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

Interim report - 31 December 2012

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2012 and any public announcements made by Qube Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

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

Directors

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

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

Dividend

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

Review of operations

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

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

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

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

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

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

<u>Logistics Division</u>

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

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

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

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

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

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

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

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

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

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

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

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

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

Auditor's independence declaration
A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 4.

Rounding of amounts
The company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the "rounding off" of amounts in the directors' report and financial report. Amounts in the directors' report and financial report have been rounded off to the nearest thousand dollars in accordance with that Class Order.

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

Chris Corrigan
Director

Sydney
25 February 2013

Auditor's Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half year ended 31 December 2012, I declare that to the best of my knowledge and belief, there have been:

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

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

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

N R McConnell
Partner
PricewaterhouseCoopers

25 February 2013

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

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

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

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

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

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

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

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

1 Basis of preparation of half-year report

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

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

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

Net current liabilities

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

Statement of compliance

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

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

Significant accounting policies

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

Accounting estimates and judgements

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

Actual results may differ from these estimates.

Comparative information - change in presentation

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

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

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

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

Impacts of standards issued but not yet applied by the entity

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2 Segment information

(a) Description of segments

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

Logistics

The primary focus of the Logistics division is on providing a broad range of services primarily relating to the import and export of containerised cargo. The services currently provided include the physical and documentary processes and tasks of the import/export supply chain such as road and rail transport of containers to and from ports, operation of full and empty container parks, customs and quarantine services, warehousing, intermodal terminals and international freight forwarding. The business operates nationally with strategic locations near the ports in key capital cities.

Ports & Bulk

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

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

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

Strategic Assets

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

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

Corporate & Other

Corporate head office and other is the only non-operating segment reported to the Board. The primary focus of the corporate head office is to provide strategic, commercial and treasury support to the divisions, and to manage a broad range of reporting, corporate governance and other functions of the Group.

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

2 Segment information (continued)

(b) Segment information provided to the Board

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

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

Underlying and Underlying Proportional Revenue is determined as follows:

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

Underlying Proportional Revenue is Underlying Revenue adjusted to:

- include 6 months proportional revenue contribution from Qube's associates, and
- exclude 6 months of the proportional NCI share of MIPT revenue

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

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

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

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

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

Underlying Proportional EBITDA is Underlying EBITDA adjusted to:

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

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

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

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

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

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

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

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

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

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

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

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

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

3 Revenue and other income

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

4 Expenses

Profit before income tax includes the following specific expenses:

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

5 Investments in associates

(a) Ownership interests

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

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

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

(b) Movements in carrying amounts

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

(c) Summarised financial information of associates

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

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

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

6 Intangible assets

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

7 Equity securities issued

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

* Shares unless otherwise specified.

8 Business combination

Macarthur Intermodal Shipping Terminal Pty Limited (MIST) acquisition

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

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

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

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

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

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

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

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

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

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

9 Dividends

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

10 Contingencies

Contingent liabilities

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

11 Events occurring after the reporting period

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

In the directors' opinion:

(a) the financial statements and notes set out on pages 5 to 18 are in accordance with the *Corporations Act 2001*, including:

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

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

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

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

Chris Corrigan
Director

Sydney
25 February 2013

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

Report on the Half-Year Financial Report

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

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the consolidated entity's financial position as at 31 December 2012 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Qube Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

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

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

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
25 February 2013