion, but underlying EBITDA only increasing by 0.7% to $254.6 million and underlying EBITA decreasing by 2.8% to $133.3 million.

The P&B related associates, NSS and Prixcar, significantly increased their contribution to Qube's NPATA, collectively contributing $4.9 million NPATA compared to a $0.9 million loss in the prior corresponding period.

The top 10 Ports & Bulk customers represent around 18.1% of the Operating Division's total revenue and include mining companies, shipping lines as well as energy companies.

PORTS

The ports activities delivered solid revenue growth, reflecting good volumes and activity levels across most areas of the business. This included motor vehicles, energy, grains, domestic forestry, fertiliser, general cargo and bulk products. Revenue growth also reflected a partial period contribution from in-contract rate increases that largely took effect during the final quarter of the period as a necessary initiative to address the impact of cost inflation.

Pleasingly, a significant number of contracts were renewed, the scope of existing activities extended, and new contracts secured.

The key areas of weakness were log volumes in New Zealand which were around 10% lower than the prior year (and around 17% lower than in FY21), construction related products including imported steel products in Australia which were down over 30% compared to the prior period and certain imported equipment and machinery (also construction related).

The weaker earnings outcome despite the revenue growth was due to the following main factors:

The largest impact on overall profitability was the severe weather events in New Zealand, including two cyclones and a number of major storms, which impacted forestry volumes for most of the second half of the period. These events delayed the expected volume recovery from the first half of the period that was caused by weakness in the housing construction & infrastructure project activity in China. Although cost saving measures were implemented, these were not enough to mitigate the earnings impact. There was some improvement in volumes in the final quarter of the period, however volumes declined again towards the end of the period due to weakness in global log prices, and are expected to remain subdued for at least the first quarter of FY24, with a rebound anticipated after that.

The earnings from domestic forestry operations were also below expectations as they were impacted by a shortage of drivers. There was improvement in labour availability towards the end of the period and a better result is expected in the coming year.

The profitability of Qube's Australian ports operations was impacted by major congestion at a number of ports caused by vehicle quarantine issues which created operational inefficiencies and higher labour costs. This issue had largely been addressed by the end of the period.

The final factor that impacted both revenue and profitability was a six-month delay to the commencement of a major project at Qube's BOMC facility in Indonesia. This project commenced operations in June 2023.

The Ports business was able to partly mitigate the impact of these factors through securing new revenue opportunities, achieving rate increases across most parts of the business and productivity and other cost saving initiatives which should deliver increased benefits in FY24 and beyond. These initiatives have positioned the Ports business to deliver a meaningful improvement in productivity and profitability when volumes return to more normal levels.

The Ports business has a healthy pipeline of major projects currently being reviewed that are expected to contribute to future earnings growth.

BULK

The bulk activities generated high revenue growth compared to the prior period although earnings were weaker.

During the period, revenue grew across most commodities with the highest growth coming from forward facing minerals including copper, lead, nickel, mineral sands and lithium. The closure of the Sandfire De Grussa Mine impacted volumes and earnings while the people and equipment are transitioned between this project and several new projects.

Despite the revenue growth, earnings were below expectations and below the prior year. The primary reason for this outcome was due to labour availability, predominantly in the regional areas of Western Australia, Queensland and South Australia, which remained a challenge with a significant number of vacancies still to fill at the end of the period. These vacancies are impacting the full utilisation of equipment, and also require the use of overtime, external labour hire and subcontractors which contributed to margin erosion.

Cost inflation also impacted the results, as although Qube has contractual protections to mitigate the impact of higher costs, these mechanisms typically lag the actual cost impact, and the impact of this has been more pronounced in the Bulk business. Therefore, in the current inflationary environment, it has caused earnings and margin erosion. Management has actively sought to address this, including through appropriately pricing and structuring new projects and contract renewals to reflect the current cost environment and securing in-contract rate increases where possible.

Despite the weaker earnings, Qube Bulk achieved a number of positive outcomes during FY23 that should support future earnings growth. This included renewing all material contracts nearing expiry, and signing agreements for a number of new projects that will deliver earnings commencing across FY24-25 including the recently awarded contract with Liontown Resources.

From an infrastructure perspective, the business completed the construction of bulk warehouses at Rockingham and Port Hedland. The division also acquired strategic land in Esperance adjacent to Qube's existing operations to allow for future expansion.

The acquisition of Kalari in May 23 was a highlight that provides further diversification as well as synergies. The integration of the organisational structure and operations have been completed seamlessly, and the business is performing ahead of expectations. A number of opportunities have also been identified to potentially expand Qube's bulk rail operations to Kalari's customer base, as well as to leverage Kalari's strength and expertise with inbound mine supply logistics with Qube's strength with outbound mine logistics. This acquisition should contribute meaningfully to the Ports & Bulk business unit in FY24 and beyond.

The Bulk business has a strong pipeline of new projects already signed that will commence in late FY24, and contribute to further growth in FY25, as well as a healthy pipeline of projects where Qube has been nominated as the preferred tenderer.

Associates

The contribution to underlying NPATA from associate entities other than Patrick improved significantly in FY23, delivering an overall NPATA to Qube of $7.9 million compared to a loss of $1.4 million in FY22. The improved contribution reflected turnarounds in performance from Prixcar (50%) and IMG (49%) which both returned to profitability after reporting losses in FY22, and also includes an initial contribution of $0.4 million from the recent acquisition of a 50% interest in Pinnacle that was completed in May 23.

MLP Monetisation Process

Qube completed the transaction with LOGOS for the sale of 100% of its interest in the warehousing and property components of the MLP Project in FY22.

During FY23, Qube received around $247 million of the deferred consideration relating to that transaction, with around $53 million remaining and expected to be received in FY24.

In FY23, Qube paid tax of around $161.0 million attributable to the profit achieved on the MLP monetisation process.

As part of the agreed transaction with LOGOS, Qube also had certain rights relating to leasing additional warehousing. Qube and LOGOS reached agreement in May 23 pursuant to which Qube has leased an additional 56,120 sqm warehouse at MLP for an initial term of 8 years plus options.

Since completion of the monetisation process, LOGOS has continued to develop industrial warehousing at the MLP which is expected to be beneficial for future volumes through the MLP IMEX Terminals.

Beveridge

In February 2023, the National Intermodal Company (NIC) advised Qube that it had exercised its option to acquire land at Beveridge, north of Melbourne. Under the arrangements with NIC, Qube has an option to acquire up to 200ha of developable land for consideration consistent with the price paid by NIC to acquire this land. This option expires no earlier than 27 February 2024 and Qube is presently assessing whether or not to exercise the option and potential future funding and partnering options for this development.

If the option is exercised by Qube it would not require significant up-front funding until NIC is able to deliver title to Qube over the land and Beveridge Site Master Plan approval. The quantum of consideration payable will also depend on whether all of the 200ha of land is acquired and when settlement of the purchase takes place.

Patrick Terminals

Patrick delivered underlying growth in revenue and EBITDA of around 6.9% and 9.2% to around $780.6 million and $305.5 million, respectively which was a sound result given the decline in volumes in the second half of the period. Patrick's full year volumes (lifts) were down around 2.6% and market volumes (lifts) down around 1.2% compared to FY22.

Although this resulted in a small market share loss to 42.1% (lifts) over the 12 months to June 23 compared to 42.7% in the prior corresponding period, it remained in line with expectations and had increased by the end of the period as a result of several service changes.

Patrick extended and secured several contracts in FY23 which added certainty to Patrick's future volume and revenue profile.

The full year result benefitted from higher stevedoring rates, increases in landside and ancillary charges and productivity improvements. This was partly offset by lower storage revenue following an easing in congestion. Full year costs were impacted by higher labour costs, increased property costs and higher maintenance costs. The benefit of several productivity initiatives helped mitigate the impact on earnings.

The underlying contribution from Qube's 50% interest in Patrick was $53.9 million NPAT and $63.1 million NPATA, a decrease of 0.9% and 2.5%, respectively, over the prior corresponding period. This contribution is inclusive of Qube's share of interest income ($10.1 million post-tax compared to $11.7 million in FY22) on the shareholder loans provided to Patrick.

The weaker NPAT and NPATA outcomes for Qube relative to Patrick's EBITDA growth reflects Patrick's higher interest costs in the period.

Patrick continued to generate strong cash flow, with total distributions to Qube in the period of $128.8 million compared to $85.0 million in FY22. The high distribution in FY23 was also partly enabled by an external debt upsizing undertaken by Patrick in the period to ensure it retained an efficient capital structure.

The statutory contribution to Qube's NPAT (being interest income on shareholder loans and share of profit after tax) was a profit of $38.1 million (compared to $40.0 million in FY22). Variances to underlying results are largely driven by the impact of the leasing standard (AASB 16).

	FY23 $ MILLION	FY22 $ MILLION	CHANGE %
Patrick's Key Financial Information			
Revenue (100%)	780.6	730.3	6.9%
EBTIDA (100%)	305.5	279.8	9.2%
Patrick's Contribution to Qube			
Qube share of NPAT	43.8	42.7	2.6%
Qube share of NPAT (pre-amortisation)	53.0	53.0	–
Qube interest income net of tax from Patrick	10.1	11.7	(13.7%)
Total Qube share of NPAT from Patrick	**53.9**	**54.4**	**(0.9%)**
Total Qube share of NPAT (pre-amortisation) from Patrick	**63.1**	**64.7**	**(2.5%)**
Patrick's Cash Distributions to Qube			
Interest income (pre-tax)	12.0	17.4	(31.0%)
Dividend	53.0	31.0	71.0%
Shareholder loan repayment	63.8	36.6	74.3%
Total	**128.8**	**85.0**	**51.5%**

During the period, Patrick successfully extended the maturity and upsized its debt facilities that were maturing in March 2024, resulting in a weighted average maturity at 30 June 23 of around 3.5 years.

Patrick undertook capex in the period of around $77.0 million on growth and maintenance items. This included progressing a number of key projects that will deliver both improved operational and financial outcomes such as:

- Port Botany Rail Development – Phase 2 works, including truck grid re-configuration are well progressed with the project on track to be delivered in full by September 2023, delivering further landside efficiencies. In January, a new window schedule was successfully implemented for the Port Botany automated rail terminal allowing for the overlapping of trains arriving and departing. This led to a 33% increase in window capacity, providing a theoretical capacity of 500,000 TEU per annum well before completion of the overall Project.
- Automated Truck Handling – Concept proven up allowing for the autonomous placement of containers by the AutoStrads on to the back of trucks. The project went live in Fisherman Islands in July 2022 delivering cost savings and assisting in delivering faster truck turnaround times. The project is to be rolled out in Port Botany in late 2023 in-conjunction with the finalisation of the Port Botany Rail Development.
- Crane Automation – FI Crane is fully operational in a semi-automated capacity and handling commercial cargo. Targeted productivity levels met, however remain subject to further enhancement.
- Melbourne Rail Project – project in final stages with 75% construction milestone reached in early 2023. Project completion currently forecast for August 2023, with operations commencing thereafter. The investment will facilitate a rail modal shift for containers moving to and from the port.
- Fremantle Redevelopment – Stage 1 civil works complete in June 2023 with Stage 2 works including upgrade of the gate interface scheduled to be completed by late 2023, delivering superior landside interface and cost savings.

Towards the end of the period, Patrick converted $72.5 million in shareholder loans (Qube share $36.25 million) by issuing new equity to each of the shareholders. The new shares were issued at a share price that implied an enterprise value for 100% of Patrick at 30 June 23 of approximately $6.05 billion and an equity value of $4.86 billion. This value was determined by Patrick based on a discounted cashflow valuation.

Capital Expenditure

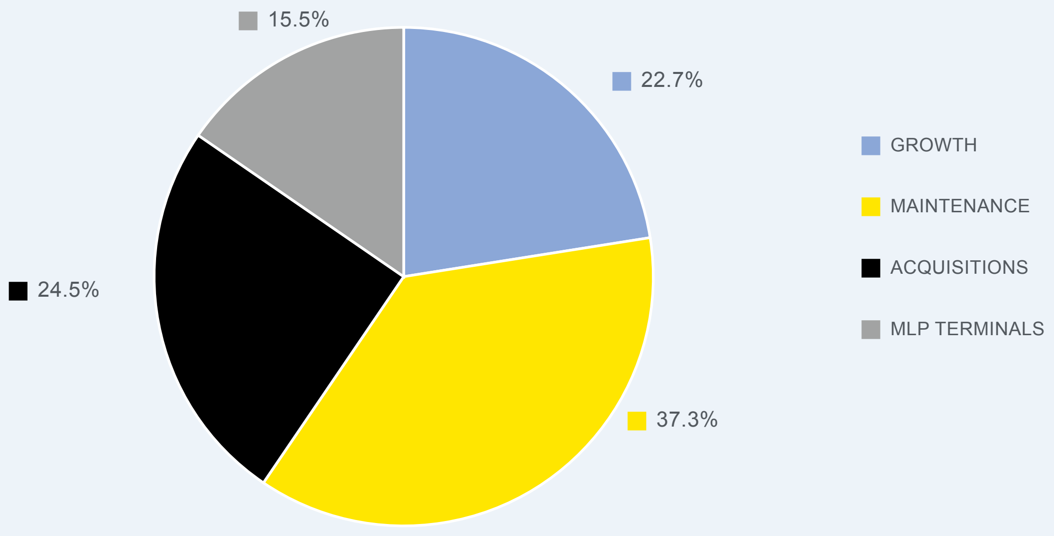
Qube continued to undertake substantial investment in the period, spending around $583.0 million on capex comprising:

- Maintenance capex of $217.7 million
- Growth capex (excluding acquisitions and MLP terminals) $132.1 million
- Acquisitions capex of $142.6 million
- MLP terminals capex (including capitalised interest) of $90.6 million

The major items included the continued construction of the import-export (IMEX) and Interstate rail terminals at the Moorebank Logistics Park (MLP), as well as the two acquisitions completed towards the end of the period. The two MLP rail terminals, when fully operational and at scale, are expected to generate attractive financial returns for Qube and also be important in facilitating modal shift from road to rail.

The acquisitions completed in FY23 comprised the 100% acquisition of Kalari and the acquisition of a 50% interest in Pinnacle Group (treated as investment in associates in the statutory accounts). Further information can be found in the Business Combination note in the financial statements.

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



Funding

Qube finished the period with cash and available undrawn debt facilities of around $1.04 billion at 30 June 2023. This liquidity will be used to redeem the $305 million of ASX listed subordinated notes that mature in October 2023 as well as around $120.0 million in bilateral debt facilities and also provides substantial capacity for Qube to continue to fund accretive growth investment opportunities.

During the year Qube rebalanced its debt portfolio by increasing its debt facilities by $380 million, extending the maturity on $385 million of facilities and terminating or allowing to lapse $610 million of other facilities. The weighted average maturity at 30 June 2023 was 2.5 years or 3.0 years excluding the subordinated notes (2.1 years including subordinated notes at 30 June 2022)

Qube's net debt only increased modestly in the period from $889.1 million to around $945.5 million despite the substantial capex in the period. This was largely attributable to the receipt of around $247 million of deferred MLP consideration, receipt of $128.8 million in cash distributions from Patrick, and Qube's strong cashflow generation in the period with the cash conversion improving to 107% in FY23 from 71% in FY22.

Qube's gearing ratio (net debt / net debt + equity) was around 24% and remained below the lower end of its target range of 30% to 40%, with significant headroom to Qube's financial covenants.

This places Qube in an excellent position to continue to undertake suitable accretive investments and acquisitions to drive continued growth and further enhance the quality and diversity of Qube's business. Importantly, Qube remains focussed and disciplined on ensuring that investments are aligned with Qube's strategy, meet Qube's financial return criteria and are consistent with Qube's risk profile. This should ensure that Qube's past and future investments will drive continued shareholder value creation.

Safety, Health and Sustainability (SHS)

In FY23, Qube continued its improvement in Safety Health & Sustainability (SHS) performance. A standout achievement was a 16% reduction from FY22 in the Lost Time Injury Frequency Rate (LTIFR) with a result of 0.63 per million hours worked. Significant organisational effort across worker engagement with the introduction in FY23 of worker and line manager SHS insights and their deeper involvement in SHS practices contributed to this reduction in LTIFR.

Qube's Total Recordable Injury Frequency Rate (TRIFR) saw an increase in FY23 of around 19% to 8.8 per million hours worked, but continues to be better than industry benchmarks.

Critical risks continued to be a strong focus in FY23, achieving the CIFR target of 1.0. Critical risk reviews identify risks and opportunities to reduce those risks and enables Qube to prioritise and focus on what matters most.

Other SHS highlights in the period included:

- 100% of divisional SHS Plans have been successfully implemented across the business. The plans have been implemented to prioritise operational risks and adapt as needed if any of those risks become issues.
- The divisional SHS plans incorporated key future focussed achievements. Part of this focus is the devotion to innovation and pivoting to take advantage of opportunities. The SHS and divisional teams are flexible and agile which enables them to respond as features and risk change, while still providing the control needed to deliver plans successfully.

Some of the SHS innovation projects/items that have been delivered in FY23 include:

- Exclusion zones - developing barricading controls creating physical safety zones for all employees and contractors entering sites and trialling digital technology to complement these controls.
- Digital signage – creating engaging, informative and interactive digital solutions to deliver safety messages.
- Facial recognition – utilising artificial intelligence to record who is entering a Qube site and when they leave, and also validating that individuals entering sites are certified, inducted and otherwise permitted to work.
- Waytronics rail technology - introducing technology to monitor train handling techniques assisting and creating a more sustainable freight transportation network. ie braking, energy management and driver behaviour.
- INX reporting - creating on-line dashboards for all levels of management and increasing safety compliance by empowering employees to participate so that Qube can manage all aspects of safety easily from any device and any location. The INX system is now being used across all business units with the next phase of inductions and training materials along with training matrices being configured for implementation and use in FY24.
- Line of fire safety messages – delivering through digital content including specific near miss examples tailored for each area's operational risks (for example overhead work for Qube Ports, pedestrian /plant interface for Qube Logistics & Infrastructure).

Innovation and Technology

Continuous innovation and application of technology across the organisation to enhance operational and safety outcomes have been a key part of Qube's strategy and success since its establishment.

Qube has a demonstrable track record over many years of investing in and leveraging technology to deliver innovative, reliable and safe logistics supply chain solutions to its customers.

Consistent with previous periods, Qube's Group Innovation Committee chaired by the Managing Director brings together Senior Executives from across the organisation to develop strategies, leverage developed solutions, determine the investment and resources priorities that will benefit customers, and improve safety and service delivery. This Committee actively considers initiatives ranging from early-stage concepts through to operations-ready projects.

Qube has successfully delivered a number of IT innovation projects over the past 12 months, with key initiatives including;

- Significant investment in camera technology with AI across key sites to deliver enhanced safety and workforce protection. These cameras are able to detect & alert if team members enter an unsafe zone. The appropriate management teams are alerted of these breaches to help key our sites safe.
- A continued focus on safety with significant investment with facial recognition software that checks inductions in real time. This recent implementation at key sites has delivered a state-of-the-art compliance with staff access/site controls/live induction checks & management alerting.
- Expansion of Optical Character Recognition (OCR) in select locations to drive efficiencies on moving assets. Qube has successfully fitted OCR cameras on non-fixed forks & cranes with OCR feeds back into Qube OCR engine for data ingestion. Live cycle counting from asset to grid location has delivered a play by play event as assets move via our supply chain.
- Expansion of robotic scanning technologies across new sites (safety and efficiency benefits). Qube delivered a successful Proof of Concept (PoC) trial with drone warehouse scanning for cycle counting. The PoC utilised drones to scan pallets in warehouse for cycle counting.
- Expansion of QR scanning to build rail consists on the fly. In conjunction with a key customer, Qube has developed an application to build full rail consists with orders/weights/locations on the fly.
- Continued expansion of Virtual Reality (VR) vehicle training programs. Qube has developed and simulated a Qube VR World at all Qube Port sites. This technology offers staff the ability to use VR training units to train in any port from anywhere. For example - a Qube Ports WA worker can be trained and accredited locally for other RORO facilities in Port Kembla. This continued expansion of the Qube VR World across sites and assets will continue to drive and enhance Qube's safety standards & customer outcomes.

Environment

In FY23, Qube emitted 407,406 tCO2e of Scope 1 and Scope 2 Greenhouse Gases (GHG). This represents circa 3% reduction compared with FY22.

While Qube's total emissions increased by 24% from the FY18 baseline, in part as a consequence of business growth including from acquisitions, Qube did achieve a reduction in GHG intensity of 30% in FY23[1]. A breakdown of this emissions profile across Scope 1 and 2 follows.

Qube is also investing in data management services to provide greater transparency and visibility of GHG emissions and to collect a wider set of sustainability data, including waste and water usage data, which will further improve reporting and climate-related disclosures as we align with the expected required reporting standards.

Scope 1

Scope 1 emissions describe the direct emissions that occur from sources owned or controlled by a company. In FY23, Qube reduced Scope 1 emissions by 3%. This reflects factors including the transition of more of the heavy vehicle fleet to Euro 5/6 standards and investments in other more efficient plant and equipment.

Qube is continuing to assess and implement practical strategies to support its sustainability and CO2 reduction objectives, particularly having regard to alternatives to diesel fuel. This includes investments in improving fleet efficiency, productivity and in opportunities to encourage modal shift from trucks to rail, where it's possible to reduce the GHG emissions. Qube is also reviewing several options to trial biofuel/renewable fuels, subject to commercial viability and collaboration from our OEMs and end customers.

Qube is currently involved in a number of technology trials with suppliers and customers. For example, in partnership with OZ minerals and Janus Electric, Qube is participating in a world first, 12-month trial of battery swapping technology in a triple electric road train, in South Australia. The trial will give participating partners valuable data and experience and could expand to other regions and different environments. Additional trials are already being planned for the east coast.

Scope 2

Scope 2 emissions are described as indirect emissions not directly generated by an organisation but used due to its operations, such as consumption of purchased electricity. In FY23, Qube's Scope 2 emissions reduced by 3.6% and this is largely due to the increased use of on-site solar energy across Qube's operations, on-site efficiency improvements such as the rollout of LED lighting in Qube's facilities, along with the increased penetration of renewable energy in the grid resulting in lower emission factors for the period.

Qube is also investing in renewable energy across facilities that it owns or leases to power them with 100% renewable electricity by 2030.

1 Compared with the FY18 baseline

Strategy and Risk Management

The Board and management regularly review the strategy through structured engagement to ensure it remains robust and 'fit for purpose' and that it meets the expectations of our shareholders, customers and other key stakeholders.

Qube's vision is to be Australia's leading provider of integrated logistics solutions focused on import and export and selective domestic supply chains.

Qube's strategy to achieve this vision includes:

- investment in infrastructure, facilities, equipment, technology and people to build scale and competitive advantage;
- delivering efficient, reliable, safe and productive logistics services;
- seeking to reduce carbon emissions through efficiency improvements, technology investments and trials and through the use of renewable energy and alternative fuels;
- an ongoing focus on innovation to provide superior operating, safety, environmental and financial outcomes;
- where possible, providing a comprehensive integrated supply chain solution for customers through Qube as a single service provider, delivering value to customers while delivering sound financial returns to Qube;
- rail and road-based solutions delivering most efficient modal outcome;
- ownership or long-term leasing of strategic locations at or near ports and other key infrastructure;
- maintaining a conservative balance sheet position with adequate liquidity, sufficient headroom to Qube's financial covenants and proactively managing refinancing risk in order to support ongoing operations and continued investment in the business across different economic conditions; and
- facilitating a workplace culture that supports integrity, reliability, respect and inclusiveness as well as a desire to deliver superior customer outcomes.

The Board is focused on those risks capable of undermining the strategy or viability of the Group or severely damaging its reputation (Group Risks). Normal operating risks (Business Risks) are assessed and managed by the divisional and business unit operational leadership teams.

The Qube Board assumes ultimate responsibility for the risk management of Qube. The Board has established a Risk Management Framework which incorporates a formal, Board-approved Risk Management Policy and Risk Appetite Statement (RAS) setting the parameters within which the Board expects management to operate. In accordance with the risk management framework, the Board has delegated the oversight responsibility for risk management and internal control of major risks of Qube to the Audit and Risk Management Committee (ARMC) and, in respect of risks relating to safety, health, environment and operational matters, to the Safety, Health and Sustainability Committee (SHSC). The ARMC and the SHSC each meet regularly to review the effectiveness of Qube's risk management systems, processes and internal controls and report their findings to the Board.

The key risks to Qube's ability to achieve its financial and strategic objectives, and the main mitigating actions are summarised below.

Information Technology and Cyber Security Risk
Qube could be negatively impacted by threats to the security of its information technology, data and operational technology systems. The cyber security threats faced by Qube are not dissimilar to most organisations and include threats to the normal operation of information technology (IT) and operational technology (OT) infrastructure, systems and data, attempts to gain unauthorised access to the company's information including the data of our customers, employees, suppliers and partners and the potential for business disruption associated with technology and related failures. Qube is committed to a Zero Hack cyber strategy.

Qube has adopted a broad range of measures, including use of appropriate leading security tools, standards and governance frameworks to monitor and manage risks. Qube utilises an experienced internal team and expert third-party security specialists to monitor our network for signs of external attack and internal threat activity and respond to detected events to ensure continued protection of our infrastructure. Additionally, we undertake a program of continuous employee education, awareness and testing on cyber related risks to ensure employees understand applicable policies and the importance of reporting suspicious observations and behaviour and respond appropriately to mitigate threats.

Strategic Risk
Qube's investments and operations should be focused within import, export and selective domestic supply chains, targeting markets and activities with favourable characteristics and in which Qube has a competitive advantage, including through control over strategic assets and locations, market knowledge, operational expertise or customer relationships. Logistics activities that are more commoditised in nature or have higher inherent risks will only be pursued where an appropriate risk assessment has been undertaken and the expected risk-adjusted returns are adequate.

Qube has a disciplined approach to capital allocation and targets investments that fit both strategically and will deliver an appropriate return, having regard to relevant factors including Qube's applicable weighted average cost of capital (WACC) and the risk associated with the investment. Certain investments of a more strategic or lower risk nature may justify lower return outcomes, while higher risk investments are expected to generate a higher premium to the WACC.

Extreme Weather Event Risk
Qube is exposed to the risk of extreme weather events such as floods, storms, winds, hail, tidal surges, droughts, extreme heat and bushfires. These events create risk of significant business interruptions and lost productivity due to operations being disrupted by logistics and supply chain issues such as damaged roads and rail infrastructure, customer site disruptions, poor crop yields and damaged crops.

Qube is a diversified business operating in multiple sectors and geographies and servicing numerous customers in many locations across both the import, export and domestic supply chains. Qube has no material individual customer concentration risk and as such any temporary disruptions to any single Qube operation or customer activity from extreme weather events are unlikely to have a material or prolonged impact on Qube's overall financial performance. In addition, many of Qube's assets can be relocated or repurposed to service different customers in other locations, and Qube's ability to offer logistics services across both road and rail modes also provides the ability for Qube to mitigate some weather-related impacts to its operations.

ESG (Sustainability) Risk
This is the risk that Qube isn't sufficiently proactive in setting strategy, planning for, resourcing and delivering upon existing and emerging ESG reporting standards and regulatory and investor requirements or that we fail to meet targeted improvements (particularly environmental, such as decarbonisation) leading to significant reputational damage and potential negative financial outcomes.

The Qube sustainability journey is focused on building a resilient and robust organisation that is committed to leading the logistics industry in innovation, technology and future-focused thinking. The long-term success of our business will be driven by our organisation's ability to identify, address and adapt to the requirements of today's world while ensuring we deliver on our commitments to customers, employees and shareholders.

Qube has developed a plan that identifies emission, energy, climate change and innovation goals working across road, rail and premises. Qube will not accept actions that are inconsistent with achieving these Board approved emission targets and objectives or those materially inconsistent with the objectives outlined in the FY23 Sustainability Report.

Customer Disruption or Loss Risk
This is the risk that our customers operations are materially disrupted for prolonged time periods or that the customer no longer engages services from Qube by moving to a competitor or bringing the service inhouse. These disruptions/losses could materially adversely affect Qube's services and revenues and result in material economic loss.

Qube's activities are focused in markets and activities consistent with Qube's vision and strategy as this is where Qube has extensive expertise and market knowledge. Within these markets, Qube seeks to provide a range of services to a diverse customer base to ensure that it is not unduly dependent on any single customer, product, commodity or geography to deliver acceptable financial returns. Qube also seeks to maintain a high degree of variability in its cost base so that it can respond in a timely manner to unexpected variations in demand for its services.

Global Events and Economic and Market Conditions Risk
Qube's revenue and earnings are influenced by a range of factors including global and domestic economic, political and health (ie pandemics) conditions which directly and indirectly affect the demand for Qube's customers' products and therefore Qube's activity levels, as well as the intensity of competition in Qube's core markets. Qube aims to leverage its scale and investment to provide reliable, low-cost logistics solutions.

Qube will generally accept low levels of geographical risk with activities focused on countries with well-established, legal, regulatory and operating settings that provide a high degree of certainty that support reliable operations. In general, Qube will focus its activities and operations in Australia and New Zealand.

In addition to the diversification strategy outlined above, Qube seeks to secure minimum revenue and contract term commitments when it undertakes material capital investment for new contracts. These factors assist Qube in mitigating the impact of any material slowdown in economic activity or increased competitive conditions.

Qube also seeks to structure its contractual arrangements to provide for periodic rate adjustments to mitigate the impact on Qube's financial returns from large increases in key cost items that can occur in a high inflationary environment.

Regulation and Compliance Risk
Qube operates in regulated industries and operates its facilities under various permits, licenses, approvals and authorities from regulatory bodies. If those permits, licenses, approvals or authorities are revoked or if Qube breaches its permitted operating conditions, it may lose its right to operate those facilities, either temporarily or permanently. This could adversely impact Qube's operations and profitability. Changes in laws and government policy in Australia or elsewhere, including regulations and license conditions could materially impact Qube's operations, assets, contracts, profitability and prospects.

Qube applies strict operating standards, policies, procedures and training to ensure that it complies with its various permits, licenses, approvals and authorities. Additionally, Qube proactively manages regulatory risks through a combination of vigilance regarding current regulations, contact with relevant bodies/agencies and working in partnership with various stakeholders to reduce the likelihood of significant incidents that could impact Qube and/or the communities in which it operates. Periodic inspections are undertaken by management and directors to assess compliance with applicable regulations and conditions. Qube engages with regulatory bodies and industry associations to keep abreast of changes to laws. Qube has in place a stakeholder engagement plan that is actively managed to mitigate the impact of major policy changes.

Health, Safety and Wellbeing Risk
Qube's ability to continue to operate and grow is dependent on its ability to continue to provide safe operating settings and to operate in a sustainable manner. The specific achievements during the period to deliver on this objective were set out above with more detailed information outlined in our FY23 Sustainability Report.

From a risk perspective, the Group will generally accept minimal levels of risk in respect of workplace safety and health with no appetite for activities that are reasonably likely to result in injury or loss of life. While it is not possible to completely eliminate risks associated with the safety of its workforce, Qube is committed to its Zero Harm safety strategy.

Qube will not accept any sustained deterioration in the performance of key safety KPI's including LTIFR, TRIFR and other key lead indicators as determined by the SHS Committee.

Key Infrastructure and Asset Risk
This is the risk that key operational sites may not have leases renewed or that leases may be terminated mid-term (due to some form of breach ie compliance). It also includes the risk of major critical asset damage or losses such as from train derailments, fires, cyclones, flood and other events including the risk that critical non Qube owned/managed infrastructure such as roads, bridges and rail are shut down for prolonged periods due to accidents or poor maintenance, or are destroyed or damaged by extreme weather or other events.

Qube is a diversified business operating in multiple sectors, and geographies servicing numerous customers in many locations across the import, export and domestic supply chains. Business disruptions impacting specific Qube or customer services and locations are unlikely to have a material or prolonged impact on the overall Qube financial performance.

Qube has long-term leases over key locations and works closely with landlords to maintain strong relationships and to further enhance or develop the sites. Qube has an extensive insurance program in place supported by a global broker covering major asset losses and business interruption. Regular reviews take place with insurance brokers to assess insurance coverage and when new risks or insurance market adjustments are identified to assess required insurance coverage.

Labour and Key Management Risk
There is a risk that Qube may not be able to acquire, deploy or retain the necessary labour and senior management for operations and development projects, may only be able to do so at higher costs, or that Qube's operations may be disrupted by labour disputes. This may disrupt operations or lead to financial loss. Qube aims to be an employer of choice, offering appropriate, competitive and performance-based levels of remuneration and engaging proactively with its workforce including through ongoing focus and programs targeting safety, health and general well-being as well as non-financial employee benefits such as training and career development.

Treasury and Capital Management Risk
Qube will actively manage its funding sources and treasury activities to ensure it maintains adequate liquidity and minimises its refinancing risk. Strategies to manage Qube's financial risk include maintaining adequate available undrawn debt facilities and cash, maintaining material headroom to financial covenants to manage an unexpected change in trading conditions, and ensuring the maturity profile of Qube's facilities does not create excessive risk through sizeable near-term maturities without a low-risk refinancing strategy.

FY23 Summary and FY24 Outlook

Qube continued to demonstrate the resilience and quality of its diversified logistics activities during FY23, enabling it to generate increased profits and high cashflow despite multiple challenges across its business.

Qube maintained its strong market positions in favourable markets with attractive long-term growth outlooks. Qube's strong competitive position is underpinned by a dedicated, experienced workforce, and an unrivalled network of key infrastructure, property and equipment.

<u>Operating Division</u>
In FY24, Qube expects the Operating Division to deliver solid underlying earnings growth (EBITA) with the Ports & Bulk business unit expected to deliver higher growth than the growth in the Logistics & Infrastructure business unit, based on:

- stable (high) volumes overall across most markets including vehicles, resources, energy, domestic forestry and general stevedoring;
- margins to benefit from improved labour availability, the benefit of cost recovery and productivity initiatives implemented in FY23, and no severe weather events;
- some improvement in the NZ forestry contribution (although dependent on China demand);
- a full year contribution from acquisitions and growth capex completed in FY23;
- flat container volumes compared to FY23;
- a modest decline from the record agri and automotive infrastructure activity levels achieved in FY23; and
- increased (mainly non-cash) losses from the MLP IMEX ramp up.

Qube expects to spend around $400-500 million on capex in FY24 (excluding potential acquisitions) mainly comprising growth capex across the Operating Division (including warehouses, storage sheds, rollingstock, cranes and other operating equipment), development of the MLP IMEX and Interstate terminals, and maintenance capex (expected to be around 85-95% of depreciation expense). The actual level of capital expenditure in FY24 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

<u>Patrick</u>
Qube expects that Patrick will deliver modest growth in underlying EBITDA/EBIT. Patrick's volumes are expected to increase compared to FY23, although the growth is forecast to be limited reflecting expected flat market volumes, with Patrick's volume growth coming from the full period impact of additional volume commitments and services secured in the second half of FY23.

Margins should benefit from the higher volumes, the full period impact of the FY23 infrastructure and ancillary charge increases, as well as from continued productivity initiatives which will help mitigate the impact of higher operating costs (including labour, fuel and rent).

The overall NPATA contribution to Qube is expected to be broadly flat as a result of higher net interest costs due to higher base rates and increased net debt compared to FY23.

<u>Corporate and Interest Costs</u>
Qube's corporate costs (EBIT) are expected to increase modestly in FY24 mainly due to cost inflation, increased SHS expenditure and higher insurance costs.

Qube expects a significant increase in net interest expense (indicatively $40-45 million above FY23) mainly resulting from higher average base rates expected in the period and reduced capitalisation of interest costs attributable to MLP related capex, as well as lower interest income from Patrick as a result of a lower shareholder loan balance.

<u>Qube Group</u>
Qube continues to have multiple volume and value drivers to facilitate earnings growth in FY24 despite challenges in some of its markets. Having regards to the above expectations, Qube expects to deliver continued growth in underlying NPATA and EPSA relative to FY23 although the growth rate is likely to be modest compared to the strong growth rate achieved in FY23.

The actual level of growth will depend on a range of factors including domestic and global economic conditions and the related impact on volumes in Qube's key markets, any unexpected industrial relations related costs or operational impacts, any adverse weather events that impact Qube's operations, as well as any change to the interest rate outlook over the period.

In the FY24 period to date, despite ongoing economic uncertainty, overall trading has been ahead of Qube's expectations.

Qube's consistent vision and strategy since its foundation, combined with its highly diversified activities, strong operational and financial position and a demonstrated willingness and ability to invest through positive and negative market cycles to further diversify and expand its activities and capabilities, should ensure that Qube is well placed to continue to deliver sustainable earnings growth despite ongoing external challenges.

Message from the Nomination and Remuneration Committee

Dear Shareholder,

On behalf of the Nomination and Remuneration Committee of the Qube Board, I am pleased to present the Remuneration Report for FY23. Qube has a remuneration framework that provides the foundation for retaining and incentivising talented employees to deliver the Group's strategy and that is aligned with shareholder wealth creation. We present information in this Report to show how the remuneration outcomes are in line with financial and company performance for the year.

Qube delivered another year of record underlying financial results in FY23, benefitting from its highly diversified operations across attractive markets which supported strong growth in underlying earnings despite some continued challenges.

Underlying net profit after tax pre-amortisation (Group NPATA) increased by around 19% to $239.6 million and underlying earnings per share pre-amortisation (EPSA) grew even more strongly from 10.6 cents in FY22 to 13.6 cents in FY23, a 28% improvement. The higher EPSA growth relative to NPATA was mainly due to the full period benefit from the share buyback completed in May 2022.

The result was driven by a very strong contribution from the Logistics and Infrastructure business unit as a result of high volumes across agriculture, automotive and container related logistics activities. Most of Qube's other markets, including energy and resources delivered solid volumes, although imported container volumes did weaken in the second half of FY23 which mainly impacted Patrick's volumes and earnings in this period (owned 50% by Qube).

Qube's financial performance in FY23 was particularly pleasing as it was achieved despite the continued challenges of a high inflationary environment which is increasing key operating and funding costs across Qube's activities, as well as ongoing labour shortages (particularly in regional areas) which is also impacting costs and capacity. Management has been working with Qube's customer base and workforce to identify strategies to address these issues while ensuring that Qube continues to deliver a reliable, efficient service to its customer base and remains an employer of choice.

Fixed Remuneration

FY23 fixed remuneration increases of 3% were in line with market movements, awarded as part of our annual review process. Fixed remuneration is fundamental to our remuneration framework and is a key component of our attraction, motivation and retention strategy.

Short-Term Incentives (STI)

The performance of the Managing Director and other Executive KMP was assessed against a combination of financial, safety, health and sustainability (SHS) and other non-financial KPIs under the STI Plan.

Financial KPIs (50% weighting)

Underlying NPATA and underlying divisional earnings (EBITA) targets consistent with the budget were set at the commencement of the period. Appropriate adjustments were made to account for a limited number of items mainly relating to unbudgeted growth capex and budgeted growth capex that did not occur. The net impact of these adjustments did not have a significant impact on the achievement of the targets.

Safety, Health and Sustainability (SHS) KPIs (10% weighting)

The safety of our people and communities we work in is our number one value. As part of our emphasis on safety initiatives, the SHS weightings for all key executives remains at 10% of the STI award, with a 100% fatality gateway applying to safety KPIs. In FY23 the Board approved the Workforce Fatality Gateway Classification policy providing guidance as to what constitutes a workplace fatality and our safety standard. We are able to report no fatalities under management's control were encountered in FY23 and are pleased to report that our leading and lagging measures and safety initiatives continue to deliver improvements in performance.

Further details of our Zero Harm philosophy, SHS KPIs, safety activities and achievements can be found in the STI Performance Scorecard in section 6c of this report.

Other Non-Financial KPIs (40% weighting)

The performance of the Managing Director and other Executive KMP against other non-financial KPIs set for them is shown in detail in the STI Performance Scorecard in section 6c of this report. The Board was satisfied that the achievements against scorecard results reflected sustainable improvements above business-as-usual results.

Long-Term Incentives (LTI)

A new performance rights based LTI plan with a three-year performance period was introduced in FY23. The new Plan is a key component in the remuneration strategy to attract, retain and motivate employees to deliver the Group's vision and strategy. The performance rights are subject to performance conditions which include one earnings-based hurdle, EPSA, and one return-based hurdle, Relative TSR, to ensure the outcome takes into account earnings performance and shareholder returns. For management to receive the target or maximum value of the LTI Plan there must be both acceptable earnings and relative share price performance over the vesting period.

Board judgement

At the end of the financial year the Board considered outcomes against targets as well as the overall quality of results from risk and operational performance indicators. The Board determined that the achievements against targets were valid, and incentive payments appropriate.

Non-Executive Director (NED) Fees

In order to further align the interests of directors and shareholders, a new NED Equity Plan was introduced this year, in conjunction with a minimum shareholding requirement (MSR) to encourage and facilitate NEDs to acquire shares in the company. The new Plan invites NEDs to sacrifice a percentage, up to 100%, of their NED Fees to be taken in equity rather than in cash. In FY23 two of the NEDs chose to take up this option.

Full details of the NED Equity Plan can be found in section 12c of this report.

Looking ahead

The Board continues to set remuneration arrangements that are market-competitive to attract and retain high calibre executives and Board members while also being aligned with positive shareholder outcomes. In late FY23 the Board's independent external remuneration adviser benchmarked the remuneration packages for the Managing Director and the other Executive KMP, as well as certain other senior management roles to ensure our remuneration remains aligned with market as we head into FY24. The outcomes of this review will be reflected in the FY24 remuneration in next year's Remuneration Report.

On behalf of the Board, I invite you to review our FY23 Remuneration Report and look forward to welcoming you to our Annual Meeting in November 2023.

Jackie McArthur
Nomination and Remuneration Committee Chair

Remuneration Report

CONTENTS

1. Audit of this Report

This report has been audited in accordance with section 308(3C) of the Corporations Act 2001.

2. Key Management Personnel

This Remuneration Report sets out remuneration information for Qube's Non-Executive Directors, the Managing Director and other key management personnel (KMP) for FY23. Directors and Executives disclosed in this report are as follows:

NON-EXECUTIVE DIRECTORS	POSITION	TENURE
Allan Davies	Chairman	Full financial year
Sam Kaplan	Deputy Chairman	Full financial year
Ross Burney	Director	Full financial year
Nicole Hollows	Director	Full financial year
Stephen Mann	Director	Full financial year
Jackie McArthur	Director	Full financial year
Alan Miles	Director	Full financial year
Lindsay Ward	Director	Appointed 4 October 2022
EXECUTIVE DIRECTOR		
Paul Digney	Managing Director	Full financial year
EXECUTIVE KEY MANAGEMENT PERSONNEL		
Mark Wratten	Chief Financial Officer	Full financial year
William Hara	General Counsel and Company Secretary	Full financial year
John Digney	Director – Logistics & Infrastructure	Full financial year
Todd Emmert	Director – Bulk	Full financial year
Michael Sousa	Director – Ports	Full financial year
FORMER EXECUTIVE KEY MANAGEMENT PERSONNEL		
Paul Lewis	Chief Financial Officer	Stepped down from the position of Chief Financial Officer and executive KMP effective 1 May 2022, but remained in service as a non-KMP employee to 30 June 2022

3. Remuneration Summary

Qube's approach to remuneration is based on "Reward for Performance". Remuneration is differentiated based on various measures of corporate, business unit/function and individual performance. The remuneration framework is structured to promote Qube's vision of being a leading provider of safe, efficient, and sustainable import and export-focused logistics services in Australia and New Zealand, with targeted activities in South-East Asia.

VISION	STRATEGY	REMUNERATION STRATEGY	PRINCIPLES
To be the leading provider of **integrated logistics solutions** focused on **import, export** and **select domestic supply chains** in **Australia**, **New Zealand** and select international locations	Target markets with attractive long-term growth outlooks. Secure market leadership through offering a broad suite of logistics services diversified across geographies, services, products and customers. Service quality, capacity and capability underpinned by ongoing investment in property, infrastructure, equipment, technology and people. Strategy also supported by rigorous focus and emphasis on risk management including operational, cyber, health, safety and sustainability.	Qube's remuneration strategy is to provide remuneration and benefits that will attract, retain and incentivise employees to deliver the Group's Vision and Strategy.	**Simplicity:** simple, transparent and easy to communicate **Shareholder alignment:** variable with shareholder wealth creation **Balance:** a significant portion of remuneration is at risk but can be earned by achieving exceptional performance **Values and culture:** aligned with long-term sustainable growth, safety, integrity and excellence.

3. Remuneration Summary CONTINUED

<table>
<tr><th colspan="4">EXECUTIVE REMUNERATION FRAMEWORK</th></tr>
<tr><th>REMUNERATION COMPONENTS</th><th>FIXED REMUNERATION</th><th>SHORT-TERM INCENTIVE (STI)</th><th>LONG-TERM INCENTIVE (LTI)</th></tr>
<tr><td>PURPOSE</td><td>Reflects the market value of the role and the executive's skills and experience.</td><td>Incentive for achievement of financial and non-financial KPIs for the financial year.</td><td>Incentive for long-term shareholder value creation and to assist in retention of key executives.</td></tr>
<tr><td>DESIGN</td><td>Benchmarked at market median.</td><td>Financial measures that measure the achievement of the expected earnings consistent with company business plans and strategy.
Non-financial measures to focus management on a balance of health, safety, environmental, strategic and operational measures that underpin sustainability and growth of Qube.
Outcome is determined based on performance against scorecard, consisting of financial and non-financial measures.
Award defaults to a cash payment for the non-deferred component and to performance rights for the one-year deferred component.</td><td>Performance period over three years to retain and incentivise management, focusing attention on delivering the Group's long-term strategy.
Qube's strategy to invest in assets and strategic sites is expected to create significant shareholder wealth in the medium to long-term and be reflected in Earnings per Share (pre-amortisation) (EPSA) and Total Shareholder Return (TSR).
Award is delivered in Performance Rights, subject to performance conditions of Relative TSR and EPSA, aligning management reward with the Company's long-term strategy.</td></tr>
<tr><td rowspan="2">ALIGNMENT WITH SHAREHOLDERS</td><td>Attract and retain appropriately qualified and experienced executives to ensure shareholder interests are managed in an efficient and effective manner.</td><td>Payments need to be fully funded from current year's profits and represent value for money to shareholders. At vesting, deferred STI rights are automatically exercised into shares up to the MSR, with shares restricted from disposal.</td><td>Only have value if performance conditions and service conditions are met. At vesting rights are automatically exercised into shares up to the MSR, with shares restricted from disposal to ensure long-term focus.</td></tr>
<tr><td colspan="3">A Minimum Shareholding Requirement (MSR) policy requires Executive KMP to acquire, within five years of the introduction of the policy or appointment to an executive KMP position, and hold, a minimum number of Qube shares.
The number required equates to a multiple of the Executive's annual Fixed Remuneration (TFR), being two times TFR for the Managing Director, and one times TFR for other Executive KMP.</td></tr>
<tr><td>TOTAL REMUNERATION</td><td colspan="3">Opportunity to achieve market upper quartile where exceptional results are achieved.
The Remuneration Mix reflects the greater portion of remuneration is variable, or 'at risk'. Refer Remuneration Mix in Section 3.</td></tr>
<tr><td>BUSINESS AND OPERATIONAL RISKS</td><td colspan="3">Financial and non-financial KPIs that appropriately consider risk and profitability.
Malus provisions and deferral of incentives.
KPIs that include key operational risks such as health, safety and environment</td></tr>
</table>

3. Remuneration Summary CONTINUED

The Board considered company strategy and reward plans on performance measurement, competitive position, and stakeholder feedback. Policy pay mix is summarised below for FY23. The mix displays remuneration at maximum.

The greater proportion of remuneration directed to the long-term incentive in comparison to the FY22 Remuneration Mix at maximum is reflective of the change in instrument from Share Appreciation Rights (SARs) in FY22 to Performance Rights (PR) for FY23. Whilst pay mix at Target remains unchanged, SARs being a long-term equity instrument have the same opportunity at Maximum as they do at Target, whilst PRs have significantly different opportunities. Thus, the FY23 remuneration mix is impacted by the greater Maximum LTI opportunity resulting from the change of instrument.

REMUNERATION MIX AT MAXIMUM

	Fixed Remuneration	Short-term incentive (STI)	Long-term incentive (LTI)
Managing Director	33%	32%	35%
Other Executive KMP	39%	36%	25%

REMUNERATION DELIVERY

The following table summarises how remuneration is delivered to Executives.

FIXED REMUNERATION Paid at market median	Cash, superannuation and other benefits	YEAR 1
STI (CASH OR EQUITY) Performance against financial, strategic and SHS metrics	50% default cash, employee may elect share-settled rights	YEAR 1
	50% default payment is in share-settled rights, employee may elect cash-settled rights, subject to Minimum Shareholding Requirement	YEAR 2
LTI (EQUITY) Awards that align to longer term Company performance	Performance rights settled in shares, subject to vesting after three years, subject to Minimum Shareholding Requirement.	YEAR 3

3. Remuneration Summary CONTINUED

GOVERNANCE	
THE NOMINATION AND REMUNERATION COMMITTEE	In accordance with its Charter, the Committee is responsible for reviewing, assessing and recommending to the Board, remuneration policies and practices, and broader strategic human resources policies, that encourage sustainable enterprise outcomes, enhance long-term shareholder returns, and are in accordance with applicable regulatory requirements. The Committee reviews, applies judgement and where appropriate, makes remuneration decisions under its Charter based on management's recommendations or endorses the recommendations made by management and submits them for Board approval. The Committee may seek information from other Qube Board Committees and from management and employees of the Qube Group in order to perform its duties. The Committee considers the interests of all stakeholders in fulfilling its responsibilities.
THE BOARD	The Board has ultimate responsibility for the fixed and variable remuneration opportunity and outcomes, and determines what is value for money for shareholders. This is achieved through approval of the fixed remuneration of the Managing Director and Non-Executive Directors and the Managing Director's variable remuneration opportunities based on the Committee's recommendations. Through the Committee, the Committee Chair and the Board Chair, the Board effectively determines the short-term remuneration outcomes for the Managing Director and fixed and short-term remuneration outcomes for Senior Executives. There are strict arrangements in place for interactions with the Board's remuneration adviser. No remuneration recommendations were sought or received during the 2023 financial year.

During FY23, external advisers were engaged by the Nomination and Remuneration Committee to provide information and assist the committee determine policy and make decisions. The Nomination and Remuneration Committee did not seek or receive any remuneration recommendations from the external advisers in the 2023 Financial Year.

4. Performance

a. Performance – 12 months to end of FY23

FY23 was another record financial year for Qube which highlighted the resilience and strength of Qube's business and core markets. The strong growth in underlying net profit after tax (pre-amortisation) and underlying earnings per share (pre-amortisation) to $239.6 million and 13.6 cents per share respectively, as well as the high cashflow generation in the period was achieved despite multiple challenges including weather events that disrupted operations, continued labour shortages in some areas and the impact of inflationary pressures across Qube's operations.

The result was underpinned by a record contribution from the Operating Division, led by the Logistics & Infrastructure activities which benefitted from high agri and motor vehicle volumes, and solid activity levels across container related activities. The Ports & Bulk related activities, inclusive of associates, generated reasonable growth although were impacted by weather events and labour shortages. The contribution from Patrick to Qube declined slightly compared to the prior year as the growth in Patrick's operating earnings was offset by higher interest costs.

The higher group profit outcome was achieved despite a large increase in Qube's interest costs, which was mainly due to higher interest rates in the period. Pleasingly, Qube's return on average capital employed (ROACE) continued to improve towards Qube's target of at least 10.0% and this is despite a meaningful portion of Qube's average capital employed still being in the construction or development phase and therefore not yet generating target earnings.

The financial result clearly demonstrates Qube's ability to mitigate the impact of inflationary pressures that continue to be prevalent across the economy. Qube was able to do so through an ongoing focus by management on implementing productivity initiatives where possible, leveraging Qube's scale and infrastructure to reduce unit costs, and proactively engaging with its customer base and suppliers to achieve rate adjustments where necessary to ensure that Qube could continue to deliver a premium level of service on a sustainable basis.

The result was predominantly driven by organic growth as well as the full period contribution from acquisitions and growth capex undertaken in the prior year. Towards the end of the period, Qube completed two new acquisitions which provide further scale and diversification and will contribute to earnings growth in FY24 and beyond.

Qube's ability to continue to deliver strong financial outcomes despite inevitable challenges across its markets is attributable to the diversified nature of Qube's core markets, the attractive characteristics of these markets and Qube's strong market positions and breadth of activities within these markets.

This has been the outcome of Qube's consistent, focussed vision and strategy over many years which has been underpinned by substantial investment including on infrastructure, property, equipment, technology and people to build capacity, scale and capability and deliver a reliable, safe, cost-effective solution for Qube's large customer base.

Qube continued to undertake substantial investment in the period, spending around $365 million on growth related capex. The major items included the continued construction of the import-export (IMEX) and Interstate rail terminals at the Moorebank Logistics Park (MLP), as well as the two acquisitions completed towards the end of the period. The two MLP rail terminals, when fully operational and at scale, are expected to generate attractive financial returns for Qube and also be important in facilitating modal shift from road to rail.

Additionally, around $218 million was spent on maintenance capex to ensure that Qube continued to operate safely and reliably.

Despite this substantial investment, Qube finished the period in a strong financial position with net debt at the end of the period of around $946 million, representing a gearing ratio (net debt/net debt + equity) of around 24% and cash and available undrawn debt facilities of around $1.04 billion. Management also extended the maturity of a number of its existing bilateral debt facilities which extended the average maturity profile of Qube's debt to 2.5 years, or 3.0 years excluding the subordinated notes which will be repaid in October from Qube's available facilities.

This places Qube in an excellent position to continue to undertake suitable accretive investments and acquisitions to drive continued growth and further enhance the quality and diversity of Qube's business. Importantly, Qube remains focussed and disciplined on ensuring that investments are aligned with Qube's strategy, meet Qube's financial return criteria and are consistent with Qube's risk profile. This should ensure that Qube's past and future investments will drive continued shareholder value creation.

Management continued to devote substantial resources and effort to maintain and enhance its excellent safety performance and culture. Significant organisational effort was also focussed across worker engagement with the introduction in FY23 of worker and line manager SHS insights and involvement in SHS practices.

In safety, Qube achieved a 16% reduction in the Lost Time Injury Frequency Rate (LTIFR), compared with FY22, with a result of 0.63 per million hours worked. This is a very pleasing outcome. While Qube's Total Recordable Injury Frequency Rate (TRIFR) did increase by 19% during the year but remains below industry benchmarks.

Critical risks continued to be a strong focus in FY23, and Qube achieved its target metrics.

4. Performance CONTINUED

a. Performance – 12 months to end of FY23 CONTINUED

Qube delivered a very strong financial performance in FY23, delivering record results across most metrics.

KEY UNDERLYING FINANCIAL INFORMATION[1]		FY23	FY22	% MOVEMENT
Revenue	$m	2,989.9	2,572.8	16%
EBITA	$m	280.3	221.1	27%
Net Profit After Tax	$m	224.8	185.7	21%
Net Profit After Tax pre-amortisation	$m	239.6	200.7	19%
Net Assets attributable to Qube	$m	3,035.8	2,993.1	1%
Net Debt	$m	945.5	889.1	6%
Gearing	%	23.7%	22.9%	3%
KEY RETURNS				
Earnings per share	Cents	12.7	9.8	30%
Earnings per share pre-amortisation	Cents	13.6	10.6	28%
Ordinary dividends per share	Cents	8.1	6.3	29%
Weighted average diluted shares	n. (m)	1,767.3	1,899.0	(7)%

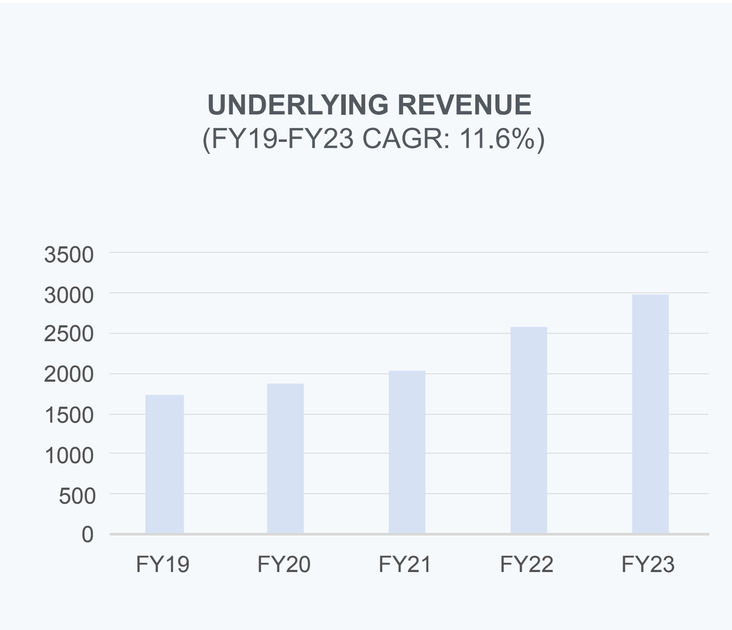
Notes:

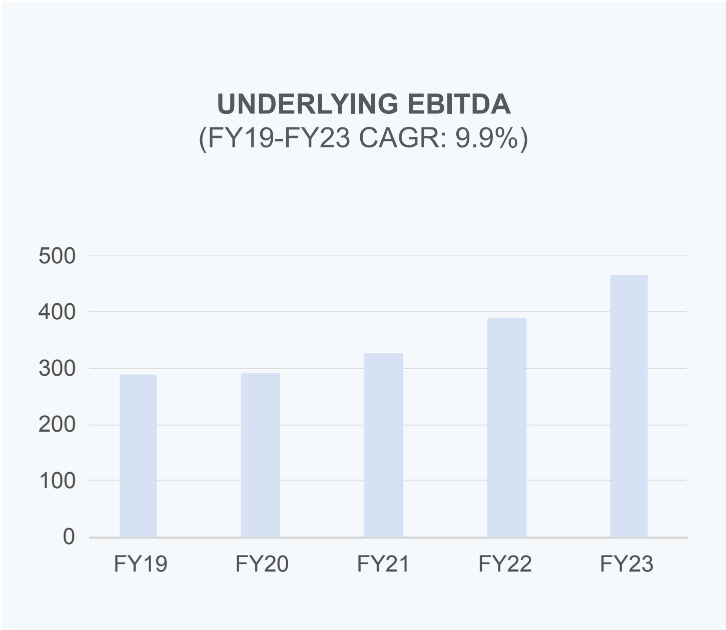
1. The underlying information excludes certain non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. References to 'underlying 'information is to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing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

b. Performance – Five years to end of FY23

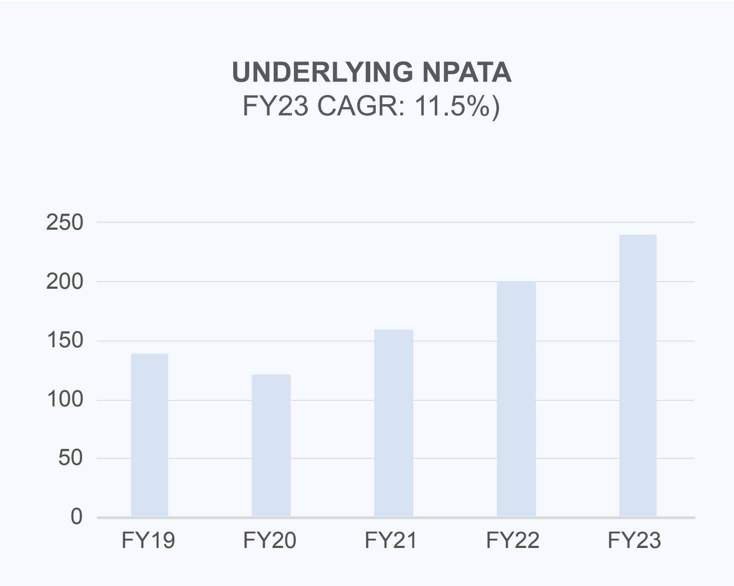
Over the five-year period to 30 June 2023, Qube's total shareholder return was around 34%. Over this five-year period, Qube paid semi-annual fully-franked dividends to shareholders every year and also paid two special fully franked dividends (excluding the special dividend declared as part of Qube's FY22 results). During this period Qube's market capitalisation increased by around 30% or $1.2 billion reflecting share price growth.

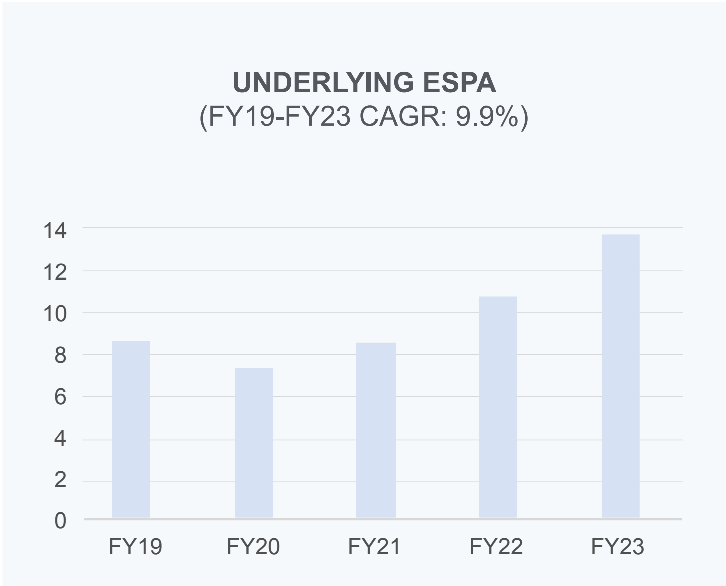
Qube's key underlying financial metrics showed positive growth over this period driven by organic growth and the contribution from growth capex and acquisitions undertaken during this period.

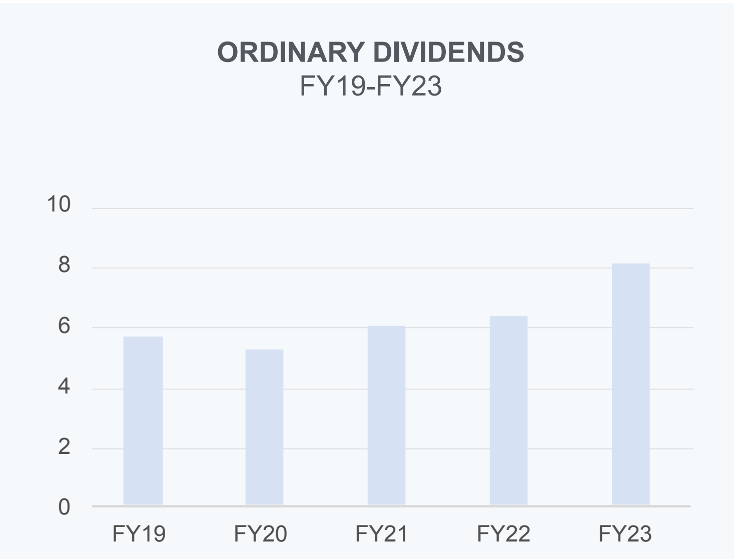


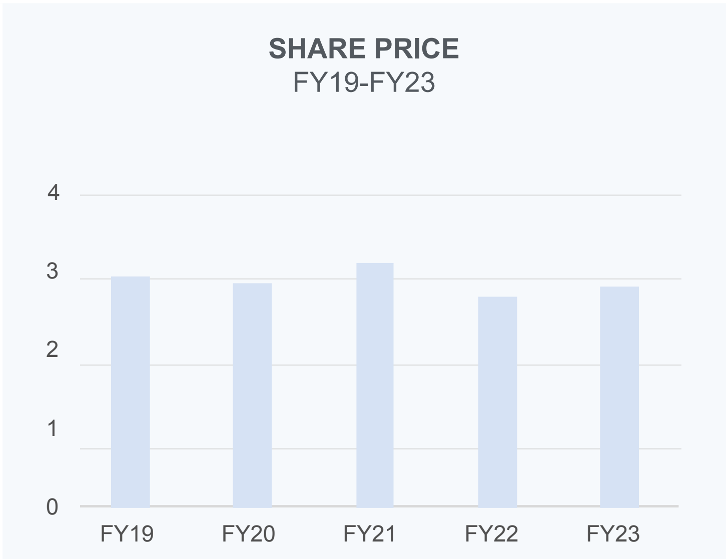


4. Performance CONTINUED









5. Total Fixed Remuneration

Total Fixed Remuneration (TFR) includes superannuation contributions, other salary sacrificed benefits, and non-monetary benefits received. For Executive KMP, TFR is targeted to be competitive having regard to relevant considerations including the reference group, experience, expertise and international marketability and mobility. The judgement on competitiveness considers the incentive opportunity that leverages off TFR and likely total remuneration.

An annual TFR review, agreed by the Board each year, is used to adjust TFRs paid to individuals to ensure their fixed remuneration with incentives remains competitive for their specific skills, competence, and value to the company. In setting remuneration levels for FY23, Qube took into account market movements, external economic factors including consumer price index, and organisation performance to determine remuneration arrangements for executives to ensure Qube continues to attract and retain high calibre executives.

6. Short-Term Incentive

a. Key terms

Executive KMP have the opportunity to earn an annual STI which is based on a percentage of his or her TFR. The STI percentage increases with accountability to ensure a higher proportion of remuneration is "at risk" for senior roles. The key terms and conditions of the FY23 Short-Term Incentive Plan are described below:

PARTICIPATION	THE MANAGING DIRECTOR AND OTHER EXECUTIVE KMP
Purpose	To align individual performance and behaviours with group objectives, and provide individuals with a competitive market position for total reward (i.e. variable and fixed pay components).
Grant date	Rights are granted after the performance period.
Eligibility	Those considered for participation in the plan must be able to impact the performance of their own work area, their business or function and also contribute to the group's overall performance.
Performance period	1 July 2022 to 30 June 2023.
Target and maximum opportunity	In FY23, the maximum STI opportunity for the Managing Director is 98% of Fixed Remuneration and for the other Executive KMP, the maximum STI opportunity is 91% of Fixed Remuneration.
Performance conditions	The performance scorecard contains a mix of: ▪ Financial hurdles (50%) ▪ Safety, health and sustainability hurdles (10%) ▪ Strategy and growth (25%-30%) ▪ Business and operations (10%-15%) Participants are then provided with specific performance conditions aligned to their role where appropriate. This provides an appropriate balance between focussing on achieving short-term financial outcomes and achieving key operational and strategic priorities that support longer term value creation.
Gateway	The safety, health and sustainability component is subject to a no-fatality gateway.
Board discretion	The Board has discretion to vesting outcomes for circumstances where the Board believes an adjustment is required for fairness and appropriate to ensure sustainable shareholder returns. The Board has discretion to further reduce STI award outcomes due to fatalities. Should such discretion be required and acted upon, the Board will fully disclose any discretion applied and the reasons for it.
Non-deferred component	50% of STI payment made after performance period, following release of the financial results. The non-deferred component is a cash award. Participant may elect to take the non-deferred award in share-settled performance rights, at the time of invitation.
Deferred component[1]	50% of STI payment is paid in the form of share rights. Rights are granted after the performance period, following the release of financial results. Rights vest following the release of the subsequent year financial results. Participants who meet the Minimum Shareholding Requirement (MSR) may elect, at the time of invitation, to receive cash-settled rights in lieu of share-settled rights. If the MSR is not met at vesting, rights are automatically exercised into restricted shares.
Exercise period	Vested rights may be exercised up to 15 years from the grant date.
Resignation	If the participant resigns during the performance period, the STI grant for that financial year is not awarded. If the participant's employment is terminated as a "bad leaver" during the deferral period the deferred component of the STI is forfeited.
Malus	If there has been a material misstatement of the annual financial statements or a participant breaches a post-employment condition, all or part of the deferred component of the STI is forfeited.
Change of control	On a change of control after the performance period, equity awards immediately vest and are exercised. On a change of control during the performance period, subject to Board discretion the Plan may be terminated and awards paid based on 100% of the full-year Target Opportunity. The Board may increase or decrease such award having regard to the Company and participant performance during the period prior to completion of the corporate action.

1. The key terms of the deferred component of the FY22 Short-Term Incentive plan are aligned to the above.

6. Short-Term Incentive CONTINUED

b. FY23 financial targets

The financial targets for the FY23 STI reflected the Board approved budgets for the period. These budgets included assumptions around a broad range of factors including market conditions, customer volumes, the industrial relations environment, interest rates, inflation and the timing and quantum of growth investment and acquisitions. At the end of the period, an assessment is made of actual outcomes compared to the targets. Consistent with the approach taken in prior periods, the targets are adjusted up or down for a very limited number of items which mainly relate to expenditure or deferral of material capex that was different to the budget assumptions, and for material unbudgeted funding initiatives such as an equity raising or share buyback.

These adjustments are intended to ensure management is not unduly rewarded or penalised in the STI outcomes for undertaking (or deferring/avoiding) unbudgeted capital expenditure or undertaking unbudgeted funding initiatives that support shareholder value creation such as raising equity to fund accretive acquisitions or growth capex.

No adjustments are made to targets for operational or economic variances to budget assumptions including for factors such as adverse weather, supply chain disruptions, trade wars or general economic conditions.

The net effect of these changes had no material impact to the Group NPATA Target, but increased the EBITA Targets for the Operating Division.

The minimum threshold required for a financial KPI to be awarded is 85% of target which results in 60% of the financial component of the STI being awarded, and the maximum outcome is achieved at 115% of target which results in 140% of the financial component of the STI being awarded.

In FY23, the group financial target was significantly exceeded due to the strong financial performance from the Operating Division and some of Qube's Associates. The financial target for the Logistics & Infrastructure activities was significantly exceeded while the financial target for the Ports & Bulk activities was above the minimum threshold but below target.

The table below summarises the financial outcomes relative to the Adjusted Targets. The relative weighting of each of the Executive KMP to the specific financial metrics in the table reflects their ability to influence the relevant outcomes.

KEY UNDERLYING FINANCIAL INFORMATION	ADJUSTED TARGET ($M)	FY23 ACTUAL OUTCOME ($M)	% ACHIEVED	FY22 OUTCOME ($M)	PERFORMANCE: % CHANGE FROM FY22
Group Underlying NPATA	204.7	239.6	117%	200.7	19%
Operating Division Underlying EBITA	281.2	318.2	113%	249.8	27%
Logistics & Infrastructure Underlying EBITA[1]	162.1	224.7	139%	145.6	54%
Ports & Bulk Underlying EBITA[1]	156.2	138.7	89%	134.6	3%

1 Excluding divisional overhead which is not reallocated to business units, and proportionally account for Qube's non-wholly owned subsidiaries in the target and outcome. The Ports & Bulk FY23 Actual Outcome includes a contribution from Qube's share of the financial outperformance of the Associates within the Ports & Bulk business unit.

6. Short-Term Incentive CONTINUED

c. Managing Director and other Executive KMP STI Performance Scorecard

Set out in the following table is the Managing Director and other Executive KMP STI Performance Scorecard. The percentages refer to the weighting out of 100% at target.

PERFORMANCE MEASURES	DESCRIPTION	WEIGHTING		REASON CHOSEN	PERFORMANCE ASSESSMENT
		MD	OTHER EXEC KMP		
FINANCIAL PERFORMANCE					
GROUP BUDGET NPATA	Based on underlying Budget NPATA, a sliding scale applies for outperformance against Target. If the Adjusted Group Budget NPATA is less than 85% of Target, 0%. Between 85% and 115% of Target, a multiplier of 60% to 140% applies on a sliding scale.	50%	25%-50%	Group Budget NPATA: Focuses the Managing Director and other Corporate Executive KMP on the delivery of financial results in the year. The weighting of 50% provides a strong correlation between financial performance and STI outcomes. focuses the Executive KMP on the delivery of the overall financial results for the group in the year, including equity investments such as Patrick.Promotes a "One Qube" culture.	The group delivered underlying NPATA that outperformed the Adjusted Target by 17%. The Adjusted Group NPATA was materially in line with the Budget NPATA reflecting the net impact of all of the approved adjustments. The underlying Group NPATA achieved in FY23 was around 19% above the FY22 underlying NPATA.
BUDGET EBITA – OPERATING DIVISION	Based on underlying Budget EBITA, a sliding scale applies for outperformance against Target. If the Adjusted Budget EBITA is less than 85% of Target, 0%. Between 85% and 115% of Target, a multiplier of 60% to 115% applies on a sliding scale.	Nil	0%-25%	Divisional and Business Unit Budget EBITA focuses the Operational Executive KMP on the delivery of financial results for the year for the Operating Division and each Business Unit within the Operating Division. Provides a balance between rewarding each Executive KMP for the financial performance of their respective area whilst also encouraging cooperating across the broader Operating Division to deliver the best overall customer and Qube outcome. The overall EBITA weighting of 50% provides a strong correlation between financial performance and STI outcomes. Encourages the Executive KMP to promote integrated logistics solutions for customers across different businesses within Qube.	The Operating Division delivered underlying EBITA that outperformed the Adjusted Target by 13%. The Adjusted Target was around 3.0% higher than the original Budget EBITA. The Adjusted EBITA target for the Operating Division for FY23 was around 27% higher than the actual underlying EBITA achieved in FY22.
BUSINESS UNIT EBITA – PORTS & BULK OR LOGISTICS & INFRASTRUCTURE	Based on underlying Budget EBITA, a sliding scale applies for outper-formance against Target as per above.	Nil	0%-25%		The Logistics & Infrastructure business unit delivered underlying EBITA that outperformed the Adjusted Target by 39%, while the Ports & Bulk business unit achieved underlying EBITA that was around 89% of the Adjusted Target.
FINANCIAL PERFORMANCE					
SHS LAG INDICATORS (50% WEIGHTING OF TARGET)	Performance against targets for CIFR, TRIFR, LTIFR, and reduction in carbon intensity.	10%	10%	Qube is committed to the safety and wellbeing of all of its employees. SHS leadership behaviours support outcomes in assessing the overall performance of the Managing Director and each Senior Executive. SHS is assessed against lagging measures to focus improvement on safety risk management as well as leading KPIs, risk reduction, leadership and safety culture improvements that have the potential to improve safety performance In the event of a work-related fatality, the SHS component is automatically forfeited. Clear guidelines are defined regarding a work-related fatality and treatment pending formal investigation, with the Board retaining ultimate discretion.	Performance against SHS process improvement targets was 95% reflecting the successful implementation and operation of a number of innovation projects delivered in FY23. The performance against lead and lag safety indicator targets was also high with almost all KPIs being met or exceeded across all divisions and business units. This equated to an overall SHS calculated KPI outcome of 95.0% of Target.
SHS LEADERSHIP, RISK REDUCTION AND CULTURE & COMPETENCE (50% WEIGHTING OF TARGET)	Implementation of SHS priorities, new initiatives and corrective actions that have the potential to improve safety performance.				

6. Short-Term Incentive CONTINUED

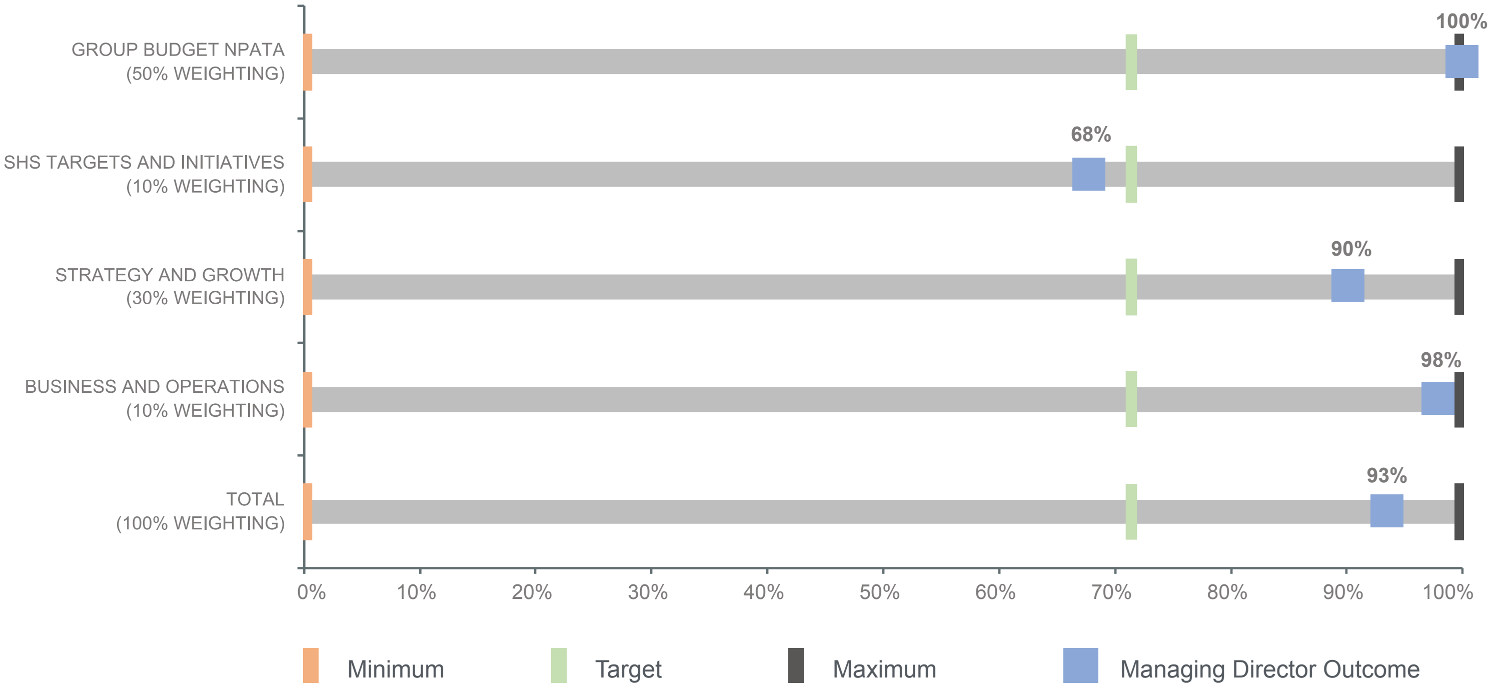
PERFORMANCE MEASURES	DESCRIPTION	WEIGHTING		REASON CHOSEN	PERFORMANCE ASSESSMENT
		MD	OTHER EXEC KMP		
STRATEGY AND GROWTH					
MANAGING DIRECTOR	KPIs include performance in implementing Qube and Patrick's growth strategies, effective management of the Moorebank monetisation process, successful implementation of growth capex and major new contracts, deliver on innovation objectives.	30%	NA	To ensure the Executive KMP are focussed on a range of objectives that supports the growth of the group. Strategy and growth measures are tailored for each Executive KMP to reflect their areas of responsibility and accountability.	Qube and Patrick both delivered strong growth with accretive organic and inorganic initiatives supporting continued growth, continued management of the development of the Moorebank rail terminals and finalisation of the monetisation post-completion matters, most growth capexes and contracts performing at or above plan.
EXECUTIVE KMP	**CFO** – KPIs include financial support for all projects and acquisitions, development and implementation of a funding and capital management strategy, support for group growth initiatives. **Business Unit Heads** – KPIs include effective development, management and implementation of strategic initiatives including growth projects and acquisitions, effective implementation of major new contracts, achieve ROACE targets, deliver on innovation objectives. **General Counsel** – KPIs include effective legal support for all projects and acquisitions.	NA	25%-30%		Successful identification and implementation of a number of accretive organic and inorganic initiatives that support continued growth (including several acquisitions), and most growth capexes and contracts performing at or above plan. Effectively addressed underperforming regions/operations and achieved improve ROACE outcomes.
BUSINESS AND OPERATIONS					
MANAGING DIRECTOR	KPIs included delivery of key priorities as determined by the Audit and Risk Management Committee and Safety Health and Sustainability Committee. Develop and implement enhanced leadership structure, deliver improved group cyber outcomes, and effective stakeholder management including investors, government, customers, port authorities, as well as effective management of Board priorities.	10%	NA	To ensure the Executive KMP are focussed on a range of objectives that support the sustainability of the group's business and operations.	Positive financial and operational risk outcomes including increased cyber awareness and testing across the group. Effective group leadership and stakeholder management including roll-out of Thrive program.
EXECUTIVE KMP	KPIs included delivery on key priorities in risk management as determined by the Audit and Risk Management Committee and Safety Health and Environment Committee, deliver improved group cyber outcomes, effective contribution to group people and culture objectives, and successful implementation of new systems or programs to meet Qube's objectives	NA	10%-15%		Positive financial and operational risk outcomes including increased cyber awareness and testing across the group. Positive outcomes on people and culture initiatives achieved

6. Short-Term Incentive CONTINUED

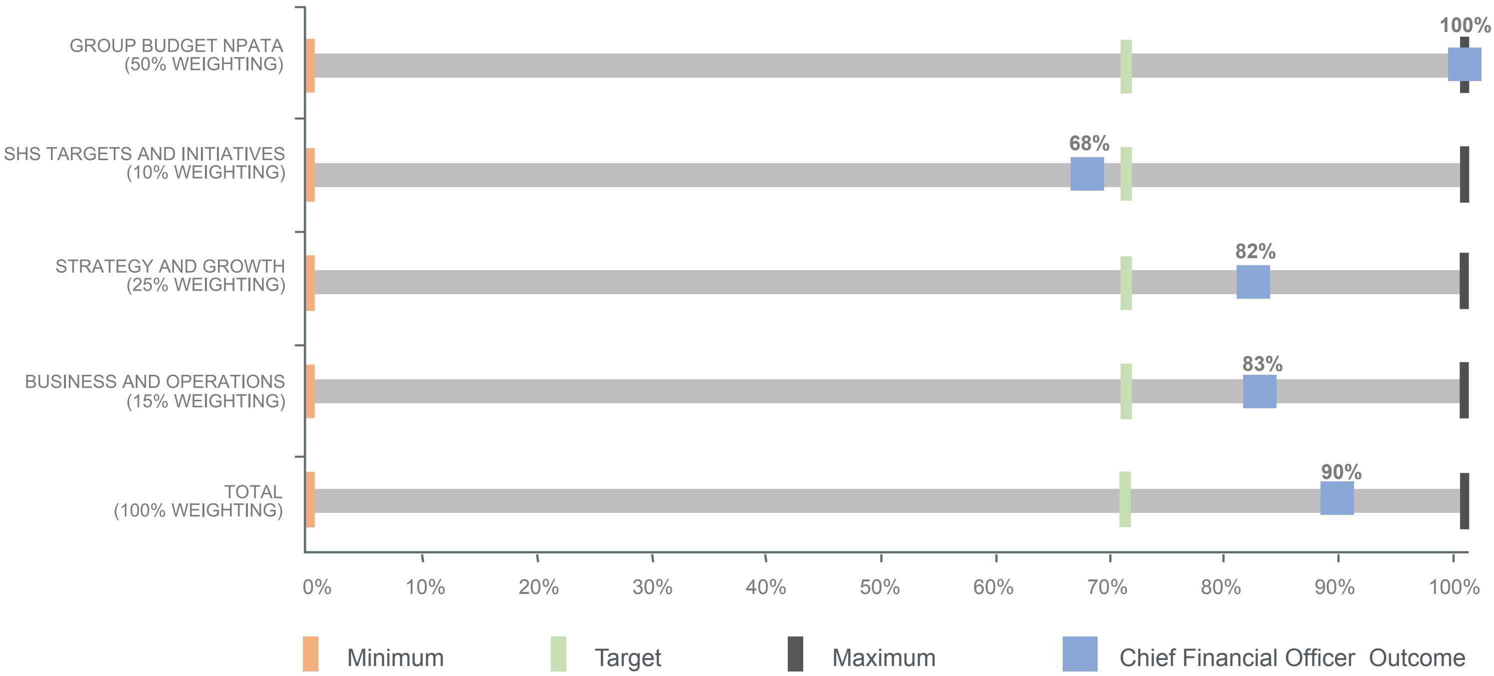
d. Managing Director and other Executive KMP STI Performance Outcomes

Specific STI outcomes for each of the Executive KMP are indicated in the charts below. The outcomes for each metric shown in the charts represent the dollar value of the STI actually awarded for that component of the FY23 STI Award as a percentage of the maximum value that could potentially be awarded for that component.

PAUL DIGNEY OUTCOME



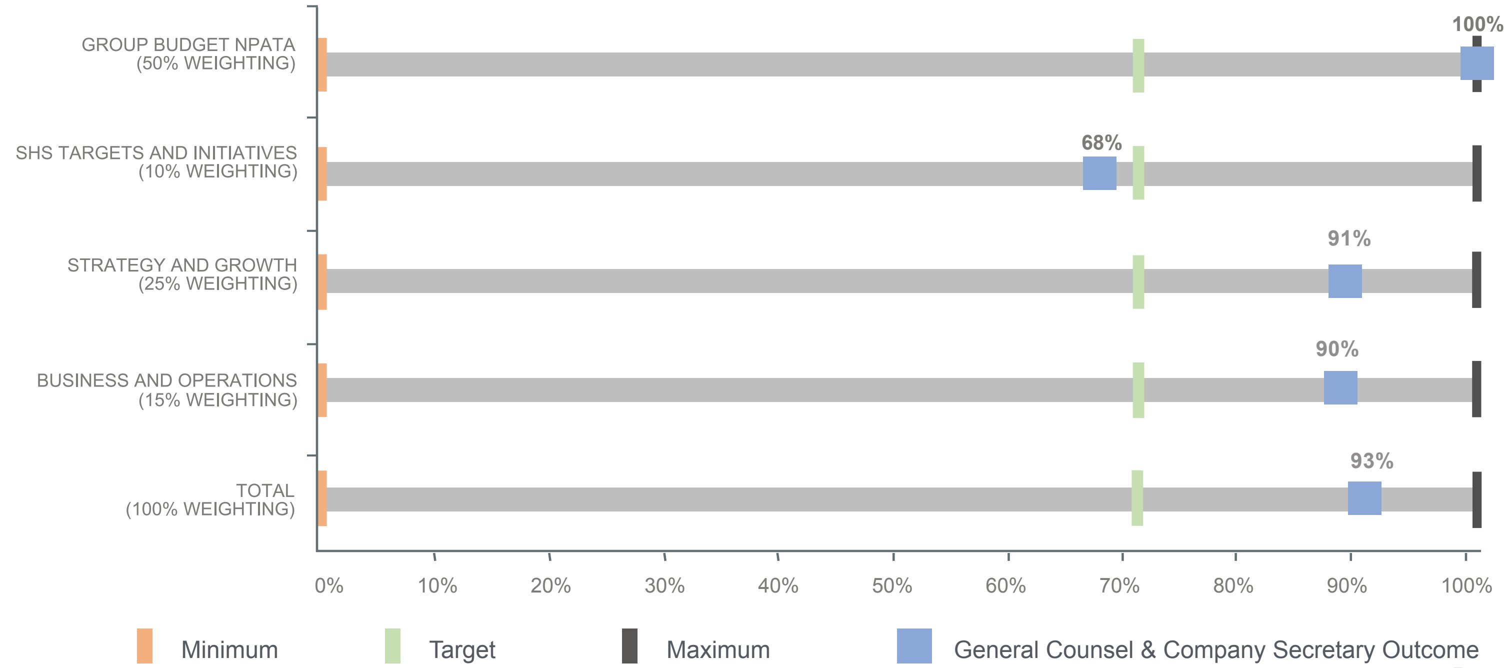
MARK WRATTEN OUTCOME



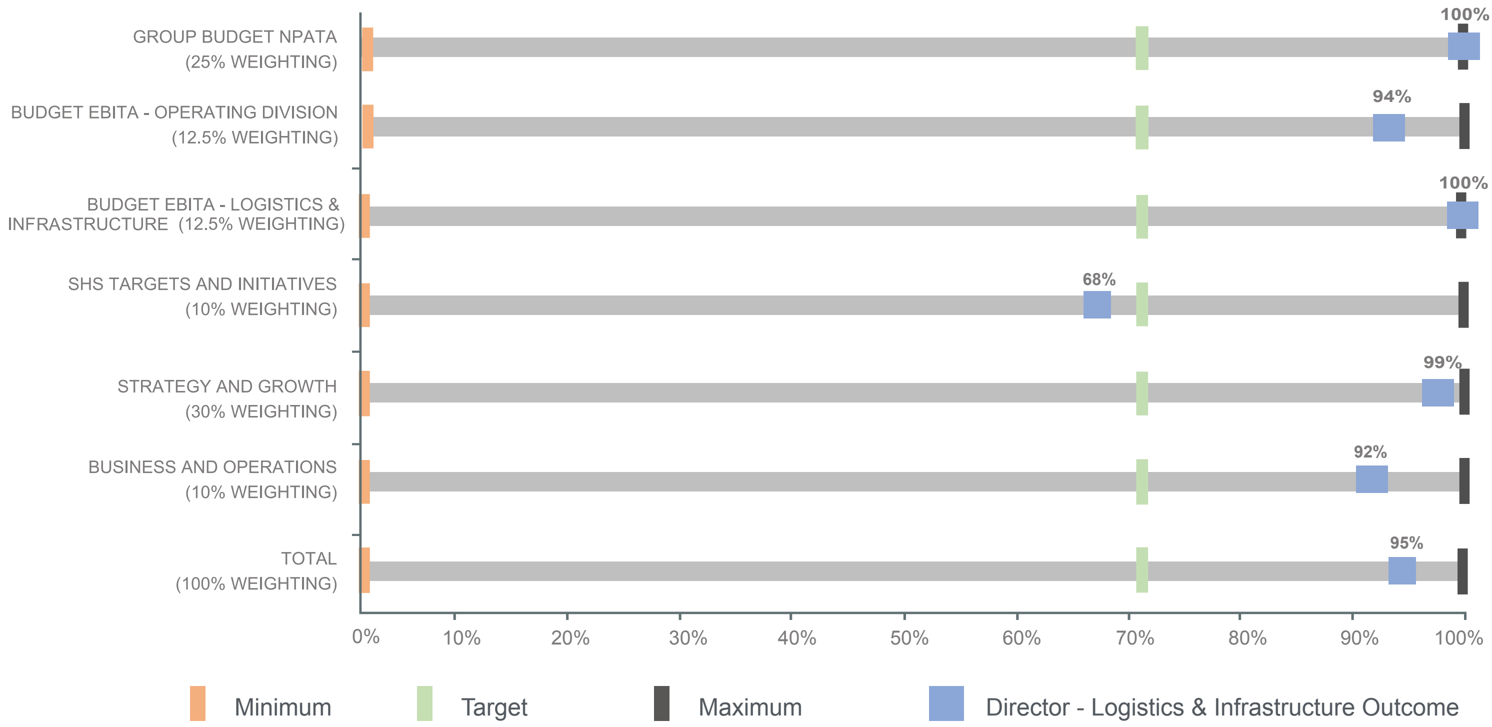
6. Short-Term Incentive CONTINUED

d. Managing Director and other Executive KMP STI Performance Outcomes CONTINUED

WILLIAM HARA OUTCOME



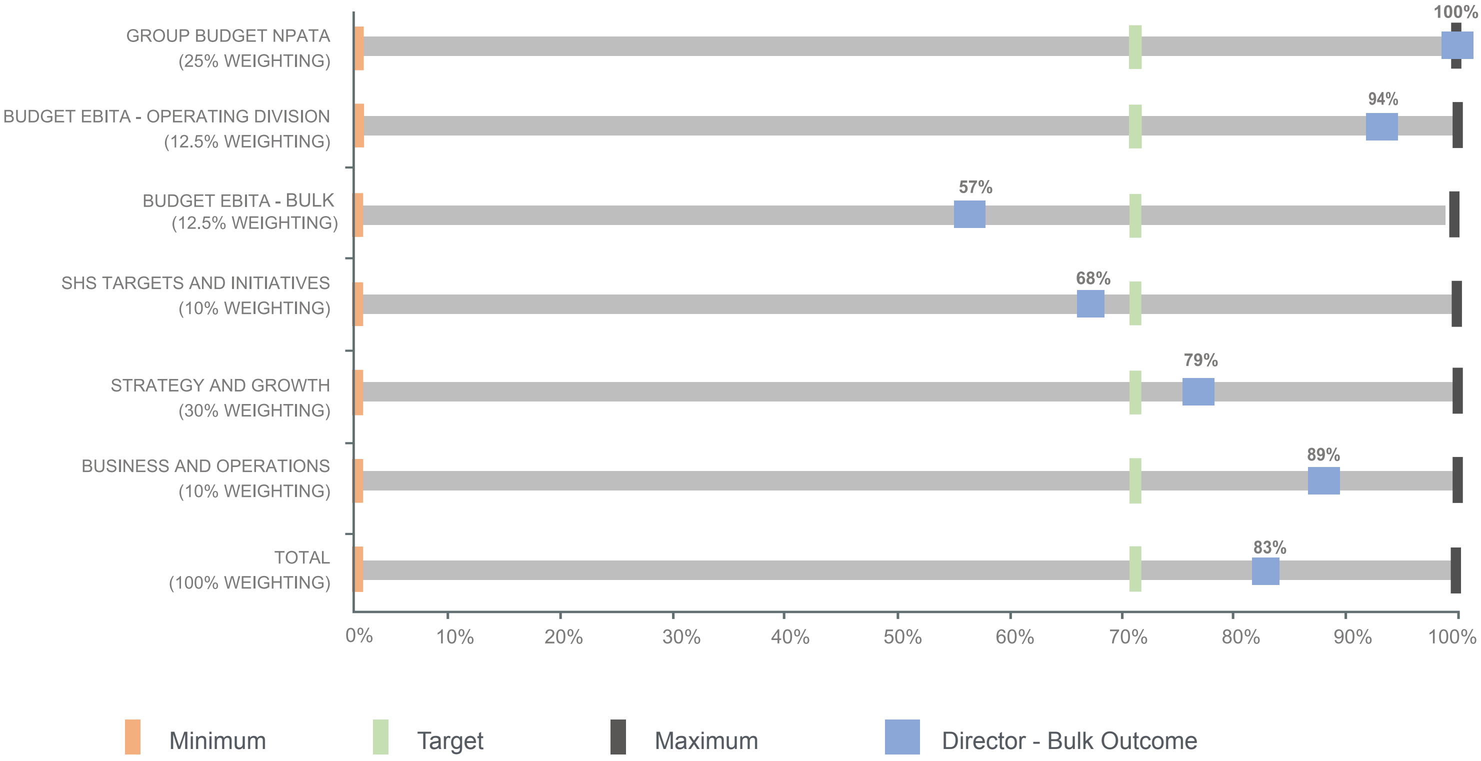
JOHN DIGNEY OUTCOME



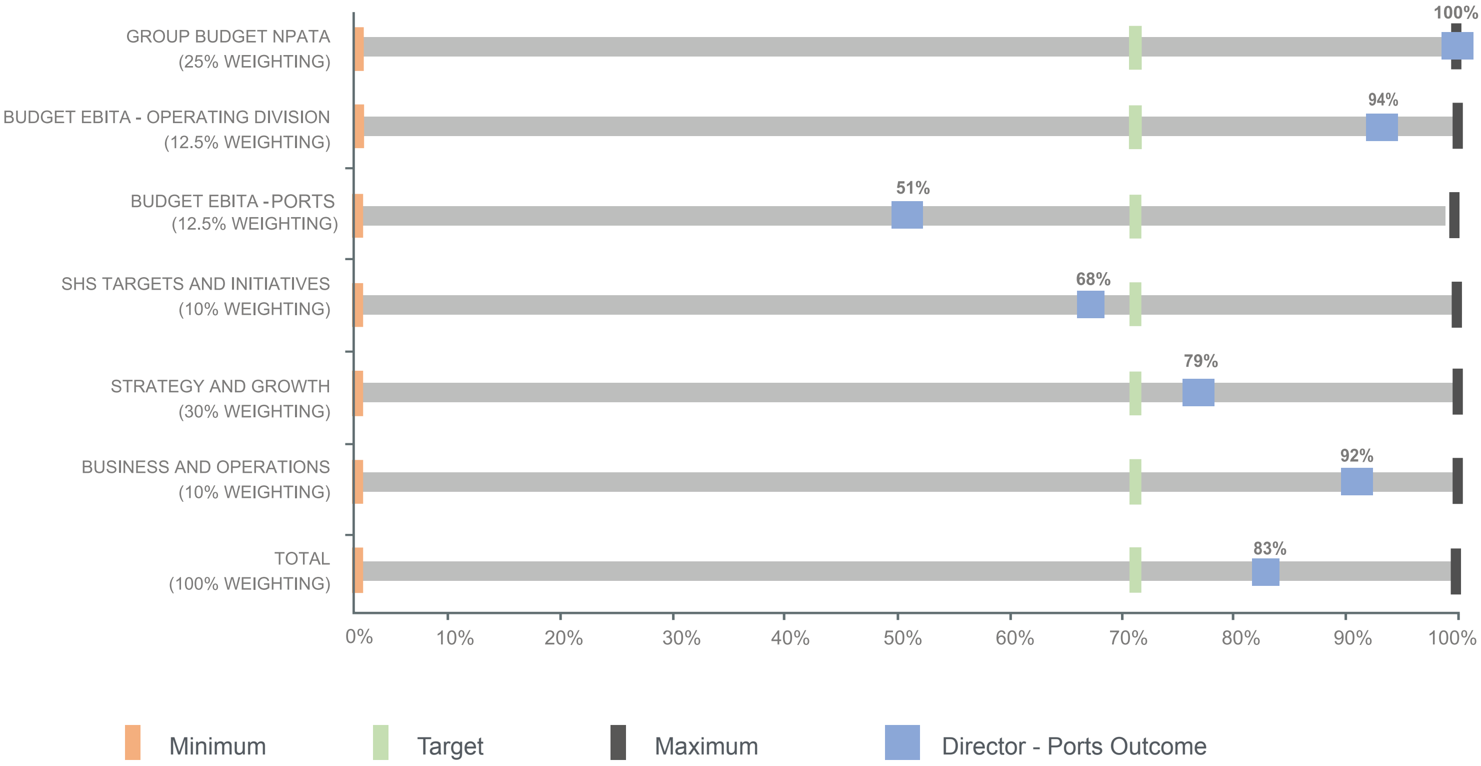
6. Short-Term Incentive CONTINUED

d. Managing Director and other Executive KMP STI Performance Outcomes CONTINUED

TODD EMMERT OUTCOME



MICHAEL SOUSA OUTCOME



7. Long-Term Incentive

a. Current Long-Term Incentive Plan

Qube's current long-term incentive plan is a Performance Rights (PRs) plan with the objective of retaining and rewarding executives for effectively delivering Qube's strategy. Vesting of the PRs are subject to performance conditions which include one earnings-based hurdle, EPSA, and one return-based hurdle, rTSR, to ensure a balanced outcome taking into account earnings performance and shareholder returns. For management to receive the target or maximum value of the LTI Plan there must be both acceptable earnings and share price performance over the vesting period.

Shareholders approved the issue of shares pursuant to the FY23 LTI plan at the Annual General Meeting held in November 2022.

<table>
<tr><th>PARTICIPATION</th><th>THE MANAGING DIRECTOR, OTHER EXECUTIVE KMP AND OTHER EXECUTIVES WHO CAN DIRECTLY INFLUENCE THE PERFORMANCE OF QUBE</th></tr>
<tr><td>PURPOSE</td><td>To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.</td></tr>
<tr><td>GRANT DATE</td><td>1 December 2022 and 14 December 2022</td></tr>
<tr><td>ELIGIBILITY</td><td>All Executive KMP</td></tr>
<tr><td>INSTRUMENT</td><td>Performance Rights (PRs) to be settled in Qube fully paid ordinary shares</td></tr>
<tr><td>MAXIMUM VALUE OF EQUITY TO BE GRANTED</td><td>In FY23 the maximum LTI opportunity for the Managing Director is 106% of Fixed Remuneration, and for the other Executive KMP, the maximum opportunity for FY23 is 65% of Fixed Remuneration.</td></tr>
<tr><td>AMOUNT PAYABLE</td><td>PRs and subsequent shares upon vesting, are issued for nil consideration</td></tr>
<tr><td>PERFORMANCE CONDITION</td><td>The Performance Rights are subject to two performance conditions:

Tranche 1 - 60% of PRs will be subject to Diluted Earning Per Share Pre-Amortisation (EPSA) on a Compound Annual Growth Rate (CAGR) basis; and
Tranche 2 - 40% of PRs will be subject to Relative Total Shareholder Return (rTSR) against a peer group of companies sharing similar characteristics.

<table>
<tr><th>EPSA CAGR Performance (60% weighting)</th><th>Relative TSR Performance (40% weighting)</th><th>% of PRs to vest against relevant performance condition</th></tr>
<tr><td>Below 5%</td><td>Below 50th percentile</td><td>0%</td></tr>
<tr><td>5%</td><td>50th percentile</td><td>31%</td></tr>
<tr><td>Between 5% and 7.5%</td><td>Between 50th and 75th percentile</td><td>Straight line pro-rata vesting</td></tr>
<tr><td>7.5%</td><td>75th percentile</td><td>62%</td></tr>
<tr><td>Between 7.5% and 10%</td><td>Between 75th and 85th percentile</td><td>Straight line pro-rata vesting</td></tr>
<tr><td>10% or above</td><td>85th percentile or above</td><td>100%</td></tr>
</table>
</td></tr>
<tr><td>PERFORMANCE PERIOD</td><td>EPSA CAGR performance period is 1 July 2022 to 30 June 2025
Relative TSR performance period is 15 September 2022 to 14 September 2025</td></tr>
<tr><td>RELATIVE TSR COMPARATOR GROUP</td><td>A group of 29 peer, ASX200 companies selected due to similar size and characteristics. As disclosed in the 2022 Notice to AGM.</td></tr>
<tr><td>BOARD DISCRETION</td><td>The Board has discretion to apply negative and positive discretion to vesting outcomes for circumstances where the Board believes an adjustment is required for fairness and appropriate to ensure sustainable shareholder returns.</td></tr>
<tr><td>VESTING DATE</td><td>30 September 2025</td></tr>
<tr><td>EXERCISE PERIOD</td><td>The exercise period will commence of the day following the vesting date and will end 15 years from the grant date. If the MSR is not met at vesting, rights are automatically exercised into restricted shares.</td></tr>
<tr><td>DIVIDENDS</td><td>Each vested PR entitles the participant to one Qube share plus additional shares equal to the dividends paid by Qube during the vesting period and the exercise period, up to the exercise date.</td></tr>
</table>

7. Long-Term Incentive CONTINUED

a. Current Long-Term Incentive Plan CONTINUED

PARTICIPATION	THE MANAGING DIRECTOR AND OTHER EXECUTIVE KMP
Retesting	No retesting of performance conditions is permitted.
Treatment on cessation of employment	If participant ceases to be an employee during the performance period, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI PRs will be forfeited.

b. Legacy Long-Term Incentive Plan

Qube's legacy long-term incentive plan is the share appreciation rights (SARs) plan or LTI (SARs) plan. Grants were made under the legacy plan since FY17, of which the FY20, FY21 and FY22 remain on foot during FY23, details of which are outlined below.

No further grants will be made under this plan.

PARTICIPATION	THE MANAGING DIRECTOR AND OTHER EXECUTIVE KMP
Purpose	To align executive accountability and remuneration with the long-term interests of shareholders by rewarding the delivery of sustained performance.
Eligibility	All Executive KMP
Instrument	Share Appreciation Rights, with an intrinsic share price hurdle.
Amount payable	Nil
Performance condition	As at the Vesting Date the share price must be higher than the Initial Price (exercise price) for the SARs to have any value. The Initial Prices for the SARs are: ▪ FY20 LTI (SARs) - $3.10 ▪ FY21 LTI (SARs) - $2.75 ▪ FY22 LTI (SARs) - $3.25 The Initial Prices have been adjusted for special dividends and the discount component of entitlement offers in accordance with market practice.
Performance period	3 years
Vesting date	The date of release of audited financial statements, approximately 3 years after the date of grant.
Vesting price	The volume-weighted average price (VWAP) of Qube Shares calculated over 30 trading days, being 15 trading days prior to and including the Vesting Date, and the subsequent 15 trading days.
Retention period	2 years from the Vesting date.
Dividends	Dividends are not paid on SARs but are paid on vested Shares including during the Retention Period.
Retesting	No retesting is permitted.
Treatment on termination	If participant resigns during the performance period, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI will be forfeited.

8. 2023 Remuneration Outcomes Snapshot

a. Short-Term Incentive Outcomes

Managing Director and other Executive KMP STI Performance Outcomes

Set out below are the Managing Director and other Executive KMP STI Performance Outcomes. The percentages refer to the score out of 100% of the maximum STI opportunity.

In regard to the financial KPIs, the actual underlying performance achieved during the financial year is assessed against the challenging Divisional, Business Unit and/or Group financial budgets set at the start of the year (Targets). In the assessment of financial performance at the end of the period the Board will consider unbudgeted items both positive and negative.

The final outcome and scorecard outcomes can be seen in the tables in Section 6. Outcomes are summarised in the table below:

STI COMPONENT	Achievement (outcome as a % of maximum STI opportunity)	
Financial KPIs	Managing Director – Paul Digney	100.0%
	Chief Financial Officer – Mark Wratten	100.0%
	General Counsel and Company Secretary – William Hara	100.0%
	Director Logistics & Infrastructure – John Digney	98.6%
	Director Bulk – Todd Emmert	87.9%
	Director Ports – Michael Sousa	86.4%
Safety, Health and Sustainability KPIs	Managing Director – Paul Digney	67.9%
	Chief Financial Officer – Mark Wratten	67.9%
	General Counsel and Company Secretary – William Hara	67.9%
	Director Logistics & Infrastructure – John Digney	67.9%
	Director Bulk – Todd Emmert	67.9%
	Director Ports – Michael Sousa	67.9%
Other non-financial KPIs	Managing Director – Paul Digney	91.8%
	Chief Financial Officer – Mark Wratten	82.5%
	General Counsel and Company Secretary – William Hara	90.9%
	Director Logistics & Infrastructure – John Digney	97.0%
	Director Bulk – Todd Emmert	81.7%
	Director Ports – Michael Sousa	82.5%
Overall result	Managing Director – Paul Digney	93.5%
	Chief Financial Officer – Mark Wratten	89.8%
	General Counsel and Company Secretary – William Hara	93.1%
	Director Logistics & Infrastructure – John Digney	94.9%
	Director Bulk – Todd Emmert	83.4%
	Director Ports – Michael Sousa	83.0%

8. 2023 Remuneration Outcomes Snapshot CONTINUED

a. Short-Term Incentive Outcomes CONTINUED

NAME		STI SCORECARD OUTCOME ($)	STI AWARD AS % OF TARGET OPPORTUNITY %	STI AWARD AS % OF MAXIMUM OPPORTUNITY %	MOOREBANK ACHIEVEMENT MODIFIER[1] ($)	TOTAL VALUE OF STI AWARD ($)		
						TOTAL	CASH	RIGHTS[2]
Managing Director								
Paul Digney	**FY23**	**1,405,000**	**130.8**	**93.5**	**-**	**1,405,000**	**702,500**	**702,500**
	FY22	944,444	90.6	64.7	330,555	1,275,000	1,275,000	-
Other executive key management personnel								
Mark Wratten[3]	**FY23**	**749,000**	**125.7**	**89.8**	**-**	**749,000**	**374,500**	**374,500**
	FY22	-	-	-	-	-	-	-
William Hara	**FY23**	**634,000**	**130.5**	**93.2**	**-**	**634,000**	**-**	**634,000**
	FY22	417,778	88.6	63.3	146,222	564,000	-	564,000
John Digney	**FY23**	**792,000**	**132.9**	**94.9**	**-**	**792,000**	**396,000**	**396,000**
	FY22	593,333	102.5	73.2	207,667	801,000	400,500	400,500
Todd Emmert	**FY23**	**610,000**	**116.7**	**83.4**	**-**	**610,000**	**305,000**	**305,000**
	FY22	431,111	85.0	60.7	150,889	582,000	582,000	-
Michael Sousa	**FY23**	**607,000**	**116.2**	**83.0**	**-**	**607,000**	**303,500**	**303,500**
	FY22	431,111	85.0	60.7	150,889	582,000	582,000	-
Former executive key management personnel								
Paul Lewis[4]	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	452,780	93.7	66.9	158,473	611,253	305,626	305,626

1. Moorebank Achievement Modifier comprised of a 35% modifier applied to individual outcomes and within the existing remuneration framework, capped at maximum STI opportunity for each recipient where appropriate. The result was a total of $1.16 million attributed to the Moorebank Achievement Modifier across the Executive KMP in FY22, relative to the approximately $1.67 billion in total gross proceeds expected to be received as a result of the Moorebank monetisation.
2. Total value of Rights reflects the fair value at grant date for those awards settled in performance rights. The FY23 fair value is an estimate at balance date as the award is yet to be granted.
3. Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022.
4. Paul Lewis resigned as Chief Financial Officer, effective 1 May 2022.

8. 2023 Remuneration Outcomes Snapshot CONTINUED

b. FY20 LTI (SARs) Plan

The value of a vested SAR is determined by reference to the appreciation in the market price of Qube's shares on the ASX (determined by reference to a 30-day volume weighted average price of trades undertaken on ASX) between an initial calculation date (Award Date) and the date all vesting conditions for the Award (Vesting Date) are satisfied. In accordance with ASX guidelines the SARs price and number of shares are adjusted for corporate actions between the Award Date and the Vesting Date, such as the discount component of entitlement offers and special dividends.

The FY20 LTI (SARs) Plan was due to vest during FY23. As per plan rules, at the Vesting Date the Vesting Price[1] must be higher than the Initial Price for the SARs to have any value. The initial price for the SARs at the Award Date of 12 September 2019 was $3.15 which was adjusted[2] to approximately $3.10 as a result of corporate actions undertaken during the period from the Award Date to the Vesting Date in accordance with normal market practice. The Vesting Price at the Vesting Date of 12 September 2022 was approximately $2.83 which is below the strike price resulting in a nil return, due to low share prices in the market generally in 2022 despite Qube's strong financial performance over the period.

NAME	AT ALLOCATION DATE		AT VESTING DATE		
	NUMBER OF SARS ALLOCATED	AWARD VALUE GRANTED ($)	NUMBER OF QUBE SHARES ALLOCATED	AWARD VALUE RECEIVED ($)	AWARD VALUE RECEIVED COMPARED TO AWARD VALUE GRANTED (%)
Managing Director					
Paul Digney	**2,053,881**	**759,936**	**-**	**-**	**-**
Other executive key management personnel					
Mark Wratten[1]	**-**	**-**	**-**	**-**	**-**
William Hara	**962,973**	**356,300**	**-**	**-**	**-**
John Digney	**1,417,195**	**524,362**	**-**	**-**	**-**
Todd Emmert	**992,035**	**367,053**	**-**	**-**	**-**
Michael Sousa	**992,035**	**367,053**	**-**	**-**	**-**

1. Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022 and was not a participant in the FY20 LTI (SARs) Plan.

1. The Vesting Price is the volume-weighted average price (VWAP) of shares traded over the 30 trading days prior to and including the Vesting Date.
2. In accordance with ASX guidelines for options and market practice, adjusted for special dividends in the period and the discount component of entitlement offers.

9. Take Home Pay of Managing Director and other Executive KMP

The table below sets out details of the take home pay of Qube's Managing Director and other Executive KMP including the gross salary package and actual incentives paid in FY23 consistent with the STI and LTI outcomes described in section 8. This table has been included to give shareholders a better understanding of the amounts the Managing Director and other Executive KMP were entitled to receive for each component of remuneration during FY23.

This information is not compliant with International Financial Reporting Standards and is unaudited. The full statutory remuneration table (which is prepared in accordance with the accounting standards) can be found in Section 11 of this report.

NAME		FIXED ANNUAL REMUNERATION ($)[1]	CURRENT YEAR STI NON-DEFERRED COMPONENT ($)[2]	PRIOR YEAR STI DEFERRED COMPONENT ($)[2]	VESTED LONG-TERM INCENTIVES ($)[3]	TOTAL TAKE HOME PAY ($)	PERFORMANCE -RELATED REMUNERATION (%)
Managing Director							
Paul Digney	**FY23**	**1,534,043**	**702,500**	**637,500**	**-**	**2,874,043**	**47%**
	FY22	1,489,362	637,500	342,500	676,260	3,145,622	53%
Other executive key management personnel							
Mark Wratten[4]	**FY23**	**916,951**	**374,500**	**-**	**-**	**1,291,451**	**29%**
	FY22	148,374	-	-	-	-	0%
William Hara	**FY23**	**747,481**	**317,000**	**282,000**	**-**	**1,346,481**	**44%**
	FY22	736,888	282,000	275,500	350,000	1,644,388	55%
John Digney	**FY23**	**910,219**	**396,000**	**400,500**	**-**	**1,706,719**	**47%**
	FY22	905,251	400,500	300,000	498,912	2,104,663	57%
Todd Emmert	**FY23**	**798,001**	**305,000**	**291,000**	**-**	**1,394,001**	**43%**
	FY22	787,050	291,000	242,500	327,411	1,647,961	52%
Michael Sousa	**FY23**	**798,001**	**303,500**	**291,000**	**-**	**1,392,501**	**43%**
	FY22	790,657	291,000	242,500	327,411	1,651,568	52%
Former executive key management personnel							
Paul Lewis[5]	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	751,087	305,626	236,318	450,840	1,743,871	57%

1. Fixed annual remuneration is based on current gross salary package, which includes base salary and superannuation contributions, but excludes accrued leave and is adjusted for leave taken without pay.
2. Current year STI non-deferred component represents the actual STI to be paid in October 2023 being 50% of the FY23 STI award. The remaining 50% of the FY23 STI award is deferred and will be paid in October 2024. The prior year STI deferred component represents 50% of the FY22 STI award.
3. Vested long-term incentives represent the value of the equity instruments at the date of the grant of the long-term incentives which have vested in the year. For FY23, this includes the FY20 LTI plan which did not vest. Refer to sections 7 and 8 of this report for more detail.
4. Mark Wratten was appointed Chief Financial Officer effective 2 May 2022.
5. Paul Lewis stepped down from the position of Chief Financial Officer and Executive KMP effective 1 May 2022 but remained in service as a non-KMP employee to 30 June 2022. Figures for FY22 shown are pro-rata for time served as an Executive KMP.

10. Employment Conditions

Service agreements

The terms of employment for the Managing Director and the other Executive KMP are formalised in service agreements. Each of these agreements provide for participation, when eligible, in Qube's STI and LTI plans.

The service agreements for the Executive KMP may be terminated by either party with notice as detailed below.

NAME	TERM OF AGREEMENT	FIXED REMUNERATION INCLUDING SUPERANNUATION	TERMINATION NOTICE PERIOD[2]
Paul Digney, Managing Director	On-going commencing 1 July 2021	$1,534,043	6 months
Mark Wratten, Chief Financial Officer	On-going commencing 2 May 2022	$916,951	6 months
William Hara, Company Secretary & General Counsel	On-going commencing 1 July 2016	$747,481	6 months
John Digney, Director - Logistics & Infrastructure[1]	On-going commencing 1 July 2021	$916,951	6 months
Todd Emmert, Director - Bulk[1]	On-going commencing 1 July 2021	$803,902	6 months
Michael Sousa, Director - Ports[1]	On-going commencing 1 July 2021	$803,902	6 months

1. Fixed remuneration quoted is effective 1 October 2023, reviewed annually by the Committee.
2. Upon early termination by the company, other than for gross misconduct, a termination payment in lieu of notice is payable.

The Managing Director employment agreement is summarised in the table below.

CONDITION	TERM OF AGREEMENT
Term	Until terminated by either party.
Fixed remuneration	$1,534,043 per annum. Fixed remuneration includes superannuation and non-cash benefits.
Short-term incentive	Paul Digney is eligible to receive an annual STI and the maximum STI opportunity is 98% of fixed remuneration.
Long-term incentive	Paul Digney is eligible to receive an annual LTI grant and the maximum LTI opportunity is 106% of fixed remuneration.
Termination	Paul Digney is required to provide six months' notice in the event of resignation, the company is required to provide six months' notice to Paul Digney in the event of termination of employment. The company may elect to pay Paul Digney in lieu of part or all of the notice period provided by either party. The agreement provides for the company, at its discretion, to place Paul Digney on garden leave and/or to enforce restraint of trade provisions within Australia for up to six months post termination of employment as considered reasonable.
Other	The agreement contains provisions regarding leave entitlements, duties, confidentiality, intellectual property, moral rights and other facilitative and ancillary clauses. It also contains provisions regarding corporate governance and a provision dealing with the Corporations Act 2001 (Cth) limits on termination benefits to be made to Paul Digney.

11. Statutory Remuneration Disclosures

a. Total Executive KMP remuneration

Details of the remuneration of Executive KMP of the group is set out in the following table:

NAME	SHORT-TERM EMPLOYEE BENEFITS			POST-EMPLOYMENT BENEFITS	LONG-TERM EMPLOYEE BENEFITS				
	CASH SALARY AND FEES $	INCENTIVE AWARD (CASH AND SHARES) $	NON-MONETARY BENEFITS $	SUPER-ANNUATION $	ANNUAL LEAVE[1] $	LONG SERVICE LEAVE[1] $	LONG-TERM INCENTIVE $	TOTAL[2] $	PERFORMANCE RELATED REMUNERATION %
Executive Directors									
Paul Digney									
FY23	**1,508,751**	**1,405,000**	**-**	**25,292**	**67,907**	**46,238**	**973,185**	**4,026,373**	**59%**
FY22	1,465,794	1,275,000	-	23,568	590,905	233,630	810,970	4,399,867	47%
Other executive key management personnel									
Mark Wratten[3]									
FY23	**891,659**	**749,000**	**17,891**	**25,292**	**41,795**	-	101,108	1,826,745	47%
FY22	144,853	-	-	3,928	13,504	-	-	162,285	0%
William Hara									
FY23	**722,189**	**634,000**	**17,891**	**25,292**	**36,906**	33,229	374,898	1,844,405	55%
FY22	702,142	564,000	11,181	23,568	84,158	36,460	353,711	1,775,220	54%
John Digney									
FY23	**885,362**	**792,000**	**17,891**	**24,857**	**55,966**	19,707	514,298	2,310,081	57%
FY22	866,676	801,000	15,007	23,568	10,780	26,523	504,628	2,248,182	56%
Todd Emmert									
FY23	**773,144**	**610,000**	**5,076**	**24,857**	**3,270**	22,251	393,135	1,831,733	55%
FY22	756,920	582,000	6,562	23,568	66,018	91,095	362,093	1,888,256	52%
Michael Sousa									
FY23	**725,456**	**607,000**	**17,891**	**72,546**	**1,630**	25,012	393,135	1,842,670	54%
FY22	709,535	582,000	10,169	70,953	72,570	113,518	362,093	1,920,838	49%
Former executive key management personnel									
Paul Lewis[4]									
FY23	**-**	**-**	**-**	**-**	**-**	-	-	-	-
FY22	720,335	611,253	7,693	19,680	65,208	79,505	480,134	1,983,808	56%

1 Annual leave and long service leave represent the movement in the accrued leave balances for the year, being the current year's leave entitlement of the Executive KMP less leave taken during the year, adjusted for any changes in fixed salary.

2 The cash salaries and fees, annual leave and long-service leave for FY22 have been restated in the current year to reflect the correct amount. As a result, the total Executive KMP remuneration increased from $14,033,604 to $14,378,456.

3 Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022.

4 Paul Lewis stepped down from the position of Chief Financial Officer and executive KMP effective 1 May 2022, but remained in service as a non-KMP employee to 30 June 2022. Figures for FY22 shown are pro-rata for time served as an Executive KMP.

Of the cash incentive awards to Executive KMP awarded in FY23, 50% are to be paid in October 2023. The remaining 50% are deferred for one year. The 50% deferred portion of the FY22 STI will also be paid in October 2023.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation
(i) STI awards and rights to equity-settled compensation

In FY23, the non-deferred component of the STI Plan award defaults to a cash award however Qube offered eligible Senior Executives the option to take the non-deferred component in share-settled rights in lieu of cash. The deferred component of the FY23 award defaults to share-settled performance rights, however participants may elect to receive their award in cash-settled performance rights, subject to meeting the newly implemented Minimum Shareholding Requirement (MSR) Policy.

To determine the maximum number of STI share rights to be granted under the FY23 STI to eligible Senior Executives, after the performance period the value of the STI to be awarded in performance rights is divided by the volume weighted average price of Qube shares calculated over the 10 trading days post the results release date. 50% of the executive's STI award is granted in performance rights which are deferred for 12 months after the amount of the STI is determined.

Under the terms of the plan the eligible Senior Executives are also entitled to receive an amount equal to any dividends accrued on the vested rights over the period from the grant date to the exercise date.

The value of the STI actually received by the eligible Senior Executives is therefore dependent on the Qube share price plus any dividends that have accrued on the shares over the period.

					STI AWARD ($)			
					NON-DEFERRED		DEFERRED[5]	
NAME	TOTAL TARGET STI OPPORTUNITY %	TARGET STI FORFEITED %	VALUE OF STI AWARD $	EXPENSED DURING THE YEAR[3]	CASH	SHARE SETTLED RIGHTS[4]	CASH SETTLED RIGHTS	SHARE SETTLED RIGHTS
Executive Directors								
Paul Digney								
FY23	**1,073,830**	**0%**	**1,405,000**	**1,405,000**	**702,500**	**-**	**702,500**	**-**
FY22	1,042,553	0%	1,275,000	1,275,000	637,500	-	637,500	-
Other executive key management personnel								
Mark Wratten[1]								
FY23	**596,018**	0%	749,000	749,000	374,500	-	-	374,500
FY22	-	-	-	-	-	-	-	-
William Hara								
FY23	**485,863**	0%	634,000	634,000	-	317,000	-	317,000
FY22	471,711	0%	564,000	564,000	-	282,000	-	282,000
John Digney								
FY23	**596,018**	0%	792,000	792,000	396,000	-	-	396,000
FY22	578,659	0%	801,000	801,000	400,500	-	-	400,500
Todd Emmert								
FY23	**522,536**	0%	610,000	610,000	305,000	-	-	305,000
FY22	507,317	0%	582,000	582,000	291,000	-	291,000	-
Michael Sousa								
FY23	**522,536**	0%	607,000	607,000	303,500	-	303,500	-
FY22	507,317	0%	582,000	582,000	291,000	-	291,000	-
Former executive key management personnel								
Paul Lewis[2]								
FY23	**-**	-	-	-	-	-	-	-
FY22	483,206	0%	611,253	611,253	305,626	-	305,626	-

1. Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022.
2 Paul Lewis stepped down from the position of Chief Financial Officer and executive KMP effective 1 May 2022, but remained in service as a non-KMP employee to 30 June 2022. Figures for FY22 shown are pro-rata for time served as an executive KMP.
3 No further vesting conditions after the performance period, therefore expense is recognised in the corresponding financial year of the performance period.
4 The FY23 non-deferred share settled rights will vest in FY24 (FY22 non-deferred share settled rights to vest in FY23).
5 The FY23 deferred cash settled, and share settled rights will vest in FY25 (FY22 deferred cash settled, and share settled rights to vest in FY24).

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation CONTINUED
(ii) LTI Plans – Performance Rights (PRs)

GRANT DATE	VESTING DATE	EXPIRY DATE	VALUE PER RIGHT AT GRANT DATE	HURDLE FOR MAXIMUM VESTING
EXECUTIVE DIRECTOR				
1 DEC 2022	30 Sep 2025	1 Dec 2037	Tranche 1 $2.82 Tranche 2 $1.26	Tranche 1 EPSA CAGR at 10% Tranche 2 rTSR at 85th Percentile
OTHER EXECUTIVE KEY MANAGEMENT PERSONNEL				
14 DEC 2022	30 Sep 2025	14 Dec 2037	Tranche 1 $2.88 Tranche 2 $1.40	Tranche 1 EPSA CAGR at 10% Tranche 2 rTSR at 85th Percentile

(iii) Legacy LTI Plans – Share Appreciation Rights (SARs)

In FY20 to FY22 inclusive Qube made a grant of Share Appreciation Rights (SARs) to eligible Senior Executives. The terms and conditions of the grants affecting remuneration in the current or future reporting periods are as follows:

GRANT DATE	VESTING DATE	EXPIRY DATE[1]	INITIAL PRICE	VALUE PER RIGHT AT GRANT	HURDLE FOR MAXIMUM VESTING
12 SEP 2019	12 Sep 2022	12 Sep 2024	$3.15	$0.43	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date
24 AUG 2020	24 Aug 2023	24 Aug 2025	$2.75	$0.45	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date
15 NOV 2021	22 Aug 2024	22 Aug 2026	$3.25	$0.51	Completion of service requirement over the vesting period, and Vesting Price to be above Initial Price on Vesting Date

1. End of holding lock period

The assessed fair value at the date SARs and PRs were granted to the individual is allocated over the period from service commencement date to the Vesting Date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined in accordance with AASB 2 Share-based Payment using a Monte Carlo simulation-based model.

11. Statutory Remuneration Disclosures CONTINUED

b. Equity-settled compensation CONTINUED

(iv) LTI Plans – Performance Rights and Share Appreciation Rights

Details of each type of equity-settled compensation provided as remuneration under the various LTI plans to Qube directors and Executive KMP is set out below:

NAME	LTI PLAN	TOTAL LTIs GRANTED[1]	VESTED (%)	NO. OF LTIs FORFEITED	FORFEITED (%)	VALUE YET TO VEST (%)
EXECUTIVE DIRECTOR						
Paul Digney						
Dec 2022	Performance Rights	561,649	0%	-	0%	968,625
Sept 2021	Share Appreciation Rights	1,932,305	0%	-	0%	569,122
Sept 2020	Share Appreciation Rights	1,727,127	0%	-	0%	158,497
Sept 2019	Share Appreciation Rights	2,086,743	0%	(2,086,743)	100%	-
Other executive key management personnel						
Mark Wratten[2]						
Dec 2022	Performance Rights	205,864	0%	-	-	369,909
William Hara						
Dec 2022	Performance Rights	167,817	0%	-	0%	301,544
Sept 2021	Share Appreciation Rights	579,409	0%	-	0%	170,653
Sept 2020	Share Appreciation Rights	809,773	0%	-	0%	74,312
Sept 2019	Share Appreciation Rights	978,381	0%	(978,381)	100%	-
John Digney						
Dec 2022	Performance Rights	205,864	0%	-	0%	369,909
Sept 2021	Share Appreciation Rights	710,774	0%	-	0%	209,344
Sept 2020	Share Appreciation Rights	1,191,732	0%	-	0%	109,364
Sept 2019	Share Appreciation Rights	1,439,870	0%	(1,439,870)	100%	-
Todd Emmert						
Dec 2022	Performance Rights	180,484	0%	-	0%	324,305
Sept 2021	Share Appreciation Rights	623,144	0%	-	0%	183,535
Sept 2020	Share Appreciation Rights	834,211	0%	-	0%	76,555
Sept 2019	Share Appreciation Rights	1,007,908	0%	(1,007,908)	100%	-
Michael Sousa						
Dec 2022	Performance Rights	180,484	0%	-	0%	324,305
Sept 2021	Share Appreciation Rights	623,144	0%	-	0%	183,535
Sept 2020	Share Appreciation Rights	834,211	0%	-	0%	76,555
Sept 2019	Share Appreciation Rights	1,007,908	0%	(1,007,908)	100%	-

1. Adjusted for entitlement offer.
2. Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022, as such he did not receive any awards in the prior years.

11. Statutory Remuneration Disclosures CONTINUED

c. Equity instruments held by key management personnel

The tables below and on the following pages show the number of:

(a) Rights over ordinary shares in the company, performance rights, share appreciation rights; and,

(b) shares in the company

that were held during the financial year by Executive KMP of the group, including their close family members and entities related to them.

(i) Rights

Rights to Shares – Short-term incentives

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION STI[1]	OTHER CHANGES	LAPSED	EXERCISED	BALANCE AT THE END OF THE YEAR	UNVESTED
PAUL DIGNEY	-	-	-	-	-	-	-
MARK WRATTEN[2]	-	-		-	-	-	-
WILLIAM HARA	100,094	196,255	5,612	-	(105,706)	196,255	97,403
JOHN DIGNEY	54,498	69,167	3,056	-	(57,554)	69,167	69,167
TODD EMMERT	44,052	-	2,470	-	(46,522)	-	-
MICHAEL SOUSA	-	-	-	-	-	-	-

1 FY23 STI taken in shares not included as rights are granted in October 2023. FY22 STI taken in shares included in 'Granted as compensation' as rights granted in October 2022. The fair value of the FY22 STI grant was $2.90.

2 Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022.

Rights to Shares – Long-term incentives

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION LTI	LAPSED	EXERCISED	BALANCE AT THE END OF THE YEAR	UNVESTED
PAUL DIGNEY	-	561,649	-	-	561,649	561,649
MARK WRATTEN	-	205,864	-	-	205,864	205,864
WILLIAM HARA	-	167,817	-	-	167,817	167,817
JOHN DIGNEY	-	205,864	-	-	205,864	205,864
TODD EMMERT	-	180,484	-	-	180,484	180,484
MICHAEL SOUSA	-	180,484	-	-	180,484	180,484

11. Statutory Remuneration Disclosures CONTINUED

c. Equity instruments held by key management personnel CONTINUED
(i) Rights to Shares CONTINUED

Share Appreciation Rights

NAME	BALANCE AT THE START OF THE YEAR	GRANTED AS COMPENSATION LTI	LAPSED	EXERCISED	BALANCE AT THE END OF THE YEAR	UNVESTED
PAUL DIGNEY	5,746,175	-	(2,086,743)	-	3,659,432	3,659,432
MARK WRATTEN[1]	-	-	-	-	-	-
WILLIAM HARA	2,367,563	-	(978,381)	-	1,389,182	1,389,182
JOHN DIGNEY	3,342,376	-	(1,439,870)	-	1,902,506	1,902,506
TODD EMMERT	2,465,263	-	(1,007,908)	-	1,457,355	1,457,355
MICHAEL SOUSA	2,465,263	-	(1,007,908)	-	1,457,355	1,457,355

1 Mark Wratten was appointed Chief Financial Officer, effective 2 May 2022.

(ii) Ordinary share holdings

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR AS PART OF AN LTI SCHEME[1]	RECEIVED DURING THE YEAR AS PART OF AN STI SCHEME[1]	ACQUIRED	DISPOSED	BALANCE AT THE END OF THE YEAR
PAUL DIGNEY	2,029,086	-	-	-	-	2,029,086
MARK WRATTEN	50,000	-	-	130,000	-	180,000
WILLIAM HARA	4,651,903	-	105,706	-	(203,641)	4,553,968
JOHN DIGNEY	1,248,850	-	57,554	-	-	1,306,404
TODD EMMERT	706,656	-	46,522	-	(246,463)	506,715
MICHAEL SOUSA	759,385	-	-	-	(50,000)	709,385

1 Figures include dividend entitlement adjustments under the scheme.

Please note where rights under the STI Plan vested prior to the end of FY23, shares will not be allotted until the 2023 financial year and are thus excluded from the above table.

d. Loans and other transactions to key management personnel

There were no loans or other transactions made to directors of Qube Holdings Limited nor any other Executive KMP of the group, including their personally-related parties, during the financial year.

12. Non-Executive Directors

On appointment to the Board, all Non-Executive Directors enter into a service agreement with the company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

To maintain their independence and impartiality, Non-Executive Directors' rewards do not have any at-risk components. Fees and payments to Non-Executive Directors reflect the demands which are made on, and the responsibilities of, the directors. Non-Executive Directors' fees and payments are reviewed annually by the committee.

a. Directors' fees

Non-Executive Directors' fees comprise a base fee plus additional fees for directors who chair, or are a member of, a committee.

Non-Executive Directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. At the 2021 AGM, shareholders approved the fee pool of $2,000,000 per annum.

The Board Chair and Deputy Chair do not receive additional fees for committee membership.

The allocation of fees for FY23 based on responsibility per Non-Executive Director are detailed in the table below, on a full-year basis. The actual fees paid to each Non-Executive Director is recorded in the table in section12d and takes into account pro-rata service for those directors who took up or retired from committee positions during the year. The total fees paid during the year were $1,819,264.

				BOARD COMMITTEE FEES						
	BOARD FEES			AUDIT & RISK MANAGEMENT		NOMINATION AND REMUNERATION		SAFETY, HEALTH AND SUSTAINABILITY		
NAME	CHAIR $	DEPUTY CHAIR $	BASE DIRECTOR $	CHAIR $	MEMBER $	CHAIR $	MEMBER $	CHAIR $	MEMBER $	TOTAL $
ALLAN DAVIES	405,900	-	-	-	-	-	-	-	-	**405,900**
SAM KAPLAN	-	224,362	-	-	-	-	-	-	-	**224,362**
ROSS BURNEY	-	-	174,250	-	-	-	17,938	-	-	**192,188**
NICOLE HOLLOWS	-	-	174,250	-	20,500	-	-	-	17,938	**212,688**
STEPHEN MANN	-	-	174,250	41,000	-	-	-	-	-	**215,250**
JACKIE MCARTHUR	-	-	174,250	-	-	35,875	-	-	-	**210,125**
ALAN MILES	-	-	174,250	-	-	-	-	35,875	-	**210,125**
LINDSAY WARD	-	-	174,250	-	-	-	-	-	17,938	**192,188**
TOTALS	**405,900**	**224,362**	**1,045,500**	**41,000**	**20,500**	**35,875**	**17,938**	**35,875**	**35,876**	**1,862,826**

b. Retirement allowances for Non-Executive Directors

Where appropriate, superannuation contributions required under the Australian Superannuation Guarantee legislation are included in the Non-Executive Directors' overall fee entitlements.

12. Non-Executive Directors CONTINUED

c. Non-Executive Director (NED) Equity Plan

In May 2022, the Board adopted the NED Equity Plan in conjunction with the Minimum Shareholding Requirement (MSR) Policy, which ensures Non-Executive Directors are aligned with the interests of Qube's shareholders by requiring Non-Executive Directors to acquire shares and by providing a facility for board fees to be delivered in share rights in lieu of cash. The NED Equity Plan MSR requires Non-Executive Directors to acquire a shareholding equivalent in value to one-times their annual base Directors' fee. Non-Executive Directors must meet the MSR within three years from date of appointment or commencement of the MSR Policy.

Prior to the commencement of the financial year, Non-Executive Directors were invited to elect a portion of their Director's Fees to be delivered in equity in lieu of cash, effectively a fee sacrifice arrangement. The participating Directors' fees were reduced in equal amounts each quarter during the participation period. NED Rights are granted for no consideration at the beginning of the period during which fee sacrifices are made and vest in quarterly tranches throughout the period. Each vested Right entitles the Non-Executive Director to receive a Share plus additional shares for dividends foregone. Shares will be purchased on market to fulfil NED Equity Plan requirements – the Plan does not allow for issuance of new shares when Rights are exercised.

If a Non-Executive Director has not fulfilled their MSR, NED Rights are automatically exercised on the latter of the vesting date and six months after the grant date. Resulting shares are subject to disposal restrictions.

If a Non-Executive Director has fulfilled their minimum shareholding requirement at the vesting date, vested Rights can be exercised from 6 months after the grant date up to the expiry date, subject to Qube's Securities Dealing Policy. Vested Rights expire 15 years after the grant date.

If a participating Non-Executive Director retires from the Board prior to the vesting of NED Rights, pro-rata vesting or a repayment of sacrificed fees may occur and disposal restrictions will cease to apply.

For the FY23 Rights granted on 20 September 2022, the price on which the number of granted NED Rights was calculated was the volume weighted average closing price of Shares on ASX on the 10-trading days following the release of Qube's FY22 financial results, being $2.90. The Rights will vest in equal quarterly amounts on the 30th of September 2022, 31st of December 2022, 31 March 2023 and 30 June 2023. The service criteria is that the Non-Executive director remains a Director during the participation period.

Details of rights provided as remuneration to Non-Executive Directors are set out below.

NAME	BALANCE AT THE START OF THE YEAR	GRANTED DURING THE YEAR	VESTED & EXERCISED	FORFEITED	BALANCE AT THE END OF THE YEAR (UNVESTED)
ALLAN DAVIES	-	-	-	-	-
SAM KAPLAN	-	-	-	-	-
ROSS BURNEY	-	-	-	-	-
NICOLE HOLLOWS	-	18,545	(18,545)	-	-
STEPHEN MANN	-	-	-	-	-
JACKIE MCARTHUR	-	10,993	(10,993)	-	-
ALAN MILES	-	-	-	-	-
LINDSAY WARD	-	-	-	-	-

12. Non-Executive Directors CONTINUED

d. Total remuneration for Non-Executive Directors

Details of remuneration for each Non-Executive Director and the figures for the corresponding period are set out in the table below.

NAME	FEES $	RIGHTS GRANTED $	SUPERANNUATION $	TOTAL REMUNERATION $
ALLAN DAVIES				
FY23	**380,608**	**-**	**25,292**	**405,900**
FY22	321,418	-	23,568	344,986
SAM KAPLAN				
FY23	**213,598**	**-**	**10,764**	**224,362**
FY22	208,942	-	9,948	218,890
ROSS BURNEY				
FY23	**173,926**	**-**	**18,262**	**192,188**
FY22	152,080	-	15,207	167,287
NICOLE HOLLOWS				
FY23	**143,889**	**53,691**	**15,108**	**212,688**
FY22	164,482	-	16,449	180,931
STEPHEN MANN[1]				
FY23	**201,291**	**-**	**21,135**	**222,426**
FY22	181,104	-	18,109	199,213
JACKIE MCARTHUR				
FY23	**161,356**	**31,827**	**16,942**	**210,125**
FY22	167,193	-	16,719	183,912
ALAN MILES				
FY23	**190,158**	**-**	**19,967**	**210,125**
FY22	167,193	-	16,719	183,912
LINDSAY WARD[2]				
FY23	**128,009**	**-**	**13,441**	**141,450**
FY22	-	-	-	-

1 Stephen Mann ceased to be a member of the Safety, Health & Sustainability Committee, effective 25 November 2022.

2 Lindsay Ward was appointed as a Director on the 4th of October 2022. He was also appointed as a member of the Safety, Health & Sustainability Committee, effective 25 November 2022.

13. Directors' Interests

a. Ordinary share holdings

The relevant interests of each Director in the shares of the company during the financial year as notified to the ASX are as follows:

NAME	BALANCE AT THE START OF THE YEAR	RECEIVED DURING THE YEAR AS PART OF THE NED EQUITY PLAN	OTHER CHANGES / ACQUIRED	DISPOSED	BALANCE AT THE END OF THE YEAR
ALLAN DAVIES	3,954,717	-	-	-	3,954,717
SAM KAPLAN	1,896,236	-	-	-	1,896,236
ROSS BURNEY	-	-	-	-	-
NICOLE HOLLOWS	20,109	18,545	-	-	38,654
STEPHEN MANN	71,021	-	-	-	71,021
JACKIE MCARTHUR	40,432	10,993	-	-	51,425
ALAN MILES	10,471	-	14,440	-	24,911
LINDSAY WARD	N/A	-	106,081	-	106,081

This includes shares held in the name of a spouse, superannuation fund, nominee and/or other controlled entities and deemed relevant interests.

b. Listed debt securities

The relevant interests of each director in the listed debt securities of the company during the financial year as notified to the ASX are as follows:

NAME	BALANCE AT THE START OF THE YEAR	OTHER CHANGES / ACQUIRED	DISPOSED	BALANCE AT THE END OF THE YEAR
ALLAN DAVIES	5,154	-	-	5,154
SAM KAPLAN	3,000	-	-	3,000
ROSS BURNEY	-	-	-	-
NICOLE HOLLOWS	-	-	-	-
STEPHEN MANN	-	-	-	-
JACKIE MCARTHUR	-	-	-	-
ALAN MILES	-	-	-	-
LINDSAY WARD	-	-	-	-

14. Remuneration Governance

a. Nomination and Remuneration Committee

The Remuneration and Nomination Committee (the Committee) provides advice and recommendations to the Board regarding remuneration matters.

The Committee's responsibilities include, among other things:

- Ensuring the development of coherent human resource and remuneration policies and practices informed by market best practice which are observed, and which enable the group to attract, retain and motivate the talent necessary to create value for shareholders
- Fairly and responsibly rewarding directors, executives and other employees having regard to the performance of the group, the general pay environment and the individual performance of each executive and employee
- Providing advice and recommendations to the Board regarding the skills needed and available to the Board to discharge its duties and add value to the group
- Considering, and recommending to the Board, plans and candidates for Non-Executive Director and Senior Executive succession
- Reviewing and overseeing the key processes employed to identify and develop key talent across the group
- Overseeing the establishment and monitoring of strategies to promote diversity and inclusion, setting objectives on diversity and reviewing achievements against those objectives
- Considering indicators of organisational culture and identifying material or systemic issues or cultural concerns arising under People and Culture processes.

A copy of the charter of the Committee is available in the Corporate Governance section on Qube's website https://qube.com.au/about/corporate-governance/.

Members of the Committee during FY23 were:

- Jackie McArthur – Independent Non-Executive Director and Chair of the Committee
- Allan Davies – Independent Non-Executive Director (Chairman)
- Ross Burney – Independent Non-Executive Director

At the Committee's invitation the Managing Director, and other relevant managers attend meetings in an advisory capacity and co-ordinate the work of external, independent advisors as requested. All executives are excluded from any discussions impacting their own remuneration.

Under its Charter, the Committee is to meet as requested by the Committee Chair, but not less than once a year. During FY23, the Committee held seven formal meetings. The Committee also met informally on a number of occasions to progress issues on foot and consider other matters as they arose.

The Committee engages external advisors as required. External advisers provide advice on market remuneration levels and mix, market trends, incentives and performance measurement, governance, taxation and legal compliance. The Committee requires that at least one source of advice is independent, and answerable only to the Committee.

During FY23, external advisors were engaged by management to provide information to the Nomination and Remuneration Committee to assist with making remuneration decisions. Findings were reported directly to the Committee or the Board. The Committee did not seek or receive any remuneration recommendations for the purposes of the Australian Corporations Act 2001 during FY23.

b. Securities Dealing Policy

The Group Securities Dealing Policy applies to all NEDs and executives and is compliant with ASX Guidance Note 27 (Trading Policies). The policy prohibits employees from dealing in Qube's securities while in possession of material non-public information relevant to the Group. It further prohibits NEDs and senior management from trading securities during standard blackout periods and requires internal clearance be obtained at all other times. A copy of the policy is available from the corporate governance section of Qube's website.

Executives must not enter into any hedging arrangements over unvested options under the Qube's remuneration plan. Qube would consider a breach of this policy as gross misconduct, which may lead to disciplinary action and potentially, dismissal.

Annexure 1 - Glossary

GLOSSARY	
Managing Director	The Chief Executive Officer of the company who is also a Board member.
KMP	Key Management Personnel. Those with authority and responsibility for planning, directing and controlling the activities of the entity.
Non-Executive Directors	A member of a company's board of directors who is not part of the executive team. A Non-Executive Director typically does not engage in the day-to-day management of the organisation but is involved in policymaking and planning exercises.
Fixed Remuneration	The Fixed component of a remuneration package, generally consisting of base salary and superannuation, it may also include other guaranteed cash and benefits for example the value of a company motor vehicle.
STI	Short-term incentive, part of an executive's variable or 'at risk' pay.
LTI	Long-term incentive, part of an executive's variable or 'at risk' pay.
SARs	Share Appreciation Rights, entitle the participant to a payment in shares equal to the appreciation in the company's stock over a specified period.
Performance Rights	A contractual right to receive a given number of ordinary shares if a nominated performance milestone is achieved.
Options	An option to subscribe for or purchase ordinary shares that can be exercised if a performance condition is achieved.
MSR	Minimum Shareholding Requirement
EBITA	Earnings before interest, income tax expense and amortisation. An indicator of a company's operational profitability.
NPATA	Net Profit After Tax adjusted for Qube's Amortisation and Qube's share of Patrick's Amortisation.
CIFR	Critical Incident Frequency Rate.
LTIFR	Lost Time Injury Frequency Rate.
TRIFR	Total Recordable Injury Frequency Rate.
TSR	Total shareholder return. Measured by the growth in share price over the measurement period and any dividend paid during that period.
rTSR	Qube's Total Shareholder Return (TSR) relative to the TSR of the peer companies selected from organisations similar in size and operations, listed on the Australian Securities Exchange (ASX).
EPS	Earnings per share. The portion of profit allocated to each share.
EPSA	EPS adjusted for Qube's amortisation and Qube's share of Patrick's amortisation.
CAGR	Compound Annual Growth Rate. CAGR measures an investment's annual growth rate over a period of time, assuming profits are reinvested at the end of each period of the investment's life span.
KPI	Key performance indicators. Used to set key performance objectives and assess or monitor outcomes in achieving the objectives.
This concludes the Remuneration Report	

Auditor's Independence Declaration

Auditor's Independence Declaration

As lead auditor for the audit of Qube Holdings Limited for the year ended 30 June 2023, 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 audit; and

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

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

Elizabeth Stesel
Partner
PricewaterhouseCoopers

Sydney
24 August 2023

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Financial Report

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Consolidated Statement of Comprehensive Income

For the year ended 30 June 2023

	Notes	**2023** **$m**	2022 $m
Revenue from continuing operations			
Revenue	3	**2,862.6**	2,483.3
Other income	3	**17.1**	22.4
		2,879.7	2,505.7
Direct transport and logistics costs		**(805.8)**	(683.2)
Repairs and maintenance costs		**(183.9)**	(154.9)
Employee benefits expense	4	**(990.5)**	(887.7)
Fuel, oil and electricity costs		**(230.8)**	(194.2)
Occupancy and property costs		**(48.5)**	(40.0)
Depreciation and amortisation expense	4	**(276.6)**	(257.8)
Professional fees		**(24.7)**	(22.9)
Impairment of non-current assets	4	**-**	(2.1)
Fair value loss on non-current assets		**-**	(5.6)
Other expenses		**(44.3)**	(35.1)
Total expenses		**(2,605.1)**	(2,283.5)
Finance income		**19.3**	18.7
Finance costs	4	**(86.8)**	(41.9)
Net finance costs		**(67.5)**	(23.2)
Share of net profit of associates and joint ventures accounted for using the equity method		**35.0**	29.5
Profit before income tax		**242.1**	228.5
Income tax expense	15	**(67.5)**	(92.8)
Profit for the year from continuing operations		**174.6**	135.7
Discontinued operations			
Loss after tax for the year from discontinued operations	24	**(8.0)**	(7.4)
Profit for the year		**166.6**	128.3
Other comprehensive income net of tax:			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations	19(a)	**8.6**	(6.4)
Change in fair value of cash flow hedges and cost of hedging	19(a)	**(6.1)**	2.8
Share of other comprehensive income of joint venture	19(a)	**3.7**	1.5
Total comprehensive income for the year		**172.8**	126.2
Profit for the year is attributable to:			
Owners of Qube Holdings Limited		**167.9**	127.5
Non-controlling interests		**(1.3)**	0.8
		166.6	128.3
Total comprehensive income for the year is attributable to:			
Owners of Qube Holdings Limited		**174.1**	125.4
Non-controlling interests		**(1.3)**	0.8
		172.8	126.2
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share from continuing operations	5	**10.0**	7.1
Diluted earnings per share from continuing operations	5	**10.0**	7.1
Basic earnings per share from continuing and discontinued operations	5	**9.5**	6.7
Diluted earnings per share continuing and discontinued operations	5	**9.5**	6.7

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

Consolidated Balance Sheet

As at 30 June 2023

	Notes	2023 $m	2022 $m
ASSETS			
Current assets			
Cash and cash equivalents	21(a)	**191.7**	154.0
Trade and other receivables	6	**622.8**	888.8
Inventories	7	**25.7**	28.7
Derivative financial instruments	31	**0.2**	-
Total current assets		**840.4**	1,071.5
Non-current assets			
Loans and receivables	8	**100.9**	200.9
Investment in equity accounted investments	25	**628.4**	577.3
Property, plant and equipment	9	**2,242.4**	1,897.1
Right-of-use assets	10	**754.0**	785.1
Deferred tax assets	16	**45.7**	54.5
Investment properties	11	**55.0**	53.5
Intangible assets	12	**902.6**	898.5
Derivative financial instruments	31	**32.8**	34.8
Other assets		**70.3**	62.7
Total non-current assets		**4,832.1**	4,564.4
Total assets		**5,672.5**	5,635.9
LIABILITIES			
Current liabilities			
Trade and other payables	13	**405.5**	374.8
Borrowings	20	**334.8**	58.6
Lease liabilities	10	**83.4**	84.7
Current tax payable		**27.2**	162.2
Derivative financial instruments	31	**0.7**	0.5
Provisions	14	**146.5**	130.7
Total current liabilities		**998.1**	811.5
Non-current liabilities			
Trade and other payables	13	**1.6**	2.5
Borrowings	20	**821.4**	998.7
Lease liabilities	10	**798.3**	810.3
Provisions	14	**20.8**	22.0
Total non-current liabilities		**1,642.1**	1,833.5
Total liabilities		**2,640.2**	2,645.0
Net assets		**3,032.3**	2,990.9
EQUITY			
Contributed equity	18	**2,719.6**	2,720.6
Reserves	19	**12.6**	-
Retained earnings	19	**303.6**	272.5
Capital and reserves attributable to owners of Qube		**3,035.8**	2,993.1
Non-controlling interests	27	**(3.5)**	(2.2)
Total equity		**3,032.3**	2,990.9

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

Consolidated Statement of Changes in Equity

As at 30 June 2023

		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 for the year		-	-	127.5	127.5	0.8	128.3
Other comprehensive income		-	(2.1)	-	(2.1)	-	(2.1)
Total comprehensive income for the year		-	(2.1)	127.5	125.4	0.8	126.2
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	18(a)	40.6	-	-	40.6	-	40.6
On-market share buy-back	18(a)	(400.0)	-	-	(400.0)	-	(400.0)
Issue of treasury shares to employees	18(b)	26.2	-	-	26.2	-	26.2
Acquisition of treasury shares	18(b)	(25.6)	-	-	(25.6)	-	(25.6)
Fair value movement on allocation and vesting of securities	18(b)	(9.5)	-	-	(9.5)	-	(9.5)
Dividends provided for or paid		-	-	(124.6)	(124.6)	-	(124.6)
Employee share scheme	19(a)	-	(1.2)	-	(1.2)	-	(1.2)
		(368.3)	(1.2)	(124.6)	(494.1)	-	(494.1)
Balance at 30 June 2022		2,720.6	-	272.5	2,993.1	(2.2)	2,990.9
Balance at 1 July 2022		**2,720.6**	**-**	**272.5**	**2,993.1**	**(2.2)**	**2,990.9**
Profit for the year		**-**	**-**	**167.9**	**167.9**	**(1.3)**	**166.6**
Other comprehensive income		**-**	**6.2**	**-**	**6.2**	**-**	**6.2**
Total comprehensive income for the year		**-**	**6.2**	**167.9**	**174.1**	**(1.3)**	**172.8**
Transactions with owners in their capacity as owners:							
Issue of treasury shares to employees	18(b)	**4.0**	**-**	**-**	**4.0**	**-**	**4.0**
Acquisition of treasury shares	18(b)	**(4.6)**	**-**	**-**	**(4.6)**	**-**	**(4.6)**
Fair value movement on allocation and vesting of securities	18(b)	**(0.4)**	**-**	**-**	**(0.4)**	**-**	**(0.4)**
Dividends provided for or paid		**-**	**-**	**(136.8)**	**(136.8)**	**-**	**(136.8)**
Employee share scheme	19(a)	**-**	**6.4**	**-**	**6.4**	**-**	**6.4**
		(1.0)	**6.4**	**(136.8)**	**(131.4)**	**-**	**(131.4)**
Balance at 30 June 2023		**2,719.6**	**12.6**	**303.6**	**3,035.8**	**(3.5)**	**3,032.3**

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

Consolidated Statement of Cash Flows

For the year ended 30 June 2023

	Notes	2023 $m	2022 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**3,203.7**	2,598.4
Payments to suppliers and employees (inclusive of goods and services tax)		**(2,600.9)**	(2,221.7)
		602.8	376.7
Dividends and distributions received		**56.5**	34.1
Interest received		**16.7**	18.1
Interest paid		**(88.8)**	(73.0)
Income taxes paid		**(195.2)**	(57.2)
Net cash inflow from operating activities	32(a)	**392.0**	298.7
Cash flows from investing activities			
Payments for acquisition of businesses, net of cash acquired		**(112.9)**	(127.3)
Payments for property, plant and equipment		**(440.4)**	(389.0)
Payments for MLP capital expenditure and transaction costs		**(4.6)**	(165.7)
Payments for acquisition of associates		**(29.7)**	(1.5)
Loans to related entities		**(1.9)**	(8.3)
Loan repayments from related entities		**63.9**	36.6
Proceeds from sale of MLP Property Assets		**263.3**	1,404.1
Proceeds from sale of property, plant and equipment		**21.2**	25.9
Net cash (outflow)/inflow from investing activities		**(241.1)**	774.8
Cash flows from financing activities			
Payments for shares bought back	18(a)	**-**	(400.0)
Buy-back transaction costs	18(a)	**-**	(2.0)
Payment for treasury shares	18(b)	**(4.6)**	(1.2)
Proceeds from borrowings		**918.8**	800.0
Repayment of borrowings		**(825.6)**	(1,265.0)
Principal element of lease payments		**(65.4)**	(64.9)
Dividends paid to Company's shareholders		**(136.8)**	(107.0)
Net cash outflow from financing activities		**(113.6)**	(1,040.1)
Net increase in cash and cash equivalents		**37.3**	33.4
Cash and cash equivalents at the beginning of the financial year		**154.0**	125.8
Effects of exchange rate changes on cash and cash equivalents		**0.4**	(5.2)
Cash and cash equivalents at end of year		**191.7**	154.0
Non-cash investing and financing activities	32(b)		

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

Notes to the consolidated financial statements

1. About this report

Qube Holdings Limited is a for-profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The consolidated financial statements, comprising the Company, Qube Holdings Limited (referred to as the 'Company' or 'parent entity') and its subsidiaries (collectively referred to as the 'Group' or 'Qube'), for the year ended 30 June 2023 were authorised for issue in accordance with a resolution of the directors on 24 August 2023. The directors have the power to amend and reissue the financial statements. From time to time comparatives in the financial statements are restated to the current period presentation.

The consolidated financial statements are general purpose financial statements which:

- have been prepared in accordance with the requirements of the *Corporations Act 2001*, including complying with Australian Accounting Standards and other authoritative pronouncements of the Australian Accounting Standards Board (AASB) and International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB);
- have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property;
- are presented in Australian dollars, which is Qube's functional and presentation currency, with all amounts rounded to the nearest hundred thousand dollars, unless otherwise indicated, in accordance with ASIC Corporations Instrument 2016/191;
- adopts all new and amended Accounting Standards and interpretations issued by the AASB that are relevant to the Group and effective for reporting periods beginning on or after 1 July 2022. Refer to note 39(d) for further details; and
- equity accounts for associates listed at note 25.

The notes to the consolidated financial statements

The notes include information which is required to understand the financial statements and is material and relevant to the operations, financial position and performance of the Group. Information is considered material and relevant if, for example:

- the amount in question is significant because of its size or nature;
- it is important for understanding the results of the Group;
- it helps to explain the impact of significant changes in the Group's business; and
- it relates to an aspect of the Group's operations that is important to its future performance.

In preparing these consolidated financial statements the notes have been grouped under the following sections and where relevant, include the accounting policies applied in producing these notes together with any critical judgements and estimates used:

- ***Financial results for the year***: segment information, revenue & other income, expenses and earnings per share;
- ***Operating assets and liabilities***: key balance sheet items;
- ***Income taxes***: income tax expense and deferred tax balances;
- ***Capital and borrowings***: shareholder returns, equity and reserves and debt funding of the Group;
- ***Risk management***: the Group's exposure to various financial risks, their effect on the Group and how they are managed;
- ***Group structure***: business combinations, equity accounted investments and details of subsidiaries;
- ***Unrecognised items***: items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance; and
- ***Other notes***: items requiring disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, but are not considered critical in understanding the financial performance or position of the Group.

Net current asset deficiency

As at 30 June 2023, Qube's current liabilities exceeded its current assets by $157.7 million which is largely due to $334.8 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 facilities of $760.4 million which expire beyond one year as outlined in note 21.

Discontinued operations

In accordance with AASB 5 the current and prior year earnings related figures (other than the segment note) have been adjusted to remove the impact of discontinued operations as outlined in note 24.

1. About this report (CONTINUED)

Critical accounting judgements and estimates

The preparation of financial statements requires the use of certain critical accounting estimates and also requires management to exercise its judgement in the process of applying the Group's accounting policies. These judgements and estimates are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the related actual results.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements include:

- estimation uncertainties and judgements made in relation to lease accounting (note 10);
- fair value of investment properties (note 11);
- impairment of goodwill (note 12);
- deferred tax assets (note 16); and
- estimated fair value less costs to sell for Moorebank Logistics Park (note 22);

are disclosed separately in the relevant notes.

FINANCIAL RESULTS FOR THE YEAR

This section provides information on the financial results of the Group, including the performance at a segmental level, disclosures relevant to income and expenditure and earnings per share, along with the relevant accounting policies applied.

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 15 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 (Formerly Infrastructure & Property)

This Division was discontinued effective from 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 reporting 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

2023	Operating Division	Discontinued operation	Corporate & Other	Patrick*	Total
	$m	$m	$m	$m	$m
Revenue and other income	**2,879.5**	**0.1**	**0.2**	**-**	**2,879.8**
Intercompany trading	112.0	-	-	-	112.0
Fair value gains on investment property	(1.5)	-	-	-	(1.5)
Discontinued operations	-	(0.1)	-	-	(0.1)
AASB 16 leasing adjustments	(0.3)	-	-	-	(0.3)
Underlying revenue	**2,989.7**	**-**	**0.2**	**-**	**2,989.9**

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

Net profit/(loss) before income tax	**287.9**	**(7.4)**	**(88.2)**	**42.4**	**234.7**
Share of (profit)/loss of equity accounted investments	(7.0)	-	-	(28.0)	(35.0)
Net finance (income)/cost	39.9	(0.1)	42.0	(14.4)	67.4
Depreciation and amortisation	274.9	-	1.7	-	276.6
EBITDA	**595.7**	**(7.5)**	**(44.5)**	**-**	**543.7**
Fair value gains on investment property	(1.5)	-	-	-	(1.5)
AASB 16 leasing adjustments	(101.7)	-	(1.9)	-	(103.6)
Discontinued operations	-	7.5	-	-	7.5
Other	10.7	-	8.0	-	18.7
Underlying EBITDA	**503.2**	**-**	**(38.4)**	**-**	**464.8**
Underlying depreciation	(184.2)	-	(0.3)	-	(184.5)
Underlying EBITA	**319.0**	**-**	**(38.7)**	**-**	**280.3**
Underlying amortisation	(8.0)	-	-	-	(8.0)
Underlying EBIT	**311.0**	**-**	**(38.7)**	**-**	**272.3**
Underlying net finance income/(cost)	(0.8)	-	(40.3)	14.4	(26.7)
Share of profit of equity accounted investments	7.8	-	-	43.8	51.6
Underlying net profit/(loss) before income tax	**318.0**	**-**	**(79.0)**	**58.2**	**297.2**
Underlying income tax benefit/(expense)	(93.1)	-	23.7	(4.3)	(73.7)
Underlying net profit/(loss) after tax	**224.9**	**-**	**(55.3)**	**53.9**	**223.5**
Underlying non-controlling interests	1.3	-	-	-	1.3
Underlying net profit/(loss) after tax attributable to members	**226.2**	**-**	**(55.3)**	**53.9**	**224.8**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**231.8**	**-**	**(55.3)**	**63.1**	**239.6**

Underlying diluted earnings per share (cents per share)	**12.7**
Underlying diluted earnings per share pre-amortisation (cents per share)	**13.6**

2. Segment information (CONTINUED)

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

2022	Operating Division	Discontinued operation	Corporate & Other	Patrick*	Total
	$m	$m	$m	$m	$m
Revenue and other income	**2,508.2**	**12.1**	**(2.5)**	**-**	**2,517.8**
Intercompany trading	67.4	-	2.7	-	70.1
Fair value gains on investment property	(7.0)	-	-	-	(7.0)
Discontinued operations	-	(12.1)	-	-	(12.1)
Acquisition adjustment	1.0	-	-	-	1.0
AASB 16 leasing adjustments	1.3	-	-	-	1.3
Other	1.7	-	-	-	1.7
Underlying revenue	**2,572.6**	**-**	**0.2**	**-**	**2,572.8**

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

	Operating Division	Discontinued operation	Corporate & Other	Patrick*	Total
Net profit/(loss) before income tax	**223.4**	**(16.3)**	**(34.2)**	**45.0**	**217.9**
Share of (profit)/loss of equity accounted investments	(1.2)	-	-	(28.3)	(29.5)
Net finance (income)/cost	36.3	5.1	3.6	(16.7)	28.3
Depreciation and amortisation	256.1	0.6	1.5	-	258.2
EBITDA	**514.6**	**(10.6)**	**(29.1)**	**-**	**474.9**
Impairment of loan to associate	2.1	-	-	-	2.1
Fair value gains on investment property	(7.0)	-	-	-	(7.0)
AASB 16 leasing adjustments	(96.0)	-	(1.8)	-	(97.8)
Discontinued operations	-	8.5	-	-	8.5
Gain on sale of discontinued operations	-	(3.3)	-	-	(3.3)
Fair value loss on non-current assets	-	5.6	-		5.6
Other	6.0	-	(0.2)	-	5.8
Underlying EBITDA	**419.7**	**0.2**	**(31.1)**	**-**	**388.8**
Underlying depreciation	(167.3)	(0.2)	(0.2)	-	(167.7)
Underlying EBITA	**252.4**	**-**	**(31.3)**	**-**	**221.1**
Underlying amortisation	(6.8)	-	-	-	(6.8)
Underlying EBIT	**245.6**	**-**	**(31.3)**	**-**	**214.3**
Underlying net finance income/(cost)	0.2	-	(23.8)	16.7	(6.9)
Underlying share of profit/(loss) of equity accounted investments	(1.4)	-	-	42.7	41.3
Underlying net profit/(loss) before income tax	**244.4**	**-**	**(55.1)**	**59.4**	**248.7**
Underlying income tax benefit/(expense)	(73.9)	-	16.7	(5.0)	(62.2)
Underlying net profit/(loss) after tax	**170.5**	**-**	**(38.4)**	**54.4**	**186.5**
Underlying non-controlling interests	(0.8)	-	-	-	(0.8)
Underlying net profit/(loss) after tax attributable to members	**169.7**	**-**	**(38.4)**	**54.4**	**185.7**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**174.8**	**-**	**(38.8)**	**64.7**	**200.7**

Underlying diluted earnings per share (cents per share)	**9.8**
Underlying diluted earnings per share pre-amortisation (cents per share)	**10.6**

*A reconciliation of the Patrick underlying contribution to the Qube results can be found in note 25.
**Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Qube's proportionate share of Patrick amortisation net of tax.

2. Segment information (CONTINUED)

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

	Operating Division $m	Discontinued operation $m	Corporate & Other $m	Patrick $m	Total $m
2023					
Total segment assets	**4,928.7**	**-**	**87.4**	**656.4**	**5,672.5**
Total assets include:					
Investments in associates and joint ventures	72.9	-	-	555.5	628.4
Loans to equity accounted investments	21.3	-	-	100.9	122.2
Additions to non-current assets (other than financial assets and deferred tax)	642.8	-	0.3	-	643.1
Total segment liabilities	**1,553.2**	**-**	**1,087.0**	**-**	**2,640.2**
2022					
Total segment assets	**4,511.9**	**-**	**382.4**	**741.6**	**5,635.9**
Total assets include:					
Investments in associates and joint ventures	36.6	-	-	540.7	577.3
Loans to equity accounted investments	17.4	-	-	200.9	218.3
Additions to non-current assets (other than financial assets and deferred tax)	699.0	-	0.3	-	699.3
Total segment liabilities	**1,424.5**	**-**	**1,220.5**	**-**	**2,645.0**

Underlying Information is determined as follows:

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 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 Qube's shareholders.

NPATA is **NPAT** pre-amortisation net of tax, including Qube'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.

ACCOUNTING POLICY

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments has been identified as the Board of Directors.

3. Revenue and Other income

	2023 $m	2022 $m
Revenue		
Logistics revenue	**1,172.2**	1,018.0
Ports & Bulk revenue	**1,617.2**	1,423.6
Rental and property related revenue	**23.1**	15.9
Management fees	**0.1**	0.9
Other revenue	**50.0**	24.9
Total revenue	**2,862.6**	2,483.3
Other income		
Fair value gains on investment property	**1.5**	7.0
Net gain on disposal of property, plant & equipment	**9.5**	9.3
Other	**6.1**	6.1
Total other income	**17.1**	22.4

ACCOUNTING POLICY

Recognition and measurement

Logistics revenue

Logistics provides a broad range of services mainly relating to the import and export of containerised cargo. The services provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of freight to and from ports, operation of container parks, customs and quarantine services, warehousing, intermodal terminals, international freight forwarding, and bulk and containerised rail haulage for rural and other commodities.

Client contracts outline the services to be provided and the rate. The rate for storage and warehousing is time based (i.e. daily storage) and service rates are based on the service obligations to be provided (task). Revenue is recognised over time in relation to services rendered, storage and warehousing. Work in progress (accrued revenue) is recognised for any unbilled stages of the tasks.

Ports & Bulk revenue

Ports and Bulk has two core activities comprising port logistics and bulk logistics. It provides a range of logistics services mainly relating to the import and export of non-containerised freight, with a major focus on automotive, forestry, mineral resources, energy, project cargo, bulk and break bulk products. The services provided include stevedoring, storage, vehicle handling and road transport, the provision of lifting services or equipment and bulk and containerised rail haulage for resource commodities.

Client contracts outline the service to be provided and the rate. The rate for services are based on the service obligations to be provided (task). Revenue is recognised over time in relation to services rendered. Work in progress (accrued revenue) is recognised for any unbilled stages of the tasks.

Rental and property-related revenue

Rent from investment property and lease revenue from operating leases are recognised in the statement of comprehensive income on a straight-line basis over the lease term. Rent not received at balance sheet date is reflected in the balance sheet as a receivable or if paid in advance, as rents in advance. Lease incentives granted are recognised over the lease term, on a straight-line basis, as a reduction of rent.

Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. Consequently, the Group does not adjust any of the transaction prices for the time value of money.

Discontinued operations

In accordance with accounting standards the above figures have been adjusted to remove the impact of discontinued operations as outlined in note 24.

4. Expenses

	2023 $m	2022 $m
Profit before income tax includes the following specific expenses:		
Depreciation		
Land and buildings	**6.2**	6.4
Plant and equipment	**162.0**	143.3
Leasehold improvements	**15.9**	16.8
Right-of-use asset	**85.8**	83.7
Total depreciation *(refer note 9 & 10)*	**269.9**	250.2
Amortisation		
Customer contracts	**3.0**	3.8
Port concessions	**3.7**	3.8
Total amortisation *(refer note 12)*	**6.7**	7.6
Total depreciation and amortisation expense	**276.6**	257.8
Finance costs		
Interest and finance costs paid/payable	**57.7**	39.3
Lease borrowing costs *(refer note 10)*	**39.4**	35.7
Total interest and finance charges expense	**97.1**	75.0
Interest capitalised	**(11.6)**	(13.7)
Fair value loss/(gain) – derivative instruments	**1.3**	(19.4)
Total finance costs	**86.8**	41.9
Rental expense relating to operating leases		
Property	**21.5**	17.3
Plant, equipment and motor vehicles	**35.2**	20.8
Total rental expense relating to operating leases (*refer note 10*)	**56.7**	38.1
Employee benefits expense		
Defined contribution superannuation expenses	**64.5**	55.0
Share-based payment expenses *(refer note 36(c))*	**6.6**	7.5
Other employee benefits expense	**919.4**	825.2
Total employee benefits expense	**990.5**	887.7
Other expenses includes:		
Impairment of investments in associate and loans to associates	**-**	2.1
	-	2.1

4. Expenses (CONTINUED)

ACCOUNTING POLICY

Borrowing costs

Borrowing costs are expensed in the period in which they are incurred less amounts which have been capitalised in the cost of qualifying assets.

Employee benefits

(i) Wages and salaries, annual leave and sick leave

Liabilities for wages and salaries, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in provisions in respect of employees' services up to the reporting date and are measured at the amounts expected to be paid when the liabilities are settled.

(ii) Long service leave

The liability for long service leave is recognised in the provision for employee benefits and measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date using the expected future wage and salary levels, experience of employee departures and periods of service. Expected future payments are discounted using market yields at the reporting date on corporate bonds with terms to maturity and currency that match, as closely as possible, the estimated future cash outflows.

(iii) Superannuation

Superannuation is paid to employees based on statutory rates or employment contracts where applicable. Staff who are members of a defined contribution fund receive fixed contributions from the Group and the Group’s legal or constructive obligation is limited to these contributions.

(iv) Bonus plans

The Group recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created or likely to create a constructive obligation.

(v) Employee benefit on-costs

Employee benefit on-costs are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities. On-costs include payroll tax, worker’s compensation and superannuation where payment is expected.

(vi) Share-based payments

Share-based compensation benefits are provided to certain senior management via the Group’s executive long-term incentive plans (LTIs) and, if the eligible employee elects to do so, via the Group’s short-term incentive plan (STI). The LTIs include both performance and service based hurdles. The fair value of the benefits under these schemes is expensed to the profit and loss over the period over which the employee incentive vests, with a corresponding increase in other equity reserves.

The STI plan includes both performance and service based hurdles and is expensed through the profit or loss over the relevant vesting period.

5. Earnings per share

	2023	2022
(a) Basic earnings per share	**Cents**	Cents
From continuing operations attributable to the ordinary equity holders of the Company	**10.0**	7.1
From discontinued operations	**(0.5)**	(0.4)
Total basic earnings per share attributable to the ordinary equity holders of the Company	**9.5**	6.7
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**10.0**	7.1
From discontinued operations	**(0.5)**	(0.4)
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**9.5**	6.7
(c) Earnings used in calculating earnings per share	$m	$m
Profit attributable to the ordinary equity holders of the Company used in calculating basic and diluted earnings per share		
From continuing operations	**175.9**	134.9
From discontinued operations	**(8.0)**	(7.4)
	167.9	127.5
(d) Weighted average number of shares used as the denominator	**Number**	Number
Weighted average number of ordinary shares used as the denominator in calculating:		
Basic earnings per share	**1,765,512,463**	1,898,940,774
Diluted earnings per share	**1,767,301,070**	1,898,950,795

ACCOUNTING POLICY

(i) Basic earnings per share

Basic earnings per share is calculated by dividing the profit attributable to owners of the Company, excluding any costs of servicing equity other than ordinary shares, by the weighted average number of ordinary shares outstanding during the financial year adjusted (where applicable) for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

OPERATING ASSETS AND LIABILITIES

This section provides information about key balance sheet items, including the accounting policies applied and the critical judgements and estimates used, which are relevant to understanding these items.

6. Trade and other receivables

Current	**2023 $m**	2022 $m
Trade receivables	**421.4**	454.1
Loss allowance (a)	**(10.8)**	(11.8)
	410.6	442.3
Prepayments	**40.4**	24.8
Accrued revenue	**93.2**	87.5
Lease receivable	**0.6**	1.1
Interest receivable	**8.7**	6.0
Deferred consideration on sale of MLP Property Assets	**53.0**	300.0
Other	**16.3**	27.1
	622.8	888.8

(a) Impaired trade receivables

As at 30 June 2023 the loss allowance was $10.8 million (2022: $11.8 million).

	2023 $m	2022 $m
The ageing of these receivables is as follows:		
Up to 3 months	**(3.7)**	(5.4)
3 months and greater	**(7.1)**	(6.4)
	(10.8)	(11.8)
Movements in the loss allowance for impairment of receivables is as follows:		
Carrying amount at start of year	**(11.8)**	(12.4)
Provision for impairment recognised during the year	**(0.1)**	(1.0)
Receivables written off during the year as uncollectible	**1.1**	1.6
Carrying amount at end of year	**(10.8)**	(11.8)

6. Trade and other receivables (CONTINUED)

(b) Credit risk

	2023 $m	2022 $m
Up to 3 months		
Trade receivables	**389.1**	425.0
Loss allowance	**(3.7)**	(5.4)
	385.4	419.6
3 months and greater		
Trade receivables	**32.3**	29.1
Loss allowance	**(7.1)**	(6.4)
	25.2	22.7
Total	**410.6**	442.3

The other classes within trade and other receivables do not contain impaired assets and are not past due. The Group does not hold any collateral in relation to these receivables.

(c) Fair value

For current trade receivables, due to the short-term nature, their carrying amount is assumed to approximate their fair value.

(d) Deferred consideration on sale of MLP Property Assets

Qube received total up-front proceeds of around $1.36 billion and another $263.3 million ($247.0 million related to deferred consideration and $16.3 million related to cost recoveries) was received during the year ended 30 June 2023. The remaining $53 million of the deferred consideration will be paid progressively as construction of Stage 1a of the Interstate Terminal is delivered.

ACCOUNTING POLICY

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method (where discounting is material) less loss allowance.

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment. Trade receivables are amounts due from customers for services performed in the ordinary course of business. Trade receivables are generally due for settlement within 30 days and therefore are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Accrued revenue are contract assets and relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts.

The Group measures the loss allowance for trade receivables at an amount equal to lifetime expected credit losses (‘ECL’s’). The expected credit losses on trade receivables are estimated using past default experience of the debtor and analysis of the debtor’s current financial position. The ECLs are adjusted for factors that are specific to the debtors, general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of conditions at the reporting date.

The amount of any impairment loss is recognised in profit or loss within other expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

7. Inventories

	2023	2022
	$m	$m
Fuel and consumables	**10.9**	12.1
Containers	**14.8**	16.6
	25.7	28.7

ACCOUNTING POLICY

Inventories are valued at the lower of cost and net realisable value and, where appropriate, a provision is made for possible obsolescence.

Cost is determined on a purchase price basis and, where relevant, includes modification and repairs subsequent to purchase. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and costs to make the sale.

8. Loans and Receivables

	2023	2022
	$m	$m
Loans and receivables	**100.9**	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 $100.9 million at 30 June 2023 (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%.

(a) Fair value

The credit quality of all loans and receivables, 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 30 June 2023 based on the current forecasts provided by Patrick. On this basis the fair value of loans and receivables approximates their carrying values.

ACCOUNTING POLICY

At initial recognition, the Group measures loans and receivables at fair value plus transaction costs that are directly attributable to the acquisition of the loan and receivables.

Loans and receivables are held for collection of contractual cash flows. The cash flows solely represent payments of principal and interest and therefore, the loans and receivables are measured at amortised cost. Interest income from these financial assets is included in finance income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses). Impairment losses are presented as a separate line item in the statement of profit or loss.

The Group assesses on a forward looking basis the expected credit losses associated with its loans and receivables carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

9. Property, plant and equipment

	Land & Buildings $m	Plant & Equipment $m	Leasehold Improvements $m	Total $m
Year ended 30 June 2022				
Opening net book amount	253.0	1,143.0	203.6	1,599.6
Acquisition of businesses	-	43.4	52.2	95.6
Additions	27.8	302.8	49.5	380.1
Reclassifications	4.3	17.9	(22.2)	-
Reclassification from inventory	-	15.6	-	15.6
Disposals	(2.3)	(13.4)	(6.6)	(22.3)
Exchange rate differences	-	(5.0)	-	(5.0)
Depreciation charge	(6.4)	(143.3)	(16.8)	(166.5)
Closing net book amount	276.4	1,361.0	259.7	1,897.1
At 30 June 2022				
Cost[1]	322.4	2,480.9	458.4	3,261.7
Accumulated depreciation and impairment[1]	(46.0)	(1,119.9)	(198.7)	(1,364.6)
Net book amount	276.4	1,361.0	259.7	1,897.1
Year ended 30 June 2023				
Opening net book amount	**276.4**	**1,361.0**	**259.7**	**1,897.1**
Acquisition of businesses	**9.0**	**76.5**	**0.1**	**85.6**
Additions	**11.6**	**417.4**	**11.8**	**440.8**
Reclassifications	**5.3**	**(8.8)**	**3.5**	**-**
Reclassification from inventory	**-**	**11.4**	**-**	**11.4**
Disposals	**-**	**(11.6)**	**(0.1)**	**(11.7)**
Exchange rate differences	**-**	**3.4**	**(0.1)**	**3.3**
Depreciation charge	**(6.2)**	**(162.0)**	**(15.9)**	**(184.1)**
Closing net book amount	**296.1**	**1,687.3**	**259.0**	**2,242.4**
At 30 June 2023				
Cost	**354.6**	**3,009.4**	**471.4**	**3,835.4**
Accumulated depreciation and impairment	**(58.5)**	**(1,322.1)**	**(212.4)**	**(1,593.0)**
Net book amount	**296.1**	**1,687.3**	**259.0**	**2,242.4**

No impairment indicators are present relating to the carrying value of plant and equipment.

[1] The comparative year accumulated impairment has been reclassified to accumulated depreciation and impairment to align with current year presentation.

9. Property, plant and equipment (CONTINUED)

ACCOUNTING POLICY

Property, plant and equipment is stated at historical cost less depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Land is not depreciated. Leasehold improvements are depreciated over the shorter of the useful life of the asset and the lease term.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation on other assets is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives or as follows:

• Buildings	2.5% to 10.0%
• Leasehold improvements	2.5% to 10.0%
• Furniture, fittings and equipment	10.0% to 20.0%
• Plant and equipment	4.0% to 33.3%

The asset’s residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in profit or loss.

Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

10. Leases

This note provides information for leases where the Group is a lessee. For leases where the Group is a lessor, see note 11.

The Group leases various offices, warehouses, land, equipment and vehicles. Qube has a multitude of rental contracts of varying lengths going out as far as 99 years however, the majority are for fixed periods of 3-8 years, but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes in relation to the Group's current facilities.

(a) The balance sheet shows the following amounts relating to leases:

Right-of-use assets

	2023	2022
	$m	$m
Land & buildings	**724.8**	745.7
Vehicles	**20.3**	26.9
Equipment	**8.9**	12.5
	754.0	785.1

Additions and additions through acquisition to the right-of-use assets during the 2023 financial year were $35.6 million (2022:$184.6 million).

Lease liabilities

	2023	2022
	$m	$m
Current	**83.4**	84.7
Non-current	**798.3**	810.3
	881.7	895.0

(b) The income statement shows the following amounts relating to leases (refer note 4):

	2023	2022
	$m	$m
Depreciation charge of right-of-use assets		
Land & buildings	**67.3**	60.4
Vehicles	**9.6**	11.5
Equipment	**8.9**	11.8
	85.8	83.7
Lease borrowing costs	**39.4**	35.7
Expense relating to short-term leases and leases of low value assets	**56.7**	38.1

The total cash outflow for leases during the 2023 financial year was $104.8 million (2022: $100.6 million).

10. Leases (CONTINUED)

ACCOUNTING POLICY

The Group recognises all leases as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group.

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

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, which is generally the case for leases in the Group, the lessee's incremental borrowing rate is used. The incremental borrowing rate is the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between the principal and finance cost. The finance cost is charged to the income statement over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

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

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

The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset's useful life.

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis as an expense in the statement of profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise IT-equipment and small items of office furniture.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Determining the lease term of contracts with renewal options

The Group has a number of lease contracts (primarily property leases) with extension options and applies judgement in evaluating all relevant factors to determine whether these extension options are reasonably certain to be exercised.

The Group typically exercises its option to extend these leases because there will be a significant negative effect on operations if a replacement property is not readily available and the leased property is no longer available to the Group.

11. Investment property

	2023	2022
	$m	$m
Opening balance at 1 July	**53.5**	46.5
Net gain from fair value adjustments	**1.5**	7.0
Closing balance at 30 June	**55.0**	53.5

(a) Measuring investment property at fair value

Investment property comprises land and property at Russell Park currently held for rental yield. This property is not occupied by the Group and is carried at fair value.

(b) Amounts recognised in profit or loss for investment property

	2023	2022
	$m	$m
Rental income	**6.2**	12.8
Direct operating expenses from property that generated rental revenue	**(1.5)**	(6.9)

(c) Leasing arrangements

Investment property is leased to tenants under operating leases with rentals payable monthly. Minimum lease payments receivable on leases of investment property are as follows:

	2023	2022
	$m	$m
Minimum lease receivables not recognised in the financial statements under non-cancellable operating leases of investment property are receivable as follows:		
Within one year	**4.5**	4.0
Later than one year but not later than 5 years	**6.7**	7.3
Later than 5 years	**-**	-
	11.2	11.3

ACCOUNTING POLICY

Investment properties principally comprise land and buildings that are either presently leased or in development and are not occupied by the Group. Investment properties which are presently leased are carried at fair value, based on active market prices, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices in less active markets or discounted cash flow projections. Changes in fair values are recorded in the profit or loss as part of other income.

A fair value loss is recognised for any initial or subsequent write-down of the asset to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell an asset.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated fair values of investment properties

The Group obtains independent valuations at least annually or as otherwise required. 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 independent valuation. The key assumptions used in this determination are set out in note 22.

12. Intangible assets

	Goodwill	Port Concessions	Customer contracts	Total
	$m	$m	$m	$m
Year ended 30 June 2022				
Opening net book amount	778.5	96.5	-	875.0
Acquisition of business	24.9	-	7.6	32.5
Exchange differences	(1.4)	-	-	(1.4)
Amortisation charge	-	(3.8)	(3.8)	(7.6)
Closing net book amount	802.0	92.7	3.8	898.5
At 30 June 2022				
Cost	802.0	113.5	81.3	996.8
Accumulated amortisation	-	(20.8)	(77.5)	(98.3)
Net book amount	802.0	92.7	3.8	898.5
Year ended 30 June 2023				
Opening net book amount	**802.0**	**92.7**	**3.8**	**898.5**
Acquisition of businesses	**9.9**	**-**	**-**	**9.9**
Exchange differences	**0.8**	**-**	**0.1**	**0.9**
Amortisation charge	**-**	**(3.7)**	**(3.0)**	**(6.7)**
Closing net book amount	**812.7**	**89.0**	**0.9**	**902.6**
At 30 June 2023				
Cost	**812.7**	**113.5**	**81.4**	**1,007.6**
Accumulated amortisation	**-**	**(24.5)**	**(80.5)**	**(105.0)**
Net book amount	**812.7**	**89.0**	**0.9**	**902.6**

(a) Allocation of goodwill to cash generating units

Goodwill is allocated to the Group's cash generating units (CGUs) identified according to operating segments as presented below. The carrying amount of goodwill allocated to each CGU was recoverable at year end.

	2023	2022
	$m	$m
Operating Division	**766.4**	755.7
AAT	**46.3**	46.3
	812.7	802.0

(b) Impairment tests for goodwill

The recoverable amount of a CGU is determined based on cash flow projections based on financial budgets and forecasts prepared by management typically covering a four-year period. Cash flows beyond a four-year period are extrapolated using the estimated growth rates. The growth rate does not exceed the long-term average growth rate for the business for which the CGU operates. Long-term growth rates and discount rates have been noted in Critical Accounting Judgements and Estimates.

12. Intangible assets (CONTINUED)

ACCOUNTING POLICY

(i) Goodwill

Goodwill on acquisitions of businesses is included in intangible assets and is measured as described in note 23. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to CGUs for the purpose of impairment testing. The allocation is made to those CGUs or group of CGUs that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 2).

(ii) Customer contracts

Customer contracts acquired as part of a business combination are recognised separately from goodwill. The customer contracts are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the timing of projected cash flows of the contracts over their estimated useful life which is between 4 to 11 years.

(iii) Port Concessions

Tenancy agreements (Port Concessions) with port authorities acquired as part of a business combination are recognised separately from goodwill. The Port Concessions are carried at their fair value at the date of acquisition less accumulated amortisation and impairment losses. Amortisation is calculated based on the length of the tenancy agreement (including options) which is between 24 to 30 years.

Impairment

Goodwill and intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events or changes in circumstances indicate that they might be impaired. Other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

Estimated impairment of goodwill

The CGU cash flow projections used for impairment testing assume no material adverse change to economic conditions for the 2024-2028 period. No significant changes to the methodology of the underlying models and assumptions have been made.

Terminal values after year four have been determined using a stable growth model, having regard to post-tax discount rates and long-term growth rates. Management determined budgeted and forecast EBITDA margins based on past performance and its expectations for the future.

	Long-term growth rate		**Discount rate**	
CGU	**2023 %**	2022 %	**2023 %**	2022 %
Operating Division (Logistics and Ports & Bulk)	**2.5**	2.5	**8.0**	9.1
AAT	**2.5**	2.5	**9.8**	8.5

Impact of possible changes in critical assumptions

The base case long-term growth and discount rates used in the impairment testing of goodwill for each CGU where goodwill has been identified have been disclosed above. If the discount rate increased by 0.5% or the EBITDA decreased by 5% in each year of the valuation and all other assumptions used in the valuation assessment remained unchanged, it would not result in an impairment of goodwill for any of the cash generating units.

13. Trade and other payables

	2023	2022
	$m	$m
Current		
Trade payables and accruals	**389.7**	343.9
GST payable	**8.9**	12.5
Government grant	**5.9**	18.4
Deferred consideration	**1.0**	-
	405.5	374.8
Non-current		
Trade payables and accruals	**0.6**	0.5
Deferred consideration	**1.0**	2.0
	1.6	2.5

The Group has been awarded a Boosting Australia's Diesel Storage grant of $18.4 million. The grant was received on 19 May 2022 and was conditional to a number of milestones stipulated including relevant customer commitments and authority consents, confirmed capital costs and Qube Board approvals. The Group has repaid the grant of $12.5 million that have not been spent on the project in FY23.

ACCOUNTING POLICY

These amounts represent unsecured liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. Trade and other payables are recognised as current liabilities unless payment is not due within 12 months from the reporting date. They are initially recognised at fair value and subsequently measured at amortised cost using the effective interest rate method where the impact is material.

Government grants are initially recognised as deferred income at fair value if there is reasonable assurance that they will be received and the Group will comply with the conditions associated with the grant; they are then recognised in profit or loss on a systematic basis in the periods in which the expenses are recognised.

14. Provisions

	2023			2022		
	Current	**Non-current**	**Total**	Current	Non-current	Total
	$m	**$m**	**$m**	$m	$m	$m
Employee benefits	**146.5**	**20.8**	**167.3**	130.7	22.0	152.7
	146.5	**20.8**	**167.3**	130.7	22.0	152.7

(a) Amounts not expected to be settled within the next 12 months

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The amount of the provision where the Group does not have an unconditional right to defer settlement for any of these obligations is presented as current.

However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months:

	2023	2022
	$m	$m
Leave obligations expected to be settled after 12 months	**20.8**	22.0

14. Provisions (CONTINUED)

ACCOUNTING POLICY

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount has been reliably estimated. Provisions are not recognised for future operating losses. Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of each reporting period.

The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in a provision due to the passage of time is recognised as interest expense.

Provisions are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

INCOME TAXES

This section provides information on the income tax charge for the year along with the reconciliation of the effective tax rate to the standard corporate tax rate, details of the deferred tax balances and movements in these balances during the year, including the relevant accounting policies applied and critical judgements and estimates used.

Note	Page

15. Income tax expense

	2023	2022
	$m	$m
(a) Income tax expense		
Current tax	**61.2**	211.5
Deferred tax	**8.0**	(121.2)
Adjustments for deferred tax of prior periods	**(0.2)**	-
Adjustments for current tax of prior periods	**(0.9)**	(0.7)
	68.1	89.6
Income tax expense is attributable to:		
Profit from continuing operations	**67.5**	92.8
Loss from discontinued operations	**0.6**	(3.2)
	68.1	89.6

15. Income tax expense (CONTINUED)

(b) Numerical reconciliation of income tax expense to prima facie tax payable

	2023	2022
	$m	$m
Profit from continuing operations before income tax expense	**242.1**	228.5
Loss from discontinued operation before income tax expense	**(7.4)**	(10.6)
	234.7	217.9
Tax at the Australian tax rate of 30% (2022: 30%)	**70.4**	65.4
Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:		
Non-assessable equity accounted profit	**(10.5)**	(8.8)
Deferred tax not recognised on impairment of an associate	**0.3**	0.6
Difference in overseas tax rate	**(0.5)**	(0.1)
Derecognition of temporary differences	**-**	30.1
Non-deductible costs	**8.5**	1.5
Prior year adjustments	**(0.5)**	(0.7)
Sundry items	**0.4**	1.6
Income tax expense	**68.1**	89.6

(c) Amounts recognised directly in equity

	2023	2022
	$m	$m
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income, but directly debited or credited to equity:		
Net deferred tax – debited directly to equity	**(1.3)**	(0.6)

(d) Effective tax rates

Australian accounting consolidated group effective tax rate	**29.0%**	41.1%

The above effective tax rate has been calculated as income tax expense divided by accounting profit for the Australian accounting consolidated group.

16. Deferred tax

	2023 $m	2022 $m
Total deferred tax assets/(liabilities) attributable to temporary differences		
Deferred tax asset	**359.8**	425.3
Deferred tax liability	**(314.1)**	(370.8)
Disclosed in the statements as deferred tax asset/(liability)	**45.7**	54.5

At the reporting date, the Group has $2.7 million unused capital tax losses (30 June 2022: $9.8 million) available to offset against future profits.

Reconciliation of deferred tax balances

The following are the major deferred tax assets/(liabilities) recognised by the Group and movement thereon during the current year and the year ended 30 June 2022.

Movement in net deferred tax:	Opening balance at 1 July 2022 $m	(Charged)/credited to profit or loss $m	(Charged)/credited to OCI $m	(Charged)/credited to equity $m	Closing balance at 30 June 2023 $m
Plant and Equipment	(14.6)	(22.8)	-	-	(37.4)
Employee benefits	48.2	5.3	-	-	53.5
Lease liabilities	267.9	2.7	(6.4)	-	264.2
Right-of-use assets	(234.8)	3.6	6.0	-	(225.2)
Intangible assets	(26.1)	3.2	-	-	(22.9)
Investment property	(4.1)	(0.5)	-	-	(4.6)
Other provisions	(23.5)	1.5	(2.0)	-	(24.0)
Other	41.5	(0.8)	0.1	1.3	42.1
Total	**54.5**	**(7.8)**	**(2.3)**	**1.3**	**45.7**

Movement in net deferred tax:	Opening balance at 1 July 2021 $m	(Charged)/credited to profit or loss $m	(Charged)/credited to OCI $m	(Charged)/credited to equity $m	Closing balance at 30 June 2022 $m
Plant and Equipment	34.7	(46.7)	(2.6)	-	(14.6)
Employee benefits	41.9	6.0	0.3	-	48.2
Lease liabilities	259.1	(9.9)	18.7	-	267.9
Right-of-use assets	(235.6)	16.1	(15.3)	-	(234.8)
Intangible assets	(26.0)	2.1	(2.2)	-	(26.1)
Investment property	(155.0)	150.9	-	-	(4.1)
Other provisions	(12.8)	(25.4)	14.7	-	(23.5)
Other	29.5	(8.1)	20.7	(0.6)	41.5
Total	**(64.2)**	**85.0**	**34.3**	**(0.6)**	**54.5**

Income tax expense represents the sum of the tax currently payable and deferred tax.

16. Deferred tax (CONTINUED)

ACCOUNTING POLICY

The income tax expense or benefit for the consolidated entity for the year is the tax payable on the current year's taxable income based on the notional tax rate for each jurisdiction. This can also be adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and carrying amounts in the financial statements, and by unused tax losses.

Deferred income tax is determined using the liability method, being the temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. However, deferred income tax is also not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

The deferred tax liabilities in relation to investment properties that are measured at fair value are determined assuming the property will be recovered entirely through sale.

The consolidated entity may incur withholding tax imposed by certain countries on investment income. Such income is recorded gross of withholding tax in the statement of comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Qube Holdings Limited and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation. As a consequence, these entities are taxed as a single entity and the deferred tax assets and liabilities of these entities are set off in the consolidated financial statements.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

Investment allowances and similar tax incentives

Companies within the Group may be entitled to claim special tax deductions for investments in qualifying assets or in relation to qualifying expenditure. The Group accounts for such allowances as tax credits, which means that the allowance reduces income tax payable and current tax expense. A deferred tax asset is recognised for unclaimed tax credits that are carried forward as deferred tax assets.

CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

The deferred tax assets include an amount in relation to unused capital losses to the extent that the Group has concluded that it is probable that there will be future capital gains available against which the unused capital losses can be utilised. Subject to meeting continuity of business or ownership tests the capital losses can be carried forward indefinitely and have no expiry date.

CAPITAL AND BORROWINGS

This section provides information on shareholder returns, equity and reserves, and debt funding including all relevant accounting policies applied.

17. Dividends

(a) Ordinary shares	2023 $m	2022 $m
Final dividend for the year ended 30 June 2022 of 3.3 cents per fully paid share paid on 18 October 2022 (2021: 3.5 cents per fully paid share paid on 22 October 2021)		
Fully franked based on tax paid at 30%	**58.3**	66.7
Special dividend for the year ended 30 June 2022 of 0.7 cents per fully paid share paid on 18 October 2022 (2021: Nil)		
Fully franked based on tax paid at 30%	**12.3**	-
Interim dividend for the year ended 30 June 2023 of 3.75 cents per fully paid share paid on 13 April 2023 (2022: 3.0 cents per fully paid share paid on 8 April 2022)		
Fully franked based on tax paid at 30%	**66.2**	57.6
	136.8	124.3

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

	2023 $m	2022 $m
Final dividend for the year ended 30 June 2023 of 4.35 cents per fully paid share paid on 17 October 2023 (2022: 3.3 cents per fully paid share paid on 18 October 2022)		
Fully franked based on tax paid at 30%	**76.8**	58.3
Special dividend for the year ended 30 June 2023 of nil cents per fully paid share (2022: 0.7 cents per fully paid share paid on 18 October 2022)		
Fully franked based on tax paid at 30%	**-**	12.3
	76.8	70.6

(c) Franked dividends

The franked portion of the final dividend recommended after the financial year end will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2023.

	Consolidated		Parent entity	
	2023 $m	2022 $m	**2023 $m**	2022 $m
Franking credits available for subsequent financial years based on a tax rate of 30% (2022: 30%)	**238.6**	247.0	**238.6**	247.0

The above amounts represent the balance of the franking account as at the end of the reporting period, adjusted for:

(i) franking credits that will arise from the payment of the amount of the provision for income tax;
(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and
(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

17. Dividends (CONTINUED)

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of non-wholly owned subsidiaries were paid as dividends. The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the end of each reporting period, will be a reduction in the franking account.

ACCOUNTING POLICY

Provision is made for any dividend declared that is appropriately authorised and no longer at the discretion of the entity, on or before the end of the reporting period but not distributed at the end of the reporting period.

18. Contributed equity

Share capital	Notes	2023 Shares	2022 Shares	2023 $m	2022 $m
Ordinary shares					
Fully paid	(a)	**1,765,762,524**	1,765,762,524	**2,736.9**	2,736.9
Less: Treasury shares	(b)	**(250,061)**	(10,021)	**(17.3)**	(16.3)
Total contributed equity		**1,765,512,463**	1,765,752,503	**2,719.6**	2,720.6

(a) Movements in ordinary shares:

Date	Details	Number of shares	$m
1 July 2021	Opening balance	1,906,960,085	3,096.3
	Employee share plan issues	7,726,305	24.4
	Dividend reinvestment plan	5,514,801	17.6
	Shares bought-back on-market and cancelled	(154,438,667)	(400.0)
	Buy-back transaction costs		(1.4)
1 July 2022	Opening balance	**1,765,762,524**	**2,736.9**
30 June 2023	Closing balance	**1,765,762,524**	**2,736.9**

(b) Movements in treasury shares:

Date	Details	Number of shares	$m
1 July 2021	Opening balance	(223,881)	(7.4)
	Transfer of treasury shares	8,323,274	26.2
	Treasury shares issued	(7,726,305)	(24.4)
	Treasury shares purchased	(383,109)	(1.2)
	Fair value movement on allocation and vesting of securities		(9.5)
1 July 2022	Opening balance	**(10,021)**	**(16.3)**
	Transfer of treasury shares	**1,383,778**	**4.0**
	Treasury shares purchased	**(1,623,818)**	**(4.6)**
	Fair value movement on allocation and vesting of securities	**-**	**(0.4)**
30 June 2023	Closing Balance	**(250,061)**	**(17.3)**

18. Contributed equity (CONTINUED)

(c) Ordinary shares

Ordinary shares entitle the holder to participate in dividends and the proceeds on winding up of the Company in proportion to the number of and amounts paid on the shares held.

On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote.

Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

(d) Dividend reinvestment plan

The Company has established a dividend reinvestment plan under which holders of ordinary shares may elect to have all or part of their dividend entitlements satisfied by the issue of new ordinary shares rather than by being paid in cash. Shares issued under the plan may be at a discount (which is determined by the Board) to the market price.

(e) Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Employee Share Trust for the purpose of allocating shares that vest under the Performance Rights Scheme. Details of the plans are set out in note 36.

(f) Capital risk management

The role of capital risk management at Qube is to support the creation of shareholder value having regard to risk. Qube’s capital risk management strategy, therefore, is to establish a framework that supports and facilitates the pursuit of Qube’s business strategy while minimising Qube’s costs of funding having regard to appropriate business risks.

Specifically, the components of Qube’s financial strategy are to:

- Optimise the capital structure to reduce the cost of capital;
- Provide sufficient financial flexibility to enable Qube to develop its businesses;
- Maintain access to a broad range of funding sources and diversifying the tenor; and
- Subject to the above, raise funds in the most cost effective manner possible.

Qube continues to maintain a conservative approach to its capital structure with a long-term target gearing range of 30-40%.

Qube monitors its net debt and available funding capacity through a range of measures including interest cover and other gearing ratios.

Qube maintains adequate headroom to its covenant levels to provide it with financial flexibility to take advantage of opportunities and the ability to manage an unexpected downturn in earnings which is important given Qube’s leverage to economic activity.

ACCOUNTING POLICY

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Where any Group company purchases the Company’s equity instruments, for example as the result of a share-based payment plan, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the owners of Qube Holdings Limited as treasury shares until the shares are cancelled or reissued.

Where such ordinary shares are subsequently reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the owners of Qube Holdings Limited.

Shares held by Qube Employee Share Accumulation Plan Pty Limited (Qube Employee Share Trust) are disclosed as treasury shares and deducted from contributed equity.

19. Reserves and retained earnings

	2023 $m	2022 $m
Reserves		
Business combination reserve	**28.4**	28.4
Transactions with non-controlling interests reserve	**(33.9)**	(33.9)
Share-based payments reserve	**21.9**	15.5
Foreign currency translation reserve	**(2.2)**	(10.8)
Cash flow hedging reserve	**(5.2)**	0.9
Share of other comprehensive income of joint venture	**3.6**	(0.1)
	12.6	-

(a) Movements in reserves:

	2023 $m	2022 $m
Share-based payments reserve		
Balance 1 July	**15.5**	16.7
Share-based payments	**-**	(8.7)
Employee share plan expense	**6.4**	7.5
Balance 30 June	**21.9**	15.5
Foreign currency translation reserve		
Balance 1 July	**(10.8)**	(4.4)
Currency translation differences, net of tax	**8.6**	(6.4)
Balance 30 June	**(2.2)**	(10.8)
Hedging reserve		
Balance 1 July	**0.9**	(1.9)
Cumulative (gain)/loss arising on changes in fair value of hedging instruments		
• Forward exchange contracts – Cash flow hedge reserve	**0.7**	(0.3)
• Cross-currency interest rate swaps – Cash flow hedge reserve	**(5.9)**	2.8
• Foreign exchange options – Cash flow hedge reserve	**-**	(0.1)
Deferred tax arising on cash flow hedges	**(1.0)**	(0.7)
Reserve release, net of tax	**0.1**	1.1
Balance 30 June	**(5.2)**	0.9
Share of other comprehensive income of joint venture		
Balance 1 July	**(0.1)**	(1.6)
Share of Patrick’s other comprehensive income	**3.7**	1.5
Balance 30 June	**3.6**	(0.1)

19. Reserves and retained earnings (CONTINUED)

Nature and purpose of reserves

(i) Business combination reserve

The business combination reserve represents the difference between the consideration paid to acquire a non-controlling interest in a subsidiary, versus the carrying value of the shares acquired.

(ii) Share-based payments reserve

The share-based payments reserve is used to recognise the loans and value of share-based payments provided to employees under share-based payment schemes. The initial fair value of the benefit provided is recognised on a straight-line basis over the vesting period.

(iii) Transactions with non-controlling interests reserve

This reserve is used to record the differences which may arise as a result of transactions with non-controlling interests that do not result in a loss of control.

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 39(b) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

(v) Hedging reserve

The hedging reserve includes the cash flow hedge reserve and the costs of hedging reserve, see note 31 for details. The cash flow hedge reserve is used to recognise the effective portion of gains or losses on derivatives that are designated and qualify as cash flow hedges, as described in note 31. Amounts are subsequently either transferred to the initial cost of the asset or reclassified to profit or loss as appropriate.

The Group defers the time value of option contracts in the costs of hedging reserve. These deferred costs of hedging are included in the initial cost of the related asset when it is recognised.

Retained earnings

Movements in retained earnings were as follows:	**2023** **$m**	2022 $m
Balance 1 July	**272.5**	269.6
Net profit for the year	**167.9**	127.5
Dividends paid	**(136.8)**	(124.6)
Balance 30 June	**303.6**	272.5

20. Borrowings

	2023	2022
	$m	**$m**
Current		
Unsecured		
Bank loans	**30.0**	58.6
Subordinated notes	**305.0**	-
Less: capitalised establishment costs	**(0.2)**	-
Total current borrowings	**334.8**	58.6
Non-current		
Unsecured		
Bank loans	**612.6**	340.0
Other financiers	**-**	150.0
Medium term notes	**213.5**	209.0
Subordinated notes	**-**	305.0
Less: capitalised establishment costs	**(4.7)**	(5.3)
Total non-current borrowings	**821.4**	998.7
Total borrowings	**1,156.2**	1,057.3

20. Borrowings (CONTINUED)

Bank and other facilities

The following table provides details of components of the borrowing facilities:

		2023		2022	
Facility	**Maturity**	**Facility**	**Utilised***	Facility	Utilised*
Bank Loans		**$m**	**$m**	$m	$m
Bilateral revolving facility (NZD)**	July 2022	**-**	**-**	58.6	58.6
Bilateral revolving facilities	May 2023	**-**	**-**	100.0	-
Bilateral revolving facilities	Aug 2023	**-**	**-**	75.0	-
Bilateral revolving facilities	Oct 2023	**120.0**	**30.0**	320.0	-
Bilateral revolving facilities	Nov 2023	**-**	**-**	380.0	240.0
Bilateral revolving facilities	June 2024	**-**	**-**	50.0	-
Bilateral revolving facilities	Oct 2024	**140.0**	**120.0**	140.0	-
Bilateral revolving facilities	May 2025	**-**	**-**	30.0	-
Bilateral revolving facilities (NZD)**	Jul 2025	**55.1**	**36.8**	-	-
Bilateral revolving facilities	Oct 2025	**70.0**	**-**	70.0	-
Bilateral revolving facilities	Nov 2025	**170.0**	**65.0**	170.0	-
Bilateral revolving facilities	Dec 2025	**50.0**	**-**	-	-
Bilateral revolving facilities	May 2026	**90.0**	**90.0**	-	-
Bilateral revolving facilities	Aug 2026	**100.0**	**-**	-	-
Bilateral revolving facilities	Nov 2026	**100.0**	**68.0**	100.0	-
Bilateral revolving facilities (NZD)**	Jul 2027	**55.1**	**52.8**	-	-
Bilateral revolving facilities	Nov 2027	**215.0**	**-**	-	-
Bilateral revolving facilities	Dec 2027	**50.0**	**-**	-	-
Bilateral revolving facilities	May 2028	**100.0**	**80.0**	-	-
Bilateral revolving facilities	Jun 2028	**75.0**	**-**	-	-
Bilateral revolving facilities	May 2030	**25.0**	**-**	-	-
Bilateral term facility	Aug 2024	**100.0**	**100.0**	100.0	100.0
Other Financiers					
Bilateral term facility	June 2024	**-**	**-**	150.0	150.0
US Private Placement					
Medium term notes (USD)**	Oct 2024	**56.9**	**56.9**	55.7	55.7
Medium term notes (USD)**	Oct 2027	**113.9**	**113.9**	111.5	111.5
Medium term notes (USD)**	Oct 2029	**42.7**	**42.7**	41.8	41.8
Subordinated notes	Oct 2023	**305.0**	**305.0**	305.0	305.0
		2,033.7	**1,161.1**	2,257.6	1,062.6

* Excludes bank guarantees drawn totaling $22.3 million (2022: $24.2 million) drawn under the Bilateral Revolving Facilities.

** Australian dollar equivalent.

During the year, Qube extended the maturity of $385 million of debt facilities, increased various facility limits by $195 million and established $185 million of new facilities. The tenure of these facilities was between 3-7 years. The Group either terminated or let lapse $610 million of bi-lateral facilities during the year.

At 30 June 2023 Qube's debt facilities have a weighted average maturity of around 2.5 years (June 2022: 2.1 years). Debt facilities totalling $425 million, of which $335 million were 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.

The notes issued in United States dollars (USD) have been converted back to Australian dollar (AUD) principal and AUD floating coupons through cross-currency interest rate swaps (CCIRS). The CCIRS have been designated as cash flow and fair value hedges as described in note 31.

20. Borrowings (CONTINUED)

(a) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2023 and 2022 reporting periods.

(b) Fair value

The carrying amounts and fair values of borrowings at the end of reporting period are:

	2023		2022	
	Carrying amount	**Fair value***	Carrying amount	Fair value*
	$m	**$m**	$m	$m
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**638.4**	**642.6**	395.4	398.6
Other financiers	**-**	**-**	149.7	150.0
Medium term notes	**213.0**	**213.5**	208.3	209.0
Subordinated notes	**304.8**	**305.0**	303.9	305.0
	1,156.2	**1,161.1**	1,057.3	1,062.6

* Fair value excludes capitalised establishment fees offset against loan carrying amounts.

ACCOUNTING POLICY

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities which are material and not an incremental cost relating to the actual draw down of the facility, are offset against the loan and amortised on a straight-line basis over the term of the facility.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

RISK MANAGEMENT

This section provides information on the Group's exposure to various financial risks, explains how they affect the Group's financial position and performance and how the Group manages these risks.

21. Financial risk management

The Group has exposure to a variety of financial risks including credit risk, market risk (interest rate risk and foreign exchange risk) and liquidity risk arising from the financial instruments it holds.

The Board of Directors is tasked with the oversight of the risk management process for Qube. The risk management process involves a detailed analysis of cash flows and forecasts. The Board of Directors undertakes a continuous review of the performance and prospects of Qube. This includes consideration of overall gearing levels and the impact of adverse movements in interest rates, the level and predictability of cash flows to meet debt obligations and capital expenditure, as well as any change in strategy that changes the underlying risk profile of the Group.

The carrying amounts of Qube's financial assets and liabilities at the balance sheet date approximate their fair value.

(a) Credit risk

Credit risk is the risk that a counterparty will fail to perform contractual obligations, either in whole or in part, under a contract.

Qube is exposed to credit risk as a result of its deposits and favourable derivative financial instruments with financial institutions. Qube mitigates the credit risk arising by conducting transactions with financial institutions above a certain credit rating and regularly monitors the net exposure. In relation to trade receivables, where possible, Qube only transacts with credit worthy customers and monitors the outstanding amounts for impairment on an ongoing basis, as set out in note 6.

There was no significant credit risk to counterparties at 30 June 2023 or 30 June 2022, that has not already been recognised.

The carrying amounts of cash and cash equivalents, receivables and inventories best represent the maximum credit risk exposure at the balance sheet date. The credit quality of cash and cash equivalents is set out in the table below.

	2023	2022
	$m	$m
Cash and cash equivalents	**191.7**	154.0

(b) Market risk

(i) Interest rate risk

Qube's primary interest rate risk relates to its variable rate borrowings and cash held on deposit, which expose the Group to interest rate risk. Qube's operating businesses are leveraged to the economy such that movements in interest rates, which typically reflect changes in economic conditions and outlook, are likely to correlate with movements in Qube's earnings. The primary objectives of Qube's interest rate risk management strategy therefore, are to protect against adverse movements in interest rates which Qube cannot fully or largely offset through its earnings. However, for debt used to fund assets with passive income streams (such as warehouse rental) that are not leveraged to the economy and have limited to no ability to increase revenues beyond the set annual increases, Qube aims to hedge between 70-100% subject to an overall cap on hedging of 60% of gross debt.

21. Financial risk management (CONTINUED)

(b) Market risk (continued)

Qube's exposure to interest rate risk is set out in the following table:	**2023**	2022
	$m	$m
Borrowings (excluding capitalised establishment costs)	**1,161.1**	1,062.6
Less: Fixed rate loans	**-**	(150.0)
Cash	**(191.7)**	(154.0)
Net exposure to interest rate risk	**969.4**	758.6
Interest rate hedging in place	**235.9**	215.0

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates. Qube's exposure to fair value interest rate risk relates primarily to interest rate hedging instruments referred to above.

(i) Sensitivity analysis

The following table summarises the sensitivity of Qube's after tax operating profit and net assets attributable to shareholders to interest rate risk. The Group analyses its interest rate exposure on a dynamic basis. The analysis is based on the assumption that interest rates changed +/- 250 basis points (2022 +/- 250 basis points) from the year end rates with all other variables held constant.

The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies and markets in which Qube invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Interest rate risk			
	-250 bps		**+250 bps**	
	Profit	Equity	Profit	Equity
2023	$m	$m	$m	$m
Total increase/(decrease)	**15.6**	**15.6**	**(14.2)**	**(14.2)**

	-250 bps		+250 bps	
	Profit	Equity	Profit	Equity
2022	$m	$m	$m	$m
Total increase/(decrease)	9.9	9.9	(11.0)	(11.0)

The above figures do not include Patrick's exposure to interest rate risk.

(ii) Foreign exchange risk

Foreign exchange risk arises from commercial transactions and recognised liabilities that are denominated in or related to a currency that is not the Group's functional currency. The Group's foreign exchange exposure relates largely to the USD denominated medium term note borrowings issued in October 2017. The Group also has exposure to movements in foreign currency exchange rates through purchases of parts and equipment in relation to the Moorebank IMEX rail terminal automation.

To mitigate the risk of adverse movements in foreign exchange and interest rates in relation to the USD denominated medium-term notes, the Group has entered into CCIRS agreements through which it replaces the related foreign currency principal and interest liability payments with Australian Dollar principal and interest payments. The CCIRS have been designated as cash flow and fair value hedges in order to reduce the volatility in the Group's reported earnings.

The Group utilised forward exchange contracts and options to manage its foreign exchange risk arising from purchases of parts and equipment in relation to the Moorebank IMEX rail terminal automation. These contracts are hedging highly probable forecast foreign currency exposures. The forward exchange contracts and options are designated as cash flow hedges and are timed to mature when foreign currency payments are scheduled to be made.

As at the reporting date, the Group's exposure to foreign exchange risk after taking into consideration hedges in relation to the USD medium term notes and the forecast foreign currency transactions is not considered material.

21. Financial risk management (CONTINUED)

(c) Liquidity risk

Liquidity risk is the risk that Qube will experience difficulty in either realising assets or otherwise raising sufficient funds to satisfy commitments associated with financial instruments.

The Group manages liquidity risk by maintaining adequate cash reserves, banking facilities and undrawn borrowing facilities and by continuously monitoring forecast and actual cash flows, and where possible, matching the maturity profiles of financial assets and liabilities. Set out below is a listing of undrawn facilities that the Group has at its disposal to further reduce liquidity risk.

Financing arrangements

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

	2023	2022
Floating rate	**$m**	$m
Expiring within one year	**90.0**	-
Expiring beyond one year*	**760.4**	1,170.8
	850.4	1,170.8

* Undrawn facilities are adjusted for $22.3 million in bank guarantees (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 and revolving facilities have an average maturity of 3.1 years (2022: 1.9 years).

Maturity of financial liabilities

The table below analyses Qube's financial liabilities into relevant maturity groupings based on the remaining period to the earliest possible contractual maturity date at the financial year end date. The amounts in the table are contractual undiscounted cash flows including interest.

	< 1 year $m	**1 to 5 years $m**	**> 5 years $m**	**Total $m**
Consolidated as at 30 June 2023				
Trade and other payables	**383.7**	**1.6**	**-**	**385.3**
Financial liabilities at fair value through profit or loss	**(4.6)**	**(5.6)**	**-**	**(10.2)**
Lease liabilities	**102.6**	**344.0**	**1,407.7**	**1,854.3**
Borrowings	**367.7**	**795.9**	**41.2**	**1,204.8**
Total financial liabilities	**849.4**	**1,135.9**	**1,448.9**	**3,434.2**
Consolidated as at 30 June 2022				
Trade and other payables	357.0	2.5	-	359.5
Financial liabilities at fair value through profit or loss	(2.0)	(4.1)	-	(6.1)
Lease liabilities	100.1	327.8	1,241.4	1,669.3
Borrowings	81.4	874.9	143.4	1,099.7
Total financial liabilities	536.5	1,201.1	1,384.8	3,122.4

22. Fair value measurement

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments and non-financial assets 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 and non-financial assets and liabilities measured and recognised at their fair value at 30 June 2023 on a recurring basis:

At 30 June 2023	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Recurring fair value measurements				
Assets				
Investment properties	**-**	**-**	**55.0**	**55.0**
Contingent consideration	**-**	**-**	**71.0**	**71.0**
Derivatives designated as hedges	**-**	**20.7**	**-**	**20.7**
Derivatives not designated as hedges	**-**	**12.3**	**-**	**12.3**
Total assets	**-**	**33.0**	**126.0**	**159.0**
Liabilities				
Derivatives not designated as hedges	**-**	**0.7**	**-**	**0.7**
Total liabilities	**-**	**0.7**	**-**	**0.7**
At 30 June 2022				
Recurring 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 not designated as hedges	-	0.5	-	0.5
Total liabilities	-	0.5	-	0.5

There were no transfers between levels 1 and 2 and out of level 3 for recurring fair value measurements during the financial year. For transfers in and out of level 3 measurements see (c(iv)) below. The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2023 or 30 June 2022.

The $71.0 million of contingent consideration referenced above includes $53.0 million of deferred purchase price balance on the sale of MLP and the remainder will be received during FY24. It also includes $41.3 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 $71.0 million is a net expected outflow of $23.3 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.

22. Fair value measurement (CONTINUED)

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

- CCIRS, 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;
- Term and reversion calculations which reflect the certainty of income to lease expiry, the nature of any current property improvements, any deferred underlying land value and underlying re-development of a property;
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and
- Discounted cash flow projections based on reliable estimates of future cash flows.

In relation to properties under development for future use as investment property, where reliably measurable, fair value is determined based on the market value of the asset on the assumption it had already been completed at the valuation date (using the methodology as outlined in (c)(vi) below).

The Russell Park investment property utilised the discounted cash flow and capitalisation approaches, which resulted in 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 for financial instruments in year ended 30 June 2023 (30 June 2022: Nil).

Further, in the current year there were also no changes made to any of the valuation techniques applied as of 30 June 2022.

(ii) Valuation inputs and relationships to fair value

Valuation inputs and relationships to fair value are considered for level 3 instruments as per the accounting policy disclosed below.

22. Fair value measurement (CONTINUED)

(iii) Valuation processes

The main level 3 inputs used by the Group in measuring the fair value of financial instruments are derived and evaluated as follows:

- 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.

Non-financial assets

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

There were no transfers between the levels of the fair value hierarchy for the year ended 30 June 2023.

(v) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements based on a discounted cashflow and capitalisation of earnings methodology:

Description	Fair value at 30 June 2023 $m	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment property	**$55.0**	Discount rate	**9.50%**	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	**8.50%**	
		Capitalisation rate	**8.00%**	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	**0.57%**	
		Rental growth rate	**3.12%**	The higher the rental growth rate, the higher the fair value
		Market rent (per sqm)	**$76**	Market rent represents the net market income per sqm used for valuation purposes

(vi) 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 asset – discount rates, terminal yields, expected capitalisation rate, vacancy rates, rental growth rates and market rent are estimated by an independent valuer or management based on comparable transactions and industry data.

ACCOUNTING POLICY

Estimated fair value less costs to sell for Moorebank Logistics Park

The fair value less costs to sell for MLP has been determined with reference to the consideration that is likely to be received for the sale, which includes an element of contingent consideration, less the fair value of contingent payments, estimated transaction costs and completion adjustments.

- 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.

GROUP STRUCTURE

This section provides information on the Group structure and helps users understand how changes in the Group structure affect the financial position and performance of the Group, including relevant accounting policies applied and critical judgements and estimates used.

23. Business combinations

(a) On 1 May 2023, Qube acquired 100% of the issued share capital of Kalari Proprietary Limited for $117.0 million.

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

	$m
Purchase consideration:	
Cash paid	**117.0**
Total purchase consideration	**117.0**

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

	Fair value $m
Cash	**4.1**
Trade and other receivables	**31.3**
Inventory	**2.9**
Prepayment	**1.5**
Property, plant and equipment	**85.6**
Right-of-use assets	**0.3**
Trade and other payables	**(5.5)**
Lease liability	**(0.3)**
Provision	**(12.7)**
Net identified assets acquired	**107.2**
Add: Provisional goodwill	**9.8**
Net assets acquired	**117.0**

(i) Acquisition related costs

Acquisition related costs of $2.1 million have been included in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $31.3 million have predominantly all been recovered for those amounts due and payable.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $28.3 million to the Group for the period from 1 May to 30 June 2023.

If the acquisition had occurred on 1 July 2022, revenue and profit for the year ended 30 June 2023 would have been $153.0 million and $17.8 million respectively.

23. Business combinations (CONTINUED)

Purchase consideration – cash outflow

	$m
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**117.0**
Less: Cash balances acquired	**(4.1)**
Net cash consideration	**112.9**

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. Changes in the provisional disclosures made as at 30 June 2022 relating to Harvestco Australia Pty Ltd were not material and resulted in additional goodwill being recognised of $59,955.

ACCOUNTING POLICY

The acquisition method of accounting is used to account for all business combinations, regardless of whether equity instruments or other assets are acquired. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred also includes the fair value of any asset or liability resulting from a contingent consideration arrangement and the fair value of any pre-existing equity interest in the subsidiary.

Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are, with limited exceptions, measured initially at their fair values at the acquisition date. On an acquisition- by-acquisition basis, the Group recognises any non-controlling interests in the acquiree either at fair value or at the non-controlling interests' proportionate share of the acquiree's net identifiable assets.

The excess of the consideration transferred and the amount of any non-controlling interests in the acquiree over the fair value of the Group's share of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the subsidiary acquired and the measurement of all amounts has been reviewed, the difference is recognised directly in profit or loss as a bargain purchase.

Where settlement of any part of cash consideration is deferred, the amounts payable in the future are discounted to their present value as at the date of exchange. The discount rate used is the entity's incremental borrowing rate, being the rate at which a similar borrowing could be obtained from an independent financier under comparable terms and conditions.

Contingent consideration is classified either as equity or a financial liability. Amounts classified as a financial liability are subsequently remeasured to fair value with changes in fair value recognised in profit or loss.

24. 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 total up-front proceeds of around $1.36 billion and another $263.3 million ($247.0 million related to deferred consideration and $16.3 million related to cost recoveries) was received during the year ended 30 June 2023. The remaining $53 million of the deferred consideration will be paid progressively as construction of stage 1a of the 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*.

24. Discontinued operations (CONTINUED)

Financial performance and cash flow information

The financial performance and cash flow information presented are for the year ended 30 June 2023 and the year ended 30 June 2022.

	2023	2022
	$m	$m
Revenue	**0.1**	7.6
Other income	**-**	1.2
Operating expenses	**-**	(11.7)
Net finance income/(costs)	**0.1**	(5.1)
Redundancy costs	**-**	(5.9)
Net (loss)/gain on sale of MLP Property Assets	**(7.6)**	3.3
Loss before income tax	**(7.4)**	(10.6)
Income tax (expense)/benefit	**(0.6)**	3.2
Loss of discontinued operation	**(8.0)**	(7.4)
Net cash outflow from operating activities	**(5.1)**	(32.4)
Net cash (outflow)/inflow from investing activities	**(4.6)**	28.6
Net cash inflow from financing activities	**-**	4.6
Net decrease in cash generated	**(9.7)**	0.8

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 $200 million (30 June 2022: $154 million).
- Construction of Stage 1a has commenced and is scheduled for completion in H2 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.

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.

Qube is presently in a disagreement with the head contractor for the MLP Interstate Terminal over variations to the construction price and delivery timeframe. At this stage, based on a legal and commercial assessment of its position, Qube does not expect the outcome of this disagreement to have a material impact on Qube’s financial position or the underlying returns from the MLP Interstate Terminal.

NIC shareholding

A provision of $15 million was booked in the year ended 30 June 2022 for construction costs to be borne by Qube in relation to NIC's 10% future shareholding as part of the gain on sale calculation. In the year ended 30 June 2023, an additional provision of $5 million has been recognised which represents 10% of the uplift in the Group's revised cost estimate to fund Stage 1 of the MLP Interstate Terminal. The provision has been reduced proportionate to capital expenditure spent during the year in satisfying the obligation to date.

24. Discontinued operations (CONTINUED)

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 30 June 2023.

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 1 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 $130 million.

LOGOS shareholding

A provision of $37.5 million was booked in the year ended 30 June 2022 for construction costs to be borne by Qube in relation to LOGOS' 25% future shareholding as part of the gain on sale calculation. In the year ended 30 June 2023, an additional provision of around $12.5 million has been recognised which represents 25% of the uplift in the Group's revised cost estimate to fund Stage 1 of the MLP Interstate Terminal. Around $3.75 million of this additional provision is recoverable from LOGOS under the terms of the sale agreement. The provision has been reduced proportionate to capital expenditure spent during the year in satisfying the obligation to date.

Qube are entitled to receive $7.5 million in contingent consideration upon completion of the Stage 1a build with an additional $33.75 million of contingent consideration which will be received based on achieving specific volume (TEU) hurdles. The contingent receivable of $41.25 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 $41.25 million, as Qube will either receive $41.25 million cash or shares which are considered to be worth at least $41.25 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.

25. Investment in equity accounted investments

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 30 June 2023. 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.

		% ownership interest		Carrying amount	
		2023	2022	**2023**	2022
Name of entity	**Place of business/country of incorporation**	**%**	%	**$m**	$m
Patrick[1]	Australia	**50**	50	**555.5**	540.7
Other equity accounted investments				**72.9**	36.6
				628.4	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 $100.9 million ($200.9 million in June 2022) 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 (d) below.

25. Investment in equity accounted investments (CONTINUED)

(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 the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy where material.

	PTH No.1 Pty Ltd (Patrick) 30 June 2023 $m	PTH No.1 Pty Ltd (Patrick) 30 June 2022 $m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**23.5**	21.1
Other current assets	**126.3**	112.2
Total current assets	**149.8**	133.3
Non-current assets	**3,812.2**	3,839.0
Current liabilities		
Financial liabilities*	**59.9**	0.1
Other current liabilities	**168.4**	179.4
Total current liabilities	**228.3**	179.5
Non-current liabilities		
Financial liabilities*	**1,151.4**	1,064.5
Shareholder loans	**202.0**	401.8
Other non-current liabilities	**1,396.5**	1,372.4
Total non-current liabilities	**2,749.9**	2,838.7
Net Assets	**983.8**	954.1

* - (excluding trade payables)

	PTH No.1 Pty Ltd (Patrick) 30 June 2023 $m	PTH No.1 Pty Ltd (Patrick) 30 June 2022 $m
Reconciliation to carrying amounts		
Opening net assets	**954.1**	956.4
Profit for the period	**56.0**	56.6
Equity issued	**72.5**	-
Dividends	**(106.0)**	(62.0)
Movement in reserves	**7.2**	3.1
Closing net assets	**983.8**	954.1
Group's share in %	**50%**	50%
Group's share in $	**491.9**	477.1
Goodwill	**63.6**	63.6
Carrying amount	**555.5**	540.7
Summarised statement of comprehensive income		
Revenue	**797.6**	762.9
Interest Income	**1.2**	0.2
Depreciation & amortisation	**(143.6)**	(141.7)
Interest expense	**(132.1)**	(105.6)
Income tax expense	**(24.7)**	(23.0)
Profit for the period	**56.0**	56.6
Other comprehensive income	**7.2**	3.1
Total comprehensive income	**63.2**	59.7

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 tables below for the years ended 30 June 2023 and 30 June 2022.

Patrick underlying contribution reconciliation (100%) For the year ended 30 June 2023	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	**797.6**	**(17.0)**	**780.6**
EBITDA	**355.2**	**(49.7)**	**305.5**
EBITA	**237.9**	**(8.8)**	**229.1**
EBIT	**211.6**	**(8.9)**	**202.7**
Interest expense (net) - External	**(102.1)**	**53.2**	**(48.9)**
Interest expense - Shareholders	**(28.8)**	**-**	**(28.8)**
Net profit before tax	**80.7**	**44.3**	**125.0**
Tax (@ 30%)	**(24.7)**	**(12.8)**	**(37.5)**
Net profit after tax	**56.0**	**31.5**	**87.5**
Net profit after tax pre-amortisation	**74.4**	**31.6**	**106.0**
Qube share (50%) of net profit after tax	**28.0**	**15.8**	**43.8**
Qube interest income net of tax from Patrick[1]	**10.1**	**-**	**10.1**
Qube net profit after tax from Patrick	**38.1**	**15.8**	**53.9**
Qube share (50%) of net profit after tax pre-amortisation	**37.2**	**15.8**	**53.0**
Qube net profit after tax pre-amortisation from Patrick (50%)	**47.3**	**15.8**	**63.1**

25. Investment in equity accounted investments (CONTINUED)

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

Patrick underlying contribution reconciliation (100%) For the year ended 30 June 2022	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	762.9	(32.6)	730.3
EBITDA	326.8	(47.0)	279.8
EBITA	214.6	(7.6)	207.0
EBIT	185.1	(7.6)	177.5
Interest expense (net) - External	(72.1)	50.0	(22.1)
Interest expense - Shareholders	(33.4)	-	(33.4)
Net profit before tax	79.6	42.4	122.0
Tax (@ 30%)	(23.0)	(13.6)	(36.6)
Net profit after tax	56.6	28.8	85.4
Net profit after tax pre-amortisation	77.3	28.8	106.1
Qube share (50%) of net profit after tax	28.3	14.4	42.7
Qube interest income net of tax from Patrick[1]	11.7	-	11.7
Qube net profit after tax from Patrick	40.0	14.4	54.4
Qube share (50%) of net profit after tax pre-amortisation	38.6	14.4	53.0
Qube net profit after tax pre-amortisation from Patrick (50%)	50.3	14.4	64.7

1. Qube's share of shareholder interest income is subject to a 30% tax charge, whereas Qube's share of profit from Patrick trading results has already been tax effected.
2. For the year ended 30 June 2023 underlying adjustments included AASB 16 leasing adjustments of $44.2 million. The prior year underlying adjustments included $0.8 million in restructure costs and AASB 16 leasing adjustments of $41.6 million.

(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 and joint ventures that are accounted for using the equity method.

	2023 $m	2022 $m
Aggregate carrying amount of individually immaterial associates and joint ventures[1]	**72.9**	36.6
Aggregate amounts of the Group's share of:		
Profit for the year	**4.0**	0.5
Other comprehensive income	**-**	-
Total comprehensive income	**4.0**	0.5

[1] "K" Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd (IMG), Southern Export Terminals Pty Ltd and Pinnacle Corporation Limited.

(d) Contingent liabilities of associates and joint ventures

Qube's share of the contingent liabilities of its associates and joint ventures has been disclosed in note 28.

25. Investment in equity accounted investments (CONTINUED)

ACCOUNTING POLICY

Under AASB 11 *Joint Arrangements* investments in joint arrangements are classified as either joint operations or joint ventures. The classification depends on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has both joint operations and joint ventures.

Joint operations

Qube recognises its direct right to the assets, liabilities, revenues and expenses of joint operations and its share of any jointly held or incurred assets, liabilities, revenues and expenses. These have been incorporated in the financial statements under the appropriate headings. Details of the joint operation are set out in (b) above.

Joint ventures

Interests in joint ventures are accounted for using the equity method, after initially being recognised at cost in the consolidated balance sheet.

Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

The Group's share of its joint arrangements and associates' post acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post acquisition movements are adjusted against the carrying amount of the investment. Dividends received or receivable from joint arrangements or associates are recognised as reduction in the carrying amount of the investment.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint arrangement or associate.

Unrealised gains on transactions between the Group and its joint arrangements and associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of joint arrangements and associates have been changed where necessary to ensure consistency with the policies adopted by the Group.

Impairment

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value-in-use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash generating units). Assets that suffered an impairment are reviewed for possible reversal of the impairment at the end of each reporting period.

26. Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries:

			Equity holding	
Name of entity	**Country of incorporation**	**Class of shares/units**	**2023 (%)**	2022 (%)
AAT Port Kembla Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Amalgamated Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Automotive Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Grain Packers Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Grain Handlers Pty Ltd[1]	Australia	Ordinary	**100**	100
Australian Heavy Logistics Pty Ltd[1]	Australia	Ordinary	**100**	100
BBH Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Beaumont Transport Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Holdings Trust[1]	Australia	Ordinary	**100**	100
Beveridge Terminals Trust[1]	Australia	Ordinary	**-**	100
Beveridge Warehouse Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Beveridge Warehouse Holdings Trust[1]	Australia	Ordinary	**100**	100
Beveridge Warehouse Trust[1]	Australia	Ordinary	**-**	100
Bluewood Industries Pty Ltd	Australia	Ordinary	**100**	100
Bowport All Roads Transport Pty Ltd[1]	Australia	Ordinary	**100**	100
Canopus Pty Ltd[1]	Australia	Ordinary	**100**	100
Cargo Marshalling Services Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Acquisition Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Employee Services Pty Ltd[1]	Australia	Ordinary	**100**	100
C&H Finance Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers 20 Cawley Road Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers (Australia) Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Industries Brisbane Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Industries Pty Ltd[1]	Australia	Ordinary	**100**	100
Chalmers Pty Limited[1]	Australia	Ordinary	**100**	100
Continental Freight Employees Unit Trust[1]	Australia	Ordinary	**100**	100
CSR Trust	Australia	Ordinary	**100**	100
CTC Holdings (NSW) Pty Ltd	Australia	Ordinary	**100**	100
CTC Terminals Pty Ltd	Australia	Ordinary	**100**	100
D&J Holding Co Pty Ltd[1]	Australia	Ordinary	**100**	100
D&J Subsidiary Co Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Bros. Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Contracting Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Group Operations Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Holdings Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Limestone Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Management Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci NT Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci Port Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Giacci SA Pty Ltd[1]	Australia	Ordinary	**100**	100
Havestco Australia Pty Ltd	Australia	Ordinary	**100**	100
Independent Railroad of Australia Pty Ltd[1]	Australia	Ordinary	**100**	100
Independent Railways of Australia Pty Ltd[1]	Australia	Ordinary	**100**	100
Indy Equipment Pty Ltd[1]	Australia	Ordinary	**100**	100

			Equity holding	
Name of entity	**Country of incorporation**	**Class of shares/units**	**2023 (%)**	2022 (%)
Jamlewin Enterprises Pty Ltd[1]	Australia	Ordinary	**100**	100
Jingle SPV1 Pty Ltd	Australia	Ordinary	**100**	100
Jingle SPV2 Pty Ltd	Australia	Ordinary	**100**	100
Kalari Proprietary Limited[1]	Australia	Ordinary	**100**	-
K-AA Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
KFM Property Logistics 1 Pty Ltd[1]	Australia	Ordinary	**100**	100
KFM Logistics Investments 2 Pty Ltd[1]	Australia	Ordinary	**100**	100
KIL Property Investments Pty Ltd[1]	Australia	Ordinary	**100**	100
K-NSS Pty Ltd[1]	Australia	Ordinary	**100**	100
K-POAGS Pty Ltd[1]	Australia	Ordinary	**100**	100
K-POTA Pty Ltd[1]	Australia	Ordinary	**100**	100
KW Auto Logistics Pty Ltd[1]	Australia	Ordinary	**100**	100
Lasso Logistics Pty Ltd	Australia	Ordinary	**100**	100
Latot Pty Ltd[1]	Australia	Ordinary	**100**	100
LB Consolidated Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Holdco Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Finance Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Finance Trust[1]	Australia	Ordinary	**100**	100
LCR Haulage Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Haulage Group Trust[1]	Australia	Ordinary	**100**	100
LCR Holdings Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Mining Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Mining Group Trust[1]	Australia	Ordinary	**100**	100
LCR Properties Group Pty Ltd[1]	Australia	Ordinary	**100**	100
LCR Properties Group Trust[1]	Australia	Ordinary	**100**	100
LPE Pty Ltd[1]	Australia	Ordinary	**100**	100
Macarthur Intermodal Shipping Terminal Pty Ltd[1]	Australia	Ordinary	**100**	100
Maritime Container Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Markhaven Pty Ltd[1]	Australia	Ordinary	**100**	100
Minto Properties Pty Ltd[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Asset Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Asset Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Operations Hold Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Terminals Operations Trust[1]	Australia	Ordinary	**100**	100
Moorebank Industrial Warehouse Hold Trust[1]	Australia	Ordinary	**100**	100
Newcastle Agri Terminal Pty Ltd	Australia	Ordinary	**100**	100
Newcastle Bulk Solutions Pty Ltd	Australia	Ordinary	**100**	100
Oversea & General Stevedoring Co Pty Ltd[1]	Australia	Ordinary	**100**	100
Oztran Assets Pty Ltd[1]	Australia	Ordinary	**100**	100
Oztran Aust Pty Ltd[1]	Australia	Ordinary	**100**	100
P&O Wharf Management Pty Ltd[1]	Australia	Ordinary	**100**	100
Quattro Grain Trust	Australia	Ordinary	**100**	100
Quattro P RE Services Pty Ltd	Australia	Ordinary	**100**	100
Qube Agri Investments Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Holding Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Investment Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Intermodal Hold Trust[1]	Australia	Ordinary	**100**	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2023 (%)	Equity holding 2022 (%)
Qube (AU) Moorebank Intermodal Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Assets Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Assets Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Operations Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Terminals Operations Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Unit Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Hold Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Trust[1]	Australia	Ordinary	**100**	100
Qube (AU) Moorebank Warehouse Lot Hold Trust[1]	Australia	Ordinary	**100**	100
Qube Bulk Liquids Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Bulk Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Employee Share Accumulation Plan Pty Ltd	Australia	Ordinary	**100**	100
Qube Energy Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Equity Ltd[1]	Australia	Ordinary	**100**	100
Qube Forestry Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Holdings Limited	Australia	Ordinary		
Qube Heavy Lift Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Learning Pty Ltd	Australia	Ordinary	**100**	100
Qube Logistics (Aust) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Global) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (H&S) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (NSW) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Qld) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT2) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT3) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT4) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT5) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (QldT6) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (Rail) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SA) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SA1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SB) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (SL) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics Trust[1]	Australia	Ordinary	**100**	100
Qube Logistics (Vic) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (WA) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (WA1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Logistics (WA2) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube MB Warehousing Pty Limited[1]	Australia	Ordinary	**100**	100
Qube Moorebank Warehousing Trust[1]	Australia	Ordinary	**100**	100
Qube Mooring Pty Ltd [1]	Australia	Ordinary	**100**	100
Qube Property Management Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Properties Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube RE Services Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube RE Services (No.2) Pty Ltd[1]	Australia	Ordinary	**100**	100

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2023 (%)	Equity holding 2022 (%)
Qube Terminals Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Terminals Investments Pty Ltd	Australia	Ordinary	**100**	100
Qube Offshore Services Pty Ltd	Australia	Ordinary	**100**	100
Qube Ports (No 1) Pty Ltd[1]	Australia	Ordinary	**100**	100
Qube Ports Pty Ltd[1]	Australia	Ordinary	**100**	100
Rail Equipment Leasing Pty Ltd[1]	Australia	Ordinary	**100**	100
Stanton Oztran Pty Ltd[1]	Australia	Ordinary	**100**	100
Stonecrest Enterprises Pty Ltd[1]	Australia	Ordinary	**100**	100
TQ Holdings Australia Pty Ltd	Australia	Ordinary	**100**	100
True Blue Containers (2005) Pty Ltd	Australia	Ordinary	**100**	100
W Qube Port of Dampier Pty Ltd[1]	Australia	Ordinary	**100**	100
BOMC Pte Ltd	Singapore	Ordinary	**54**	54
BOMC Services Pte Ltd[2]	Singapore	Ordinary	**54**	54
LCR PNG Ltd	Papua New Guinea	Ordinary	**100**	100
ISO Ltd	New Zealand	Ordinary	**100**	100
Marshalling Solutions LLC	United States	Ordinary	**100**	100
NZ Bidco Ltd	New Zealand	Ordinary	**100**	100
Pacific Haulage Limited	New Zealand	Ordinary	**100**	100
Pacific Shipping Services Ltd	New Zealand	Ordinary	**100**	100
PT Bintan Offshore Marine Centre[2]	Indonesia	Ordinary	**54**	54
Qube Energy Sdn BHD	Malaysia	Ordinary	**100**	100
Qube International Pte Ltd	Singapore	Ordinary	**100**	100
Qube Logistics (NZ) Limited	New Zealand	Ordinary	**100**	100
Qube Pte. Ltd	Singapore	Ordinary	**51**	51

1. These subsidiaries have taken advantage of relief from the necessity to prepare financial reports in accordance with ASIC Corporations instrument 2016/785 issued by the Australian Securities and Investments Commission. For further information refer to note 37;

2. Qube's economic interest in these entities is 54% due to its holding in BOMC Pte Ltd (holding company of the BOMC group);

26. Significant investments in subsidiaries (CONTINUED)

ACCOUNTING POLICY

Principles of consolidation

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has 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.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 23).

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated statement of comprehensive income, statement of changes in equity and balance sheet respectively.

Changes in ownership interests

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with owners of the Group. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative interests in the subsidiary. Any difference between the amount of the adjustment to non-controlling interests and any consideration paid or received is recognised in a separate reserve within equity attributable to owners of Qube.

When the Group ceases to have control, joint control or significant influence, any retained interest in the entity is remeasured to its fair value with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, jointly controlled entity or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss. If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

27. Non-controlling interests

(a) Non-controlling interests ('NCI') share of equity

	2023 $m	2022 $m
Interest in:		
Share capital	**-**	-
Reserves	**-**	-
Accumulated losses	**(3.5)**	(2.2)
	(3.5)	(2.2)

Accumulated losses in FY23 and FY22 are in relation to PT Bintan Offshore Marine Centre.

UNRECOGNISED ITEMS

The section provides information about items that are not recognised in the financial statements, but could potentially have a significant impact on the Group's financial position and performance.

28. Contingencies

Contingent liabilities

Guarantees

The parent entity has provided unsecured bank guarantees amounting to $24.6 million (2022: $65.5 million).

Qube issued a parent company guarantee in support of its 50% share of Prixcar's transactional banking facilities. The guarantee is limited to $8.95 million plus accrued interest and costs should the guarantee be enforced.

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), 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.

29. Commitments

(a) Capital commitments

Capital expenditure contracted for at the end of each reporting period, but not recognised as liabilities is as follows:

	2023	2022
	$m	$m
Payable:		
Within one year	**297.4**	287.3
Later than one year but not later than five years	**14.9**	34.2
Later than five years	**-**	-
	312.3	321.5

The above balance comprises capital expenditure required for contracted works and new items of plant and equipment.

One of the major items of capital expenditure included above relates to Qube's commitment to develop an Interstate Terminal at Moorebank.

30. Events occurring after the reporting period

Matters subsequent to the end of the financial year

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.

Except as outlined in the Directors' Report or noted above, no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future financial years.

OTHER NOTES

This section includes items requiring disclosure to comply with Australian Accounting Standards and other regulatory pronouncements, but are not considered critical in understanding the financial performance or position of the Group, including relevant accounting policies applied, as well as other accounting policies applied which are not covered elsewhere in the notes to the financial statements.

31. Derivative Financial Instruments

The Group enters into derivative financial instruments in the normal course of business in order to hedge its interest rate and foreign currency risk exposure in accordance with the Group's financial risk management policies (refer to note 21). Derivatives are only used for economic hedging purposes and not as speculative investments. The following table shows the notional value of the derivative instruments held by the Group, the nature of the hedge relationship with the underlying debt instrument and their fair value as at the reporting date.

Derivative Instrument	**Nature of Hedge**	**Notional amount**	**Asset**	**Liability**
		$m	**$m**	**$m**
Year ended 30 June 2023				
Cross-currency interest rate swaps	Cash flow hedge	189.6	**(10.9)**	**-**
	Fair value hedge	189.6	**30.7**	**-**
Forward exchange contracts	Cash flow hedge	3.5	**0.2**	**-**
Interest rate derivatives	Cash flow hedge	45.9	**0.7**	**-**
Interest rate derivatives	Not hedge accounted	190.0	**12.3**	**0.7**
Current			**0.2**	**0.7**
Non-current			**32.8**	**-**
Year ended 30 June 2022				
Cross-currency interest rate swaps	Cash flow hedge	189.6	(8.5)	-
	Fair value hedge	189.6	29.7	-
Foreign exchange options	Cash flow hedge	2.0	-	-
Forward exchange contracts	Cash flow hedge	11.0	-	0.5
Interest rate derivatives	Not hedge accounted	215.0	13.6	-
Current			-	0.5
Non-current			34.8	-

Cross-currency interest rate swap (CCIRS)

The Group's medium term notes create both an interest rate and a foreign currency risk exposure. The Group's policy is to minimise its exposure to both USD interest rate and exchange rate movements. Accordingly, the Group has entered into a series of CCIRS which cover 100% of the USPP principals outstanding and are timed to expire when each USPP loan matures. These swaps also swap the obligation to pay fixed USD interest to floating AUD interest. If the swaps held are no longer effective in hedging the interest rate and foreign currency risk exposure, management will reassess the value in continuing to hold the swap.

In accordance with the accounting policy, these CCIRS have been designated as fair value and cash flow hedges with movements in fair value recognised through profit or loss together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk for fair value hedges or in equity in the cash flow hedge reserve for cash flow hedges, whilst they are still in an effective hedge relationship.

Interest rate derivatives

Borrowings of the Group (excluding leases) currently bear an average interest rate of 3.9% on drawn debt and total facilities in place at year end, including margin, commitment and establishment fees. The Group manages cash flow interest rate risk by using interest rate swaps, interest rate caps and interest rate collars.

Hedging instruments in place, cover approximately 21% (2022: 24%) of the variable loan principal outstanding and have a weighted average minimum and maximum base rate of 0.6% and 2.0% respectively.

As the Group has not designated these derivatives as hedging instruments for accounting purposes, the changes in the fair value are recognised immediately in profit or loss.

Forward exchange contracts and Foreign exchange options

The Group has exposure to movements in foreign currency exchange rates through anticipated purchases of parts and equipment. There has been no material hedge ineffectiveness during the period between designation of these forward exchange rate contracts and foreign exchange options and the reporting date. The movement in fair value has been deferred in the cash flow hedge reserve and will be released when the anticipated transactions occur.

31. Derivative Financial Instruments (CONTINUED)

ACCOUNTING POLICY

Derivatives that qualify for hedge accounting
Qube has entered into derivative financial instruments to hedge its exposure to fluctuations in interest and foreign exchange rates. At the inception, Qube designates and documents these derivative instruments into a hedging relationship with the applicable hedged items, noting its risk management objective and strategy for undertaking the hedge transaction.

Qube documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be, highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair value hedges
A fair value hedge is a hedge of the exposure to changes in fair value of an asset or liability that is attributable to a particular risk.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The Group discontinues hedge accounting only when the hedging relationship (or a part thereof) ceases to meet the qualifying criteria. This includes instances when the hedging instrument expires or is sold, terminated or exercised. The discontinuation is accounted for prospectively. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

Cash flow hedge

A cash flow hedge is a hedge of the exposure to variability in cash flows attributable to a particular risk associated with an asset, liability or highly probable forecast transaction that could affect profit or loss.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the cash flow hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within finance income or expense.

Changes in fair value of the foreign currency basis spread of a financial instrument when the foreign currency basis spread of a financial instrument is excluded from the designation of that financial instrument, as the hedging instrument are included in the cost of hedging reserve.

When option contracts are used to hedge forecast transactions, the Group designates only the intrinsic value of the options as the hedging instrument. Gains or losses relating to the effective portion of the change in intrinsic value of the options are recognised in the cash flow hedge reserve within equity. The changes in the time value of the options that relate to the hedged item are recognised within other comprehensive income (OCI) in the costs of hedging reserve within equity.

When the forecast transaction that is hedged results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously in the cash flow hedge reserve are transferred from equity and included in the initial measurement of the cost of the asset or liability.

Hedge accounting is discontinued when the hedging instrument matures or is sold, terminated or exercised, no longer qualifies for hedge accounting, or when Qube revokes designation. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised immediately in profit or loss.

Derivatives that do not qualify for hedge accounting
Changes in the fair value of any derivatives that do not qualify for hedge accounting are recognised immediately in the profit or loss.

32. Reconciliation of profit after income tax to net cash inflow from operating activities

	2023 $m	2022 $m
(a) Net cash inflow from operating activities		
Profit for the year	**166.6**	128.3
Depreciation and amortisation	**276.6**	258.4
Non-cash employee benefits expense – share-based payments	**6.6**	7.5
Fair value adjustment to investment properties	**(1.5)**	(7.0)
Fair value loss/(gain) on financial instruments at fair value through profit or loss	**1.3**	(19.4)
Impairment of investment in associates and loans to associates	**-**	2.1
Fair value loss on non-current assets	**-**	5.6
Net loss/(gain) on sale of MLP Property Assets	**7.6**	(3.3)
Profit on sale of property plant and equipment	**(9.5)**	(9.3)
Share of profit of associates (net of dividends received)	**21.5**	4.6
Capitalised debt establishment costs and interest	**(11.6)**	(13.7)
Finance costs on leases	**-**	4.7
Gain on cancellation of sub-lease	**(0.8)**	(0.3)
Finalisation of acquisition	**-**	(1.7)
Change in operating assets and liabilities, net of effects from purchase of controlled entities:		
Decrease/(increase) in trade debtors and other receivables	**72.5**	(138.3)
Decrease/(increase) in inventories	**5.9**	(22.2)
Decrease/(increase) in deferred tax assets	**2.8**	(21.9)
(Decrease)/increase in trade creditors	**(18.5)**	46.3
(Decrease)/increase in other operating liabilities	**(3.1)**	4.5
(Decrease)/increase in provision for income taxes payable	**(135.1)**	156.5
Increase/(decrease) in deferred tax liabilities	**5.2**	(102.8)
Increase in other provisions	**5.5**	20.1
Net cash inflow from operating activities	**392.0**	298.7

(b) Non-cash investing and financing activities

Non-cash investing and financing activities disclosed in other notes are:

- acquisition of right-of-use asset – note 10(a)
- dividends satisfied by the issue of shares under the dividend reinvestment plan – note 18(a), and
- options and shares issued to employees under the employee share scheme – note 36.

32. Reconciliation of profit after income tax to net cash inflow from operating activities
(CONTINUED)

(c) Net debt reconciliation

The table below details changes in the Group's net debt arising from financing activities, including both cash and non-cash changes.

	Borrowings* $'m	Leases $'m	Subtotal $'m	Cash and cash equivalents $'m	Total $'m
Net debt as at 30 June 2021	1,533.2	717.1	2,250.3	(125.8)	2,124.5
Cash flows	(465.0)	(100.6)	(565.6)	(33.4)	(599.0)
Additions & acquisitions of subsidiaries	-	184.6	184.6	-	184.6
Lease interest expense capitalised	-	37.7	37.7	-	37.7
Fair value and foreign exchange adjustments	(5.6)	-	(5.6)	5.2	(0.4)
Modifications and lease re-assessments	-	32.0	32.0	-	32.0
Variable lease adjustments	-	24.2	24.2	-	24.2
Net debt as at 1 July 2022	**1,062.6**	**895.0**	**1,957.6**	**(154.0)**	**1,803.6**
Cash flows	**93.2**	**(104.8)**	**(11.6)**	**(37.3)**	**(48.9)**
Additions & acquisitions of subsidiaries	**-**	**35.6**	**35.6**	**-**	**35.6**
Lease interest expense capitalised	**-**	**41.8**	**41.8**	**-**	**41.8**
Fair value and foreign exchange adjustments	**5.3**	**-**	**5.3**	**(0.4)**	**4.9**
Modifications and lease re-assessments	**-**	**6.0**	**6.0**	**-**	**6.0**
Variable lease adjustments	**-**	**8.1**	**8.1**	**-**	**8.1**
Net debt as at 30 June 2023	**1,161.1**	**881.7**	**2,042.8**	**(191.7)**	**1,851.1**

* Excludes capitalised establishment costs.

33. Remuneration of auditors

During the financial year the following fees were paid or payable for services provided by the auditor of the parent entity, its related practices and non-related audit firms:

	2023 $'000	2022 $'000
(a) PwC Australia		
(i) Audit and other assurance services		
- Audit and review of financial statements	**1,512.0**	1,086.5
Total remuneration for audit and other assurance services	**1,512.0**	1,086.5
(ii) Taxation services		
- Tax compliance services	**113.4**	58.0
- Tax advisory services[1]	**173.2**	17.3
Total remuneration for taxation services	**286.6**	75.3
(iii) Other services		
- Due diligence services	**130.0**	37.5
- Other services	**140.0**	35.2
Total remuneration for other services	**270.0**	72.7
Total remuneration of PwC Australia	**2,068.6**	1,234.5
(b) Non-PwC audit firms		
(i) Audit and other assurance services – audit and review of financial statements	**217.2**	59.8
(ii) Taxation services – tax compliance services	**137.8**	25.0
(iii) Other assurance services – other services	**206.7**	268.5
Total remuneration of non-PwC audit firms	**561.7**	353.3
Total auditors' remuneration	**2,630.3**	1,587.8

34. Related party transactions

(a) Parent entity

The ultimate parent entity and ultimate controlling party of the Group is Qube Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 26.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 35.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	2023	2022
	$m	$m
Stevedoring services		
received from other related entities and associates	**5.7**	8.3
paid to associates	**31.4**	31.8
Logistics, fuel services and management fees		
received from associates and other related parties	**0.5**	0.5
paid to associates and other related parties	**0.5**	-
Rental income received from associates	**2.4**	1.8
Dividend income received from associates	**56.5**	34.1

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2023	2022
	$m	$m
Associates and other related parties		
Current receivables (provision of services)	**1.0**	1.2
Current payables (payment for services)	**2.2**	1.2

(f) Loans to related parties

Loans to other associated entities totalled $122.2 million (2022:$218.3 million) at the end of the year. Included in this total is $100.9 million (2022: $200.9 million) in shareholder loans provided to Patrick, $24.2 million (2022: $24.2 million) in shareholder loans to Prixcar, a shareholder loan of $13.6 million (2022: $11.9 million) to IMG and a shareholder loan of $0.2m to P&O Trans (Malaysia) Sdn Bhd. Refer to note 8 for further information in relation to the loan with Patrick. Other loans to associates have been classified within other assets on the Balance Sheet.

Loan repayments of $63.9 million (2022: $36.6 million) were received from associated entities during the year.

The Shareholder loan with Prixcar has been impaired to $7.5 million (2022: $5.5 million). No impairment issues were noted in relation to Patrick.

(g) Terms and conditions

All transactions were made on normal commercial terms and conditions and at market rates.

35. Key management personnel disclosures

(a) Key management personnel compensation	**2023 $'000**	2022 $'000
Short-term employee benefits	**10,380.2**	9,832.1
Post-employment benefits	**198.1**	188.8
Long-term benefits	**353.9**	1,483.9
Share-based payments	**2,749.8**	2,873.6
	13,682.0	14,378.4

Detailed remuneration disclosures are provided in the Remuneration Report.

(b) Loans to key management personnel

No loans have been provided to the directors of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties.

36. Share-based payments

(a) Performance Rights

Qube's current long-term incentive plan is a Performance Rights (PRs) plan with the objective of retaining and rewarding executives for effectively delivering Qube's strategy.

Participation — The Managing Director, other KMP and other executives who can directly influence the performance of Qube.

Grant date — 1 December 2022 and 14 December 2022.

Instrument — Performance Rights (PRs) to be settled in Qube fully paid ordinary shares

Amount payable — PRs and subsequent shares upon vesting, are issued for nil consideration

Performance condition — The Performance Rights are subject to two performance conditions:

- Tranche 1 - 60% of PRs will be subject to Diluted Earning Per Share Pre-Amortisation (EPSA) on a Compound Annual Growth Rate (CAGR) basis; and
- Tranche 2 - 40% of PRs will be subject to Relative Total Shareholder Return (rTSR) against a peer group of companies sharing similar characteristics.

EPSA CAGR PERFORMANCE (60% WEIGHTING)	RELATIVE TSR PERFORMANCE (40% WEIGHTING)	% OF PRS TO VEST AGAINST RELEVANT PERFORMANCE CONDITION
Below 5%	Below 50th percentile	0%
5%	50th percentile	31%
Between 5% and 7.5%	Between 50th and 75th percentile	Straight line pro-rata vesting
7.5%	75th percentile	62%
Between 7.5% and 10%	Between 75th and 85th percentile	Straight line pro-rata vesting
10% or above	85th percentile or above	100%

Service condition — Eligible executives must continue to be employed by a Qube Group member until the Vesting date.

Performance period — EPSA CAGR performance period is 1 July 2022 to 30 June 2025.
Relative TSR performance period is 15 September 2022 to 14 September 2025.

Vesting date — 30 September 2025.

Dividends — Each vested PR entitles the participant to one Qube share plus additional shares equal to the dividends paid by Qube during the vesting period and the exercise period, up to the exercise date.

Termination — If participant ceases to be an employee during the performance period, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI PRs will be forfeited.

Set out below is a summary of Performance Rights granted under the scheme:

Grant date	Final vesting date	Original Issue price ($)	Original Issue (number)	Forfeited (number)	Vested/ transferable (number)	Closing balance (number)	No. of shares vested into and held in escrow at the end of the year (number)
14 Dec 22	30 Sep 25	2.82	2,023,084	(44,535)	-	1,978,549	-
1 Dec 22	30 Sep 25	2.75	336,989	-	-	336,989	-

Fair value of Rights granted

The fair value at grant date is independently determined in accordance with AASB 2 *Share-based Payment* using either a Black & Scholes Merton or a Monte Carlo simulation based model. The model inputs for Performance Rights expensed during the year ended 30 June 2023 included:

Vesting date	30 September 2025	30 September 2025
Grant date	1 December 2022	14 December 2022
Share price at grant date	$2.82	$2.88
Fair Value on Grant Date - TSR	$1.26	$1.40
Fair Value on Grant Date - EPS	$2.82	$2.88
Time to vesting date (years)	2.83	2.80
Volatility (%)	31.5%-36.5%	31.5%-36.5%
Risk free interest rate (%)	3.17%	3.07%
Dividend yield (%)	2.53%-3.02%	2.53%-3.02%

Dividends paid throughout the performance period are re-invested at the close price on each ex-dividend date.

36. Share-based payments (CONTINUED)

(b) Legacy Plan - Share Appreciation Rights

Qube's legacy long-term incentive plan is the share appreciation rights (SARs) plan or LTI (SARs) plan. Grants were made under the legacy plan since FY17, of which the FY20, FY21 and FY22 remain on foot during FY23, details of which are outlined below. No further grants will be made under this plan.

The key terms and conditions are described below:

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube.
Instrument	Share Appreciation Rights, with an intrinsic share price hurdle.
Performance condition	As at the Vesting Date the share price must be higher than the Initial Price (exercise price) for the SARs to have any value. The Initial Prices for the SARs are: • FY20 LTI (SARs) - $3.10 • FY21 LTI (SARs) - $2.75 • FY22 LTI (SARs) - $3.25 The Initial Prices have been adjusted for special dividends and the discount component of entitlement offers in accordance with market practice.
Service condition	Eligible executives must continue to be employed by a Qube Group member until the Vesting date.
Exercise price	Nil
Performance period	3 years
Vesting date	The date of release of audited financial statements, approximately 3 years after the date of grant.
Dividends	Dividends are not paid on SARs but are paid on vested Shares including during the Retention Period.
Termination	If participant resigns during the performance period, the LTI will be pro-rated. If terminated as a "bad leaver", all unvested LTI will be forfeited.

Set out below is a summary of SARs granted under the scheme:

Grant date	Final vesting date	Original Issue price ($)	Original Issue (number)	Forfeited (number)	Adjustments* (number)	Closing balance (number)	No. of shares vested into and held in escrow at the end of the year (number)
13 Sep 21	22 Aug 24	3.25	8,204,167	(166,136)	-	8,038,031	-
24 Aug 20	24 Aug 23	2.75	16,614,268	(1,646,040)	265,828	15,234,056	-
12 Sep 19	12 Sep 22	3.15	19,885,960	(20,204,136)	318,176	-	-

* Adjusted for the impact of special dividends and the Entitlement Offer completed in May 2020.

Fair value of Share Appreciation Rights granted

The fair value at grant date is independently determined in accordance with AASB 2 Share-based Payment using either a Black & Scholes Merton or a Monte Carlo simulation-based model.

(c) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2023 $m	2022 $m
Equity-based compensation – expensed		
Share based payments	**6.6**	7.5

37. Deed of cross guarantee

The parent entity and the companies noted in note 26 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and director's report under ASIC Corporations (Wholly-owned Companies) Instrument 2016/785 issued by the Australian Securities and Investments Commission. The above companies represent a ‘closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the ‘extended closed group'.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings for the year ended 30 June 2023 of the closed group

Consolidated income statement	**2023**	2022
	$m	$m
Revenue from continuing operations		
Revenue from sales and services	**2,525.6**	2,180.2
Other income	**21.8**	30.3
	2,547.4	2,210.5
Direct transport and logistics costs	**(741.9)**	(633.7)
Repairs and maintenance costs	**(157.4)**	(133.7)
Employee benefits expense	**(886.9)**	(812.5)
Fuel, oil and electricity costs	**(206.9)**	(174.9)
Occupancy and property costs	**(45.1)**	(39.0)
Depreciation and amortisation expense	**(238.7)**	(224.2)
Professional fees	**(16.5)**	(18.7)
Other expenses	**(41.7)**	(10.5)
Total expenses	**(2,335.1)**	(2,047.2)
Finance income	**19.3**	18.7
Finance costs	**(77.6)**	(43.9)
Net finance costs	**(58.3)**	(25.2)
Share of net profit of associates accounted for using the equity method	**34.6**	29.5
Profit before income tax	**188.6**	167.6
Income tax expense	**(59.7)**	(80.7)
Profit for the year	**128.9**	86.9
Other comprehensive income net of tax:		
Change in the fair value of cash flow hedges and cost of hedging	**(6.5)**	2.8
Share of other comprehensive income of joint venture	**3.7**	1.5
Total comprehensive income for the year	**126.1**	91.2
Total comprehensive income attributable to:		
Owners of Qube	**126.1**	91.2
Non-controlling interests	**-**	-
	126.1	91.2
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**193.3**	201.0
Profit for the year	**128.9**	86.9
Dividends provided for or paid	**(136.8)**	(124.6)
Entities leaving the closed group	**(4.0)**	30.0
Retained earnings at the end of the financial year	**181.4**	193.3

37. Deed of cross guarantee (CONTINUED)

(b) Consolidated balance sheet as at 30 June 2023 of the closed group

	2023 $m	2022 $m
ASSETS		
Current assets		
Cash and cash equivalents	**133.8**	103.1
Trade and other receivables	**594.5**	793.6
Inventories	**21.5**	25.3
Derivative financial instruments	**0.2**	-
Total current assets	**750.0**	922.0
Non-current assets		
Loans and receivables	**100.9**	200.9
Investments in equity accounted associates	**593.5**	577.3
Property, plant and equipment	**1,874.5**	1,518.3
Right-of-use assets	**705.5**	775.2
Deferred tax assets	**51.0**	58.4
Investment properties	**55.0**	53.5
Intangible assets	**827.1**	823.9
Other financial assets	**352.1**	418.9
Derivative financial instruments	**32.1**	34.8
Other assets	**70.0**	56.9
Total non-current assets	**4,661.7**	4,518.1
Total assets	**5,411.7**	5,440.1
LIABILITIES		
Current liabilities		
Trade and other payables	**402.7**	302.6
Borrowings	**334.8**	-
Lease liabilities	**78.7**	79.0
Current tax payable	**19.9**	163.4
Derivative financial instruments	**0.7**	0.5
Provisions	**138.8**	123.8
Total current liabilities	**975.6**	669.3
Non-current liabilities		
Trade and other payables	**0.8**	2.5
Borrowings	**731.8**	998.7
Lease liabilities	**750.9**	809.6
Provisions	**20.7**	21.9
Total non-current liabilities	**1,504.2**	1,832.7
Total liabilities	**2,479.8**	2,502.0
Net assets	**2,931.9**	2,938.1
EQUITY		
Contributed equity	**2,757.5**	2,719.7
Reserves	**(7.0)**	25.1
Retained earnings	**181.4**	193.3
Total equity	**2,931.9**	2,938.1

38. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2023 $m	2022 $m
Balance sheet		
Current assets	**232.3**	68.9
Total assets	**4,187.3**	4,101.2
Current liabilities	**58.1**	39.4
Total liabilities	**1,197.8**	1,043.3
Shareholders' equity		
Issued capital	**2,880.1**	2,880.1
Reserves	**(26.5)**	(26.9)
Retained earnings	**135.9**	204.6
	2,989.5	3,057.8
Profit for the year	**67.1**	75.0
Total comprehensive income	**67.1**	75.0

(b) Guarantees entered into by the parent entity

There are cross guarantees given by the parent entity and the companies noted in note 26. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee given the low likelihood of it being called.

ACCOUNTING POLICY

The financial information for the parent entity has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from subsidiaries and associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

The parent entity and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by the parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

38. Parent entity financial information (CONTINUED)

(ii) Tax consolidation legislation (continued)

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

39. Summary of other accounting policies

(a) Other Income

(i) Asset sales

The gain or loss on disposal of assets is recognised when title has transferred on the assets.

(ii) Interest income

Interest income is recognised in the statement of comprehensive income for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the statement of comprehensive income.

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, Qube estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options), but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

(b) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates (the ‘functional currency’). The consolidated financial statements are presented in Australian dollars, which is Qube's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

39. Summary of other accounting policies (CONTINUED)

(c) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(d) Adoption of standards

(i) New and amended standards adopted by the Group

The following new or amended standards became applicable for the current reporting period and the Group had to change its accounting policies as a result of adopting the following standards:

AASB 2020-3 *Amendments to Australian Accounting Standards – Annual Improvements 2018-2020 and Other Amendments*

The amendments listed above did not have any impact on the amounts recognised in prior periods and are not expected to significantly affect the current or future periods.

(e) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2023 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.

Directors' declaration on the Financial Statements

In the Directors' opinion:

(a) the financial statements and notes set out on pages 65 to 138 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 30 June 2023 and of its performance for the financial 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; and

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 26 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the *Corporations Act 2001*.

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

Allan Davies
Director

Sydney
24 August 2023

Independent Auditor's Report

Independent auditor's report

To the members of Qube Holdings Limited

Report on the audit of the financial report

Our opinion

In our opinion:

The accompanying financial report of Qube Holdings Limited (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 30 June 2023 and of its financial performance for the year then ended

(b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

What we have audited

The Group financial report comprises:

- the consolidated balance sheet as at 30 June 2023
- the consolidated statement of comprehensive income for the year then ended
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information
- the directors' declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

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 our audit of the financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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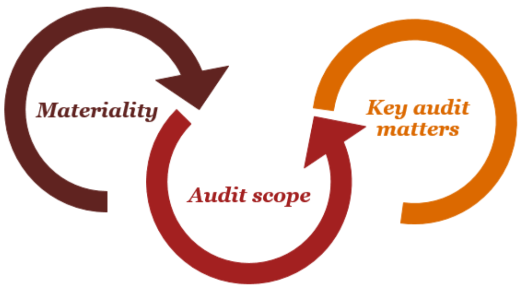
Our audit approach

An audit is designed to provide reasonable assurance about whether the financial report is free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial report as a whole, taking into account the geographic and management structure of the Group, its accounting processes and controls and the industry in which it operates.



Materiality

- For the purpose of our audit we used overall Group materiality of $14 million, which represents approximately 5% of the Group's underlying profit before tax.
- We applied this threshold, together with qualitative considerations, to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements on the financial report as a whole.
- We chose Group underlying profit before tax because, in our view, it is the benchmark against which the performance of the Group is most commonly measured.
- We utilised a 5% threshold based on our professional judgement, noting it is within the range of commonly acceptable thresholds.

Audit Scope

- The Group operates largely across Australia and New Zealand, with its key operating segments being Operating Division and a 50% interest in Patrick Terminals. These divisions are supported by a corporate function in Sydney.
- Our audit focused on where the Group made subjective judgements; for example, significant accounting estimates involving assumptions and inherently uncertain future events.
- We decided the nature, timing and extent of work that needed to be performed by us and component auditors operating under our instruction.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report for the current period. The key audit matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Further, any commentary on the outcomes of a particular audit procedure is made in that context. We communicated the key audit matters to the Audit and Risk Committee.

Key audit matter	***How our audit addressed the key audit matter***
Loss from discontinued operations *(Refer to note 24) $(8.0)m* The Group has determined that the assets and liabilities that were sold to Logos Property Group met the classification of Discontinued operations under Australian Accounting Standards at reporting date. The Group had previously measured these assets and liabilities at the lower of their carrying amounts and fair value less costs to sell as required by Australian Accounting Standards. This included an assessment of the fair value of any contingent consideration and contingent payments that may be required to be paid as part of the sale. The Group is required to assess the fair value of the remaining contingent consideration and payments at the balance date. These assessments involve significant judgements in estimating expected cash flows. This was a key audit matter given: • the significant judgement and subjectivity involved in the fair value assumptions; and • the significant disclosures required given the transaction triggers discontinued operations disclosures.	We have performed the following procedures: • Assessed the appropriateness of the classification of the sale of assets and liabilities as a discontinued operations in the context of the Australian Accounting Standards. • Agreed the sales consideration cash flows to appropriate supporting documentation. • Assessed the appropriateness of key assumptions made in determining the fair value of contingent consideration included in the loss from discontinued operations disclosed. • Assessed the appropriateness of the Group's assumptions made in determining the fair value of contingent payments included in the loss from discontinued operations disclosed. • Tested the mathematical accuracy of the loss from discontinued operations disclosed. • Assessed whether the disclosures within the financial report are reasonable in light of the requirements of Australian Accounting Standards.

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Key audit matter	How our audit addressed the key audit matter
Recoverable amount of goodwill *(Refer to note 12) $813m* Under Australian Accounting Standards the Group is required to test goodwill at least annually for impairment or more frequently if impairment indicators exist. The Group performed impairment assessments relating to goodwill by preparing discounted cash flow models to determine the recoverable amounts of each cash generating unit. These assessments involve significant judgements in estimating future cash flows and the rate at which they are discounted in evaluating fair value less costs to sell. Goodwill has been allocated to the Operating Division and AAT cash generating units. This was a key audit matter given: • the relative size of goodwill in the consolidated balance sheet; and • the significant judgement and subjectivity involved in reliably forecasting cash flows within the model.	In considering the recoverable amount of goodwill determined by the Group's impairment assessment, amongst other procedures, we: • Tested the mathematical accuracy of the discounted cash flow models used to determine the recoverable amount of goodwill. • Evaluated the appropriateness of the impairment assessment methodology and significant assumptions applied in calculating the recoverable amount. • Compared the key budget assumptions (such as revenue and EBITDA) used in the model to the Board approved budget. • Evaluated the Group's ability to forecast future results for the business by comparing previous budgets with reported actual results for previous financial years. • Assessed the appropriateness of the discount rate and terminal growth rate assumptions by comparing them to market data, comparable companies and industry research, with the assistance of PwC valuation experts. • Compared the market capitalisation of the Group to the Group's net assets. • Assessed whether the disclosures within the financial statements are reasonable in light of the requirements of Australian Accounting Standards.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report for the year ended 30 June 2023, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon through our opinion on the financial report. We have issued a separate opinion on the remuneration report.

pwc

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: https://www.auasb.gov.au/admin/file/content102/c3/ar1_2020.pdf. This description forms part of our auditor's report.

Report on the remuneration report

Our opinion on the remuneration report

We have audited the remuneration report included in pages 27 to 63 of the directors' report for the year ended 30 June 2023.

In our opinion, the remuneration report of Qube Holdings Limited for the year ended 30 June 2023 complies with section 300A of the *Corporations Act 2001.*

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of *the Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

PricewaterhouseCoopers

PricewaterhouseCoopers

Elizabeth Stesel
Partner

Sydney
24 August 2023

Shareholder Information

Top 20 Shareholders

As at 17 August 2023, the top 20 Shareholders of Qube were as follows:

RANK	NAME	NUMBER OF SHARES	% OF CAPITAL
1.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	468,830,296	26.55
2.	J P MORGAN NOMINEES AUSTRALIA PTY LIMITED	204,707,371	11.59
3.	CITICORP NOMINEES PTY LIMITED	203,891,463	11.55
4.	BNP PARIBAS NOMINEES PTY LTD <AGENCY LENDING DRP A/C>	99,232,870	5.62
5.	NATIONAL NOMINEES LIMITED	81,225,401	4.60
6.	TAVERNERS NO 10 PTY LTD	65,248,838	3.70
7.	MUTUAL TRUST PTY LTD	49,828,263	2.82
8.	BNP PARIBAS NOMS PTY LTD <DRP>	39,537,639	2.24
9.	BNP PARIBAS NOMINEES PTY LTD HUB24 CUSTODIAL SERV LTD <DRP A/C>	21,253,958	1.20
10.	MR PETER GIACCI	13,657,420	0.77
11.	NETWEALTH INVESTMENTS LIMITED <WRAP SERVICES A/C>	9,799,116	0.55
12.	CITICORP NOMINEES PTY LIMITED <COLONIAL FIRST STATE INV A/C>	9,709,516	0.55
13.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED <NT-COMNWLTH SUPER CORP A/C>	9,002,586	0.51
14.	TAVERNERS J PTY LTD <TAVERNERS INTERNATIONAL A/C>	8,700,000	0.49
15.	BNP PARIBAS NOMS (NZ) LTD <DRP>	4,513,488	0.26
16.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	4,430,478	0.25
17.	MR WILLIAM HARA	4,259,184	0.24
18.	INVIA CUSTODIAN PTY LIMITED <MAURICE ALAN JAMES A/C>	4,256,649	0.24
19.	LADDARA PTY LTD	4,134,501	0.23
20.	BOND STREET CUSTODIANS LIMITED <CAJ - D09461 A/C>	4,000,000	0.23
Totals: Top 20 holders of ORDINARY FULLY PAID SHARES (Total)		**1,310,219,037**	**74.20**

Substantial Shareholders

As at 17 August 2023, Qube had received notification regarding the following substantial holders:

SUBSTANTIAL SHAREHOLDER	NUMBER OF SHARES	DATE OF CHANGE	VOTING POWER
State Street Corporation and subsidiaries	89,981,836	20 July 2022	5.10%
Greencape Capital Pty Ltd	125,098,883	21 September 2022	7.08%
Challenger Limited (and its entities)	146,006,466	14 October 2022	8.27%
State Street Corporation and subsidiaries	89,647,431	31 October 2022	5.08%
State Street Corporation and subsidiaries	88,312,638	16 November 2022	5.00%
State Street Corporation and subsidiaries	88,459,950	22 November 2022	5.01%
State Street Corporation and subsidiaries	88,258,974	30 November 2022	5.00%
UniSuper Limited & UniSuper Management Pty Limited	92,677,268	2 December 2022	5.25%
Challenger Limited (and its entities)	163,774,789	6 January 2023	9.28%
State Street Corporation and subsidiaries	88,262,891	20 April 2023	5.00%
State Street Corporation and subsidiaries	88,749,441	26 May 2023	5.03%
State Street Corporation and subsidiaries	88,888,287	13 June 2023	5.03%
State Street Corporation and subsidiaries	88,809,000	15 June 2023	5.03%
BlackRock Group (BlackRock Inc. and subsidiaries)	88,867,776	27 July 2023	5.03%

Shareholder Information

Distribution Schedule

As at 17 August 2023, the distribution of holdings of Qube shares was as follows:

RANGE	TOTAL HOLDERS	SHARES	% OF CAPITAL
1 – 1,000	4,329	2,127,714	0.12
1,001 – 5,000	8,206	22,626,695	1.28
5,001 – 10,000	5,260	39,100,812	2.21
10,001 – 100,000	8,129	217,015,096	12.29
100,001 and over	578	1,484,892,207	84.09
Total	**26,502**	**1,765,762,524**	**100.00**

Unmarketable Parcels

As at 17 August 2023, details of parcels of Qube shares with a value of less than $500 were as follows:

	MINIMUM PARCEL SIZE	HOLDERS	SHARES
Minimum $ 500.00 parcel at $ 2.70 per unit	186	814	50,412

Voting Rights

Each ordinary share carries with it one vote.

Restricted Securities

Qube does not have any restricted securities

Unquoted Equity Securities

As at 17, August 2023, there were:

- 24,090,039 Share Appreciation Rights currently on issue to 18 current and former Qube senior executives under Qube's LTI (SAR) Plan.
- 2,285,035 performance rights to shares currently on issue to 15 current and former Qube senior executives under Qube's LTI Plan.
- 2,615,589 rights to shares currently on issue to 60 current and former Qube senior executives under Qube's STI Plan and STI Combined Plan.

Current On-Market Buy-Backs

There are no current on-market buy-backs of shares in Qube.

On-Market Purchases of Securities

During the 2023 financial year, Qube's employee share trust acquired 1,623,818 shares on-market at an average price of $2.86 for the purposes of satisfying obligations under Qube's employee incentive schemes.

Qube Subordinated Notes

On 5 October 2016, Qube issued 3,050,010 subordinated notes which commenced trading on the ASX on 6 October 2016 under ASX code 'QUBHA'.

Corporate Governance Statement

Qube's 2023 Corporate Governance Statement and Appendix 4G may be accessed via Qube's website at:

https://qube.com.au/about/corporate-governance/

Corporate Directory

DIRECTORS

Allan Davies (Chairman)

Sam Kaplan (Deputy Chairman)

Paul Digney (Managing Director)

Ross Burney

Alan Miles

Stephen Mann

Jackie McArthur

Nicole Hollows

Lindsay Ward

SECRETARIES

William Hara

Adam Jacobs

PRINCIPAL REGISTERED OFFICE IN AUSTRALIA

Level 27, 45 Clarence Street

Sydney NSW 2000

T: (02) 9080 1900

SECURITY EXCHANGE LISTING

Qube Holdings Limited shares and subordinated notes are listed on the Australian Securities Exchange (ASX)

WEBSITE ADDRESS

www.qube.com.au

SHARE REGISTRY

Computershare Investor Services Pty Limited

Level 3, 60 Carrington Street

Sydney NSW 2000

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RELIABILITY
INCLUSION