Qube Holdings Limited

ABN 14 149 723 053

Consolidated financial report
for the half-year ended 31 December 2020

Contents

This half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by Qube Holdings Limited during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

The directors present their report on the consolidated entity consisting of Qube Holdings Limited (Qube), and the entities it controlled at the end of, or during, the half-year ended 31 December 2020.

Directors

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

Name	Position	Appointed	Resigned
Allan Davies	Non-executive Chairman	26 August 2011	
Sam Kaplan	Non-executive Deputy Chairman	23 March 2011	
Maurice James	Managing Director	23 March 2011	
Ross Burney	Non-executive Director	9 September 2011	
Peter Dexter	Non-executive Director	1 September 2011	27 November 2020
Nicole Hollows	Non-executive Director	19 October 2020	
John Stephen Mann	Non-executive Director	1 September 2019	
Jackie McArthur	Non-executive Director	17 August 2020	
Alan Miles	Non-executive Director	1 April 2013	
Sue Palmer	Non-executive Director	1 September 2017	27 November 2020
Åge Holm	Alternate to Peter Dexter	7 November 2011	27 November 2020

Dividend

The Directors have declared a fully franked interim dividend of 2.5 cents per share payable on 8 April 2021.

Review of operations

<u>Overview</u>

In the six-month period to 31 December 2020, Qube delivered a pleasing financial result with underlying net profit after tax attributable to shareholders pre-amortisation (NPATA) increasing by 8.5% to $82.8 million.

The benefit of Qube's diversification strategy, including across a broad range of products, services, geographies and customers, enabled the company to achieve this positive earnings outcome despite the challenging COVID-19 environment with its associated ongoing cost and revenue impacts.

Underlying earnings per share (pre-amortisation) decreased by 6.4% to 4.4 cents, reflecting the dilutionary impact of the FY20 capital raising as the proceeds have not yet been fully deployed into growth opportunities that are expected to increase Qube's medium to long term earnings.

Statutory revenue decreased by 1.9% to $939.3 million and statutory NPAT increased by 11.8% to $57.8 million. The key differences between Qube's statutory and underlying results are the exclusion of the impact of the leasing standard (AASB 16), fair value gains and impairment losses from Qube's underlying results as these items are non-cash and do not reflect the core performance of Qube's underlying businesses in the period.

The growth in underlying NPATA reflects a solid increased contribution from the Operating Division compared to the prior corresponding period, a lower contribution from the Property Division, a strong contribution from Patrick, and a lower net interest expense largely attributable to lower net debt following the capital raising completed towards the end of FY20 as well as the proceeds from the sale of Minto Properties which completed in mid-September 2020.

As previously advised, from FY21, the Operating Division includes Quattro and AAT whereas these businesses were previously reported in the Property Division, noting that Quattro was consolidated into Qube from April 2020 and did not contribute to earnings (EBIT) in H1 FY20.

Qube's operations and financial performance continued to be impacted by COVID-19 in the period where the overall incremental costs exceeded JobKeeper subsidies received. These costs included higher cleaning and IT costs, additional labour costs arising from inefficiencies associated with revised operating practices to ensure a COVID safe work environment and to maximise retention of employees despite lower volumes in some parts of Qube's business. These factors were partially mitigated through reduced travel and entertainment costs.

The development of the Moorebank Logistics Park (MLP) continued, with the precinct infrastructure on Moorebank Precinct East (MPE) largely complete, the construction of the pads for the new Woolworths facilities completed during the period and the construction of Warehouse 5 completed shortly after the end of the period. Progress was also made with respect to warehouse leasing activities with additional tenants secured.

Qube continued to progress the Moorebank monetisation process and in late February 2021, signed a non-binding commercial term sheet with LOGOS Property Group (LOGOS) for the sale of Qube's interests in the property and warehousing related components of the Moorebank Logistics Park.

The ordinary interim dividend has been reduced by around 13.8% to 2.5 cents per share, fully franked. This provides a balance between rewarding shareholders for the sound financial performance in the period as well as the positive second half outlook while recognising the decline in earnings per share, and the significant uncertainty and volatility that remains in a number of Qube's markets as well as in the broader domestic and global economies.

A reconciliation between statutory and underlying results is provided in note 2 to these financial statements.

Health, Safety and Sustainability

Health and Safety

Qube continued to focus on injury reduction and critical risks during the period to manage and mitigate the workplace's health and safety risks in the business. Qube's Total Recordable Injury Frequency Rate (TRIFR) declined from 8.3 to 8.0 in the six-month period to December 2020, whilst its Lost Time Injury Frequency Rate (LTIFR) declined from 0.9 to 0.6 over the same period. The TRIFR measures the combined number of recordable return to work, medical treatment and lost time injuries for every million hours worked. The LTIFR is the number of Lost Time Injuries for every million hours worked.

A proactive and focused COVID Risk Mitigation Action Plan and COVID Safe site plans and guidelines were rolled out across the workplace, which included guidelines on responding to a workplace outbreak and strict protocols which were immediately implemented to minimise the possibility of workplace transmission. These protocols have been applied to all supplier and contract personnel attending Qube owned or operated sites and supported continued safe operations.

Sustainability

During the period, in line with its Sustainable Development Goals, Qube has focused on:

- Building a robust Modern Slavery Framework with Qube's Modern Slavery Statement to be released in March 2021
- The development of a Human Rights policy
- Working with its community partners by supporting local regions by contributing to the social and economic well-being of the regions in which Qube operates
- Working with plant and equipment suppliers to investigate the most fuel-efficient technologies
- Diversity and inclusion initiatives, including in partnership with Wayfinder, completion of "the under-representation of Women in the Supply Chain and Logistics Workforce" which was released in November 2020. The report has provided some beneficial insight into the underrepresentation of women in Supply Chain and drivers to change the gender imbalance. We know at Qube that establishing a sustainable pipeline of women in supply chain roles will make for more innovative and more effective supply chains. During the period, Qube also established a Diversity sub-committee to focus on our Diversity Action Plan
- Initiating an assessment of Qube's current and future carbon footprint as well as investigating carbon offsets and business implications

Operating Division

The Operating Division reported underlying revenue growth of 2.2% to $940.9 million, including $521.6 million in the ports & bulk activities, $380.9 million in the logistics activities and $38.4 million for AAT. Underlying earnings (EBITA) increased by 11.7% to approximately $105.9 million.

The positive overall result again reflects the benefits of Qube's diversification strategy with growth in most bulk commodities, as well as oil and gas related activities more than offsetting lower volumes of coal, lithium and motor vehicles.

The ports activities benefitted from some improvement in certain stevedoring volumes including fertiliser, scrap and steel. Energy related volumes were also positive, benefitting from Qube's supply base activities, the contribution from the Shell contract, and Qube's BOMC facility in Indonesia also made a positive contribution as projects utilising this facility started to increase their activities.

Forestry volumes from New Zealand continued to be solid and were considerably ahead of the prior corresponding period.

These factors were partly offset by lower volumes of motor vehicles, containers and forestry volumes from Australia. These were down on the prior corresponding period, partly reflecting ongoing global supply issues due to COVID-19 as well as the lockdown in Melbourne. Towards the end of the period, Qube also experienced some reduction in log export volumes out of Australia as a result of trade sanctions from China.

The bulk activities continued to demonstrate their robustness with steady volumes across key customers and commodities including iron ore, mineral sands and other base metal commodities (i.e. copper, zinc and nickel). During the period, Qube extended and secured a number of customer contracts, including provision of integrated logistics services for BHP Nickel West, and for Salt Lake Potash using road and/or rail services. These contracts, which require Qube to procure additional equipment, are expected to commence in April 2021. Activities were impacted during the period by the challenges in securing adequate labour as a result of the prolonged hard-border closure in Western Australia.

The result includes a bad debt provision of around $1.7 million relating to one of Qube's lithium customers who was placed into administration during the period.

The logistics result was credible given ongoing competitive conditions as well as the impact of the COVID related lockdown. All States other than Victoria achieved broadly flat or increased revenue compared to the prior corresponding period, with Queensland and New South Wales the strongest regions. The result benefitted from high activity levels at Qube's warehousing and container handling facilities as a result of growth in container volumes through the ports. There was also a full period contribution from the Quattro acquisition not present in the prior year's results as well as an improvement in agriculture related volumes, which is expected to continue over the remainder of the financial year. The logistics business also benefitted from increased revenue from infrastructure work from existing customers and freight forwarding activities from volume increases (including from COVID related products such as face masks). New accounts gained in meat processing and increased volumes from dairy processing customers also contributed to the result of the business.

AAT delivered a significant improvement in its financial performance compared to the prior corresponding period principally as a result of increased general and project cargo volumes. Given the relatively high fixed cost nature of AAT's business, the higher volumes had a positive impact on AAT's earnings at Port Kembla (New South Wales) and Appleton Dock (Victoria) terminals. During the period, AAT finalised a long-term lease extension at Fisherman Island (Queensland).

The associates in the division (ex-Patrick) delivered an overall contribution to underlying NPAT of around $0.2 million compared to $1.0 million in the prior corresponding period. In December 2020, Qube increased its indirect interest in Prixcar from 25% to 50% for total consideration of $0.5 million.

JobKeeper

In the six months to 31 December 2020, Qube, through entities in the Operating Division, qualified for and claimed approximately $16.8 million in JobKeeper subsidies. The majority of the JobKeeper payments went to entities operating in Qube's regional ports activities as these were the most impacted in terms of volume decline as a result of COVID-19, particularly stevedoring of motor vehicles, containers, forestry volumes, bulk grain volumes and passenger cruise ships.

Management estimates that the incremental costs in the period attributable to COVID-19 were around $20.8 million. Of this, the largest component (around $16.9 million) relates to operational inefficiencies caused by revised operating practices to ensure a COVID-safe work place, and maintaining employees working in circumstances where the activity levels would not justify doing so (or to a lesser extent). This was partly offset by around $2.9 million in cost savings.

The JobKeeper subsidies therefore effectively mitigated the incremental cost impact of labour related COVID costs and operational efficiencies to reduce the net loss to Qube.

Post period end, the Board determined to voluntarily repay the JobKeeper proceeds received in FY21. The repayment of the JobKeeper subsidies will reduce Qube's full year pre-tax statutory earnings by the amount of the repayment, however, Qube's underlying earnings are not expected to be reduced by the repayment.

The rationale for leaving the JobKeeper subsidy in Qube's underlying results, by excluding the repayment, is that management's operational decisions and performance in H1 FY21 were based on having the benefit of these subsidies.

For example, as a result of the availability of JobKeeper, Qube was able to keep:

- The majority of Qube employees employed rather than impose redundancies
- All Regional Ports operating and critical supply chains open
- Qube's businesses operating to maintain customer requirements and ensure supply chains were open for essential products to all communities within Australia
- Additional capacity in its workforce to quickly respond to any improvement in activity levels and customer requirements.

In the absence of the subsidies, management would have implemented additional cost saving measures in the period, including reducing employment levels and/or hours, to mitigate the impact on Qube's financial performance from the challenging COVID-19 environment. In addition to this, growth in the second half (compared to the previous corresponding period) is expected to exceed H1 FY21 earnings growth given improved market conditions and lessened COVID impacts being experienced.

Management is monitoring trading conditions to assess whether any such cost saving measures need to be implemented, as it would normally do in the ordinary course of business given Qube will not be retaining any JobKeeper subsidies in H2 FY21.

Property Division

The Property Division reported underlying revenue of around $12.3 million compared to $49.4 million in the prior corresponding period and underlying earnings (EBITA) of approximately $0.7 million compared to $12.7 million in the prior corresponding period. The financial performance benefitted from revenue from new warehouse leases entered into in FY20 as well as ancillary income, but was lower than the prior corresponding period largely due to the following factors. Firstly, the prior period included AAT in the Property Division whereas from FY21, this business has been reported in the Operating Division. Secondly, the cessation of the contribution from Minto Properties following the completion of the sale of this asset to Charter Hall in mid-September 2020.

As a result of these changes, the Property Division now comprises the MLP and TQ Holdings.

The other contributor to the lower result compared to the prior corresponding period was increased losses associated with the IMEX terminal given it is not yet operating at scale and has significant fixed costs such as depreciation. The lower volumes through the IMEX terminal has also been impacted by the decision of the NSW Government to approve permits for A-Double trucks to have direct access to Port Botany container terminals impacting the relative competitiveness of rail compared to road. The carrying value of the IMEX terminal will be assessed at 30 June 2021 having regards to relevant factors including the prevailing competitive landscape and outlook, the final expected cost of the IMEX automation and any implications on future volumes and cashflow resulting from the outcome of the monetisation process.

Moorebank Logistics Park

Qube continued to achieve important milestones across the MLP project with approximately $176.0 million spent on the project in the period.

From a development perspective, the construction of Warehouse 5 was largely completed in the period, and progress was made with the delivery and construction of the automated IMEX terminal, including the assembly of the new cranes and straddles. Works have also continued on Moorebank Precinct West (MPW) infrastructure to ensure that Qube is able to meet the timeline for delivery of the Woolworths warehouses.

Agreement was reached with MIC for their funding of remediation and land preparation works for MPW which are being delivered under a third-party contract. Sound progress has also been made with MIC with respect to Moorebank Avenue roadworks and the Interstate rail terminal layout. Design and construction tender documentation is well advanced for the Moorebank Avenue Anzac intersection works and Stage 1 of the Interstate terminal.

As noted, progress was made with respect to leasing activities at the MLP.

Qube Logistics will utilise Warehouse 5 for the provision of warehousing and other logistics services to third parties. Qube has already identified several quality parties who will collectively utilise the entire warehouse area, and is currently finalising legal agreements with these parties.

Tenants were secured for the remaining space available in Warehouse 3 (Source Federal Hospitality Equipment)) and Warehouse 4 (PCA Express) with associated leases starting in Q1 CY21, and Qube continues to receive positive interest from prospective tenants for the site.

Qube also progressed negotiations with LOGOS relating to the monetisation process for the property and warehousing components of MLP. The assets expected to be acquired by LOGOS include the developed warehouses, all the warehousing land and Qube’s interest in Precinct Land Trust.

Qube will be retaining ownership of, and responsibility for the IMEX and Interstate rail terminals, and the parties will negotiate arrangements to maintain alignment between the logistics and warehouse leasing activities at the precinct.

A detailed non-binding term sheet was entered into by the parties in late February 2021.

TQ Holdings

During the period, Qube acquired the other 50% of TQ Holdings that it did not previously own for nominal consideration. As a result of this transaction, the carrying value of Qube’s existing interest in TQ Holdings was fully impaired to reflect the consideration paid for the other 50%. Despite the impairment, Qube continues to progress alternatives to facilitate the development of a fuel terminal on the area leased by TQ Holdings. In the interim, Qube is utilising this area for other logistics activities.

Patrick

Patrick delivered an improved result in the period despite a reduction of around 5.6% in volumes (lifts) through its terminals. Qube's 50% interest in Patrick contributed $20.9 million underlying NPAT and $25.2 million underlying NPATA, an increase of 16.8% and 14.5% respectively over the prior corresponding period. This contribution is inclusive of Qube's share of interest income ($7.6 million post-tax) on the shareholder loans provided to Patrick.

Qube received $30 million in cash distributions (comprising dividends and interest income) from Patrick in the period, with an additional $17.5 million distributed to Qube in February 2021, reflecting Patrick's high cashflow generation.

The statutory contribution to Qube's NPAT (being interest income and share of profit after tax) was a profit after tax of $13.6 million. The main difference between Patrick's underlying and statutory results is the impact of AASB 16 Leases.

Growth in market volumes for the six-month period to 31 December 2020 was around 2.7% (on a lift basis) with volumes recovering post the initial impact of the COVID-19 pandemic. Patrick's market share decreased during the period to around 43% from 45% at 30 June 2020 with lifts down around 5.6% compared to the prior corresponding period. This was primarily due to the impact of industrial action taken across September and flow on disruption to operations into October as well as the cessation of one service.

During the period, Patrick secured a number of new services that have entered the market, offsetting previous loss of market share. Overall, these changes are expected to result in a minor increase in market share once fully operational. Patrick also extended a number of key contracts, providing added security to Patrick's future volume and revenue profile. Patrick does not have any major contracts up for renewal before November 2021 and has secured its two largest customers until the end of 2023. As a result of these changes, towards the end of the period, Patrick's market share has returned to around 45%.

Civil works for phase 1 of the Port Botany Rail development were completed during the period with advanced automation commissioning and testing on the cranes nearing completion. The automated rail terminal is expected to be fully operational by Q4 FY21 providing increased rail windows and more efficient rail turnaround times. During the period, Patrick also completed the national roll out of the new Navis N4 Terminal Operating System delivering workforce synergies and other efficiencies and introduced a new container weighing system, currently being tested in Fisherman Island (Queensland), which is expected to help drive safety outcomes.

Patrick enhanced its strategic and competitive position during the period through a lease extension at East Swanson Dock (Victoria) to 2066, progress with approvals to handle large vessels at this facility, and securing a long-term strategic footprint on the adjoining logistics site at Coode Road. In addition, Patrick secured an agreement with the Port of Melbourne for it to fund and develop a new rail terminal on the Coode Road site that will deliver rail capacity and interface with the Patrick container terminal. Patrick will make a fixed capital contribution to the project to effectively fund the civil works to integrate the two sites. The project is due for completion by mid-2023 and forms part of Port of Melbourne's $125 million Port Rail Transformation Project.

Additionally, post the end of the period, Patrick finalised an extension of the lease at Fremantle (Western Australia). The lease has an initial 10-year term from January 2021 with an option for extension at the Fremantle Port Authority's discretion. Detailed planning is underway for the redevelopment of Patrick's Fremantle terminal which is expected to be delivered across the next 18- 24 months.

Negotiations on enterprise agreements, which expired in June 2020, remain ongoing.

Capital Expenditure

Qube spent approximately $338 million of gross capital expenditure in the period, or around $128 million net of the proceeds from the sale of assets which mainly include the proceeds from the sale of Minto Properties of around $200 million. Key items included progress with the MLP development, purchase of train sets for the BlueScope contract which is expected to commence in January 2022, acquisition of property assets as well as storage and handling equipment assets from Agrigrain (New South Wales), new harbour cranes for the ISO (New Zealand) and Whyalla (South Australia) operations, procurement of equipment and other assets to service Bulk customers in Western Australia and maintenance capex across the Operating Division.

Funding

Qube finished the period in a strong financial position with cash and available undrawn debt facilities of around $779.4 million, and leverage (net debt / net debt + equity) of around 27.0%, being below Qube's long term target range of 30%-40%.

During the period, Qube repaid $200 million of short-term bridge facilities and extended the maturity of approximately $280 million of its debt facilities, resulting in an average maturity profile of 3.5 years at 31 December 2020.

Qube remains well funded, with a diverse range of funding sources and significant headroom to its covenants.

Summary and Outlook

Qube delivered a pleasing operational and financial performance in the period, despite ongoing cost and revenue impacts associated with COVID-19.

This reflects Qube's favourable competitive position in attractive, diversified markets as well as Qube's long term record of investment in equipment, systems, technology, facilities, as well as through complementary acquisitions to enable Qube to provide its customers with a comprehensive range of integrated cost-effective, reliable logistics services focussed on import and export supply chains.

Based on Qube's first half performance and expected trading for the remainder of FY21, Qube presently expects to deliver solid growth in underlying NPAT pre-amortisation (NPATA) (inclusive of the JobKeeper subsidy) and earnings per share pre-amortisation (EPSA) in FY21 compared to FY20 as a result of increased contributions from the Operating Division and Patrick, as well as lower net interest costs.

This assumes no material deterioration in the current economic conditions or volumes across Qube's key markets, including as a result of COVID-19 or an escalation of trade sanctions from China.

It also assumes no material acquisitions or divestments (and therefore does not reflect any outcome from the monetisation process).

Qube is actively progressing negotiations to successfully conclude the monetisation process for MLP. Qube will only complete a transaction if it can deliver appropriate value to shareholders. While there is no certainty that a transaction will be completed, the parties are working towards entering into a binding transaction during H2 FY21.

Qube remains well positioned to deliver sustainable, long term earnings growth.

Matters subsequent to the end of the period

Based on the pleasing first half result and positive full year outlook, the Board determined post period end to repay the JobKeeper subsidies received in FY21, expected to be around $16.8 million in total.

In late February, 2021, Qube entered into a detailed non-binding term sheet with Logos Property Group (LOGOS) for the sale of Qube's interests in the property and warehousing components of MLP for total consideration of approximately $1.65 billion before tax, transaction costs and subject to customary completion adjustments including for working capital and capex adjustments as compared to forecast until financial close.

Approximately $340 million of the consideration will be deferred and the remainder payable on financial close. The deferred consideration will be progressively paid to Qube on achievement of agreed milestones mainly relating to the construction of Stage 1 of the Interstate rail terminal and receipt of final planning approvals for warehousing on MPW.

Qube may realise additional value for a small area of developable MLP non-warehouse commercial land that Qube may divest to LOGOS or retain.

The parties are working towards obtaining internal approvals and entering into binding documentation in H2 FY21 and completing the transaction as soon as possible thereafter once the required third-party approvals including MIC and FIRB are received. There is no certainty that any transaction will proceed.

Other than as noted above, no other matter or circumstances has arisen since 31 December 2020 that has significantly affected Qube's operations, results or state of affairs, or may do so in future years.

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 9.

Rounding of amounts

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

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

Allan Davies
Chairman

Sydney
24 February 2021

Auditor's Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half-year ended 31 December 2020, 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.

Jane Reilly
Partner
PricewaterhouseCoopers

Sydney
24 February 2021

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

	Notes	**31 Dec 2020 $m**	31 Dec 2019 $m
Revenue from continuing operations			
Revenue from sales and services	3	**920.8**	943.1
Other income	3	**18.5**	14.2
Total income		**939.3**	957.3
Direct transport and logistics costs		**221.7**	231.7
Repairs and maintenance costs		**59.0**	53.8
Employee benefits expense	4	**359.3**	358.2
Fuel, oil and electricity costs		**45.3**	64.1
Occupancy and property costs		**14.9**	17.3
Depreciation and amortisation expense	4	**116.5**	107.3
Professional fees		**7.6**	9.2
Impairment of non-current assets		**12.7**	6.9
Other expenses		**13.9**	12.1
Total expenses		**850.9**	860.6
Finance income		**12.3**	12.7
Finance costs	4	**(31.7)**	(37.6)
Net finance costs		**(19.4)**	(24.9)
Share of net profit of associates accounted for using the equity method		**7.6**	3.5
Profit before income tax		**76.6**	75.3
Income tax expense		**(19.9)**	(24.2)
Profit for the half-year		**56.7**	51.1
Other comprehensive income for the half-year, net of tax			
Items that may be reclassified to profit or loss			
Exchange differences on translation of foreign operations		**(3.5)**	0.3
Change in fair value of cash flow hedges		**(2.8)**	(1.1)
Share of other comprehensive income of joint venture		**1.1**	(0.7)
Total comprehensive income for the half-year, net of tax		**51.5**	49.6
Profit for the half-year attributable to:			
Owners of Qube Holdings Limited		**57.8**	51.7
Non-controlling interests		**(1.1)**	(0.6)
		56.7	51.1
Total comprehensive income for the half-year is attributable to:			
Owners of Qube Holdings Limited		**52.6**	50.2
Non-controlling interests		**(1.1)**	(0.6)
		51.5	49.6
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**3.1**	3.2*
Diluted earnings per share		**3.1**	3.2*

*Restated to include the dilutive impact of the entitlement offer completed in May 2020.

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

ASSETS	Notes	**31 Dec 2020 $m**	30 June 2020* $m	1 July 2019* $m
Current assets				
Cash and cash equivalents		**142.6**	224.2	139.9
Trade and other receivables		**401.0**	375.8	362.1
Inventories		**5.4**	5.0	4.5
Derivative Financial Instruments		**0.2**	0.9	1.0
		549.2	605.9	507.5
Assets classified as held for sale		**-**	200.1	-
Total current assets		**549.2**	806.0	507.5
Non-current assets				
Loans and receivables	11	**297.0**	297.0	300.2
Investment in equity accounted investments	5	**592.0**	609.9	649.0
Property, plant and equipment	7	**1,653.5**	1,531.7	1,308.5
Right of use assets		**717.6**	676.7	610.2
Investment properties	10	**1,252.0**	1,103.1	1,031.6
Intangible assets	6	**866.3**	872.9	863.8
Derivative financial instruments		**22.7**	54.5	31.2
Other assets		**26.2**	24.3	26.2
Total non-current assets		**5,427.3**	5,170.1	4,820.7
Total assets		**5,976.5**	5,976.1	5,328.2
LIABILITIES				
Current liabilities				
Trade and other payables		**188.5**	200.6	179.8
Lease liabilities		**77.8**	89.2	86.8
Borrowings		**-**	-	50.0
Current tax payable		**21.0**	4.6	19.2
Derivative financial instruments		**0.3**	0.8	-
Provisions		**110.9**	100.7	95.7
Total current liabilities		**398.5**	395.9	431.5
Non-current liabilities				
Trade and other payables		**1.7**	2.2	2.4
Borrowings	9	**1,386.7**	1,454.1	1,433.0
Lease liabilities		**745.6**	686.7	577.6
Deferred tax liabilities		**68.9**	95.8	99.1
Derivative financial instruments		**11.2**	34.5	20.5
Provisions		**11.7**	10.3	8.3
Total non-current liabilities		**2,225.8**	2,283.6	2,140.9
Total liabilities		**2,624.3**	2,679.5	2,572.4
Net assets		**3,352.2**	3,296.6	2,755.8
EQUITY				
Contributed equity	8	**3,076.0**	3,024.3	2,466.6
Reserves		**(2.8)**	6.6	12.5
Retained earnings		**283.3**	268.9	277.9
Capital and reserves attributable to owners of Qube		**3,356.5**	3,299.8	2,757.0
Non-controlling interests		**(4.3)**	(3.2)	(1.2)
Total equity		**3,352.2**	3,296.6	2,755.8

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

** - Balances have been restated as set out in note 16 Prior year restatement, due to an adjustment in relation to AASB16 Leases*

		Attributable to owners					
	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2019		2,466.6	12.5	335.5	2,814.6	(1.2)	2,813.4
Change in accounting policy		-	-	(50.8)	(50.8)	-	(50.8)
Correction of error	16	-	-	(6.8)	(6.8)	-	(6.8)
Restated total equity at 1 July 2019		2,466.6	12.5	277.9	2,757.0	(1.2)	2,755.8
Profit for the half-year		-	-	51.7	51.7	(0.6)	51.1
Correction of error	16	-	-	(1.2)	(1.2)	-	(1.2)
Other comprehensive income		-	(1.5)	-	(1.5)	-	(1.5)
Total comprehensive income for the half-year		-	(1.5)	50.5	49.0	(0.6)	48.4
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	8	63.3	-	-	63.3	-	63.3
Issue of treasury shares to employees	8	22.5	-	-	22.5	-	22.5
Acquisition of treasury shares	8	(17.3)	-	-	(17.3)	-	(17.3)
Dividends provided for or paid	13	-	-	(47.1)	(47.1)	-	(47.1)
Fair value movement on allocation and vesting of securities	8	(5.9)	-	-	(5.9)	-	(5.9)
Employee share schemes		-	(11.1)	-	(11.1)	-	(11.1)
		62.6	(11.1)	(47.1)	4.4	-	4.4
Balance at 31 December 2019		2,529.2	(0.1)	281.3	2,810.4	(1.8)	2,808.6
Balance at 1 July 2020		**3,024.3**	**6.6**	**278.0**	**3,308.9**	**(3.2)**	**3,305.7**
Correction of error	16	-	-	(9.1)	(9.1)	-	(9.1)
		3,024.3	**6.6**	**268.9**	**3,299.8**	**(3.2)**	**3,296.6**
Profit for the half-year		**-**	**-**	**57.8**	**57.8**	**(1.1)**	**56.7**
Other comprehensive income		**-**	**(5.2)**	**-**	**(5.2)**	**-**	**(5.2)**
Total comprehensive income for the half-year		**-**	**(5.2)**	**57.8**	**52.6**	**(1.1)**	**51.5**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	8	**49.8**	**-**	**-**	**49.8**	**-**	**49.8**
Issue of treasury shares to employees	8	**5.7**	**-**	**-**	**5.7**	**-**	**5.7**
Acquisition of treasury shares	8	**(6.5)**	**-**	**-**	**(6.5)**	**-**	**(6.5)**
Dividends provided for or paid	13	**-**	**-**	**(43.4)**	**(43.4)**	**-**	**(43.4)**
Fair value movement on allocation and vesting of securities	8	**2.7**	**-**	**-**	**2.7**	**-**	**2.7**
Employee share schemes		**-**	**(4.2)**	**-**	**(4.2)**	**-**	**(4.2)**
		51.7	**(4.2)**	**(43.4)**	**4.1**	**-**	**4.1**
Balance at 31 December 2020		**3,076.0**	**(2.8)**	**283.3**	**3,356.5**	**(4.3)**	**3,352.2**

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

	Notes	**31 Dec 2020 $m**	31 Dec 2019 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,019.9**	1,032.2
Payments to suppliers and employees (inclusive of goods and services tax)		**(836.3)**	(856.7)
		183.6	175.5
Dividends and distributions received		**15.4**	1.5
Interest received		**17.9**	6.0
Interest paid		**(39.6)**	(41.3)
Income taxes paid		**(27.8)**	(37.8)
Net cash inflow from operating activities		**149.5**	103.9
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	12	**0.1**	(11.7)
Payments for property, plant and equipment		**(194.7)**	(153.2)
Payments for investment property development expenditure		**(143.2)**	(93.8)
Loans advanced to related parties		**(0.5)**	(11.5)
Loan repayments received from associates and related parties		**0.1**	-
Proceeds from sale of investment property		**200.1**	-
Proceeds from sale of property, plant and equipment		**9.3**	5.2
Net cash outflow from investing activities		**(128.8)**	(265.0)
Cash flows from financing activities			
Proceeds from Share issues	8	**34.1**	-
Payment for treasury shares		**(2.4)**	-
Share issue transaction costs		**(0.1)**	
Proceeds from borrowings		**160.0**	544.8
Repayment of borrowings		**(200.0)**	(330.0)
Termination of derivatives		**(23.8)**	-
Principal element of lease payments		**(35.9)**	(34.4)
Dividends paid to Company's shareholders		**(34.2)**	(44.7)
Net cash inflow from financing activities		**(102.3)**	135.7
Net increase/(decrease) in cash and cash equivalents		**(81.6)**	(25.4)
Cash and cash equivalents at the beginning of the half-year		**224.2**	139.9
Effects of exchange rate changes on cash and cash equivalents		**-**	-
Cash and cash equivalents at the end of the half-year		**142.6**	114.5

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

1 Basis of preparation of half-year report

Qube Holdings Limited (the Company), is a company incorporated and domiciled in Australia. The consolidated half-year financial report of the Company for the half-year ended 31 December 2020 comprises the Company and its controlled entities (the Group) and the Group's interests in joint ventures and associates.

The consolidated half-year financial report was approved by the Directors on 24 February 2021.

Statement of compliance

The condensed consolidated half-year financial report for the half-year reporting period ended 31 December 2020 has been prepared in accordance with Accounting Standard *AASB 134 Interim Financial Reporting* and the *Corporations Act 2001*.

The consolidated half-year financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2020 and any public announcements made by the Group during the half-year reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

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

Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated half-year financial report are consistent with those applied by the Group in the financial report for the year ended 30 June 2020 and the corresponding half-year reporting period, except for the adoption of new and amended standards as set out below.

New and amended standards adopted by the Group

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

Impact of standards issued but not yet applied by the entity

Certain new accounting standards and interpretations have been published that are not mandatory for the 31 December 2020 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.

Impact of COVID-19 on the Group

Qube's operations and financial performance continued to be impacted by COVID-19 in the period through higher costs as well as lower volumes in some markets. Overall, the impact of COVID-19 on Qube's operations was broadly similar to that outlined in the 30 June 2020 Annual Report, albeit there has been improvement in volumes in a number of Qube's markets, including containers and agricultural related products.

The main areas noted in the Annual Report as being potentially affected comprised:

- Receivables – Qube has not experienced any significant deterioration in the collectability of receivables due to the challenging operating environment created by COVID-19.
- Goodwill impairment - The uncertainty regarding the impact and duration of the COVID-19 pandemic has increased the difficulty in reliably forecasting Qube's medium term cashflows and therefore the outcome of the impairment assessment, and
- Fair value of investment properties - To date, COVID-19 has not had a material impact on the normal operation nor the fair value of Qube's Investment properties.

Qube's diversification strategy across its operations, including by product, service, geography and customer significantly ameliorated the impact of COVID-19 across the group and enabled the continued generation of meaningful cashflow and earnings.

Qube's high variability in its cost base also enabled it reduce its costs in some parts of its business that have experienced more significant volume reductions due to the economic impact of COVID-19 on a number of Qube's customers in order to mitigate the adverse impact on earnings.

Qube received around $16.8 million in JobKeeper subsidies in the period which supported the ongoing employment of workers in areas of Qube's business that had experienced declining volumes due to COVID-19.

Additional information of the impact of COVID-19 is included in the Directors Report to these Financial Statements.

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.

To reflect changes to strategic and operational responsibilities AAT and Quattro are reported in the Operating Division with effect from 1 July 2020 and the Infrastructure & Property Division has been renamed the Property Division. The Sale of Minto Properties was completed September 2020.

Due to the sale of the Minto Properties and the reporting structure changes, the prior year figures are not comparable.

(a) Description of segments

Operating Division

Logistics 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 haulage for rural commodities. The business operates nationally with strategic locations near the ports in key capital cities.

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. This division also provides stevedoring and related logistics services for the oil and gas 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.

AAT is a multi-user facility provider to the Australian stevedoring industry, operating terminals with facilities for importing and exporting motor vehicles, projects and general cargo.

Property Division (Formerly Infrastructure & Property)

This division currently primarily comprises the Moorebank Logistics Park Project.

The Moorebank Logistics Park Project is a 243 hectare parcel of land owned by Qube and the Commonwealth Government which is leased by Qube for up to 99 years to be developed into an intermodal hub. Qube will manage the development and operations of the overall project. This development will include port-shuttle and interstate rail terminals as well as substantial warehousing development targeting tenants that will also benefit from efficient rail and logistics services.

Patrick

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

Corporate and Other

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

Half-year ended 31 December 2020	**Operating Division $m**	**Property Division $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**915.3**	**23.9**	**0.1**	**-**	**939.3**
Intercompany trading	22.2	1.4	-	-	23.6
Fair value gains	-	(13.0)	-	-	(13.0)
Quattro Acquisition adjustment	2.8	-	-	-	2.8
AASB 16 leasing adjustments	0.6	-	-	-	0.6
Underlying Revenue	**940.9**	**12.3**	**0.1**	**-**	**953.3**

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

Net profit/(loss) before income tax	**91.6**	**(5.4)**	**(26.5)**	**16.9**	**76.6**
Share of profit of equity accounted investments	(1.6)	-	-	(6.0)	(7.6)
Net finance (income)/cost	13.4	3.6	13.3	(10.9)	19.4
Depreciation and amortisation	113.7	2.0	0.8	-	116.5
EBITDA	**217.1**	**0.2**	**(12.4)**	**-**	**204.9**
Fair value gains on investment property	-	(13.0)	-	-	(13.0)
AASB 16 leasing adjustment	(47.5)	(0.2)	(0.8)	-	(48.5)
Impairment of investment in associate	-	11.1	-	-	11.1
Impairment of loan to associate	1.6	-	-	-	1.6
Quattro acquisition adjustment	2.8	-	-	-	2.8
Minto sale adjustment	-	2.8	-	-	2.8
Other	(0.5)	1.4	-	-	0.9
Underlying EBITDA	**173.5**	**2.3**	**(13.2)**	**-**	**162.6**
Underlying depreciation	(67.6)	(1.6)	(0.1)	-	(69.3)
Underlying EBITA	**105.9**	**0.7**	**(13.3)**	**-**	**93.3**
Underlying amortisation	(6.0)	-	-	-	(6.0)
Underlying EBIT	**99.9**	**0.7**	**(13.3)**	**-**	**87.3**
Underlying net finance income/(cost)	0.5	-	(13.3)	10.9	(1.9)
Underlying share of profit/(loss) of equity accounted investments	0.2	-	-	13.3	13.5
Underlying net profit/(loss) before income tax	**100.6**	**0.7**	**(26.6)**	**24.2**	**98.9**
Underlying income tax benefit/(expense)	(30.1)	(0.2)	7.9	(3.3)	(25.7)
Underlying net profit/(loss) after tax	**70.5**	**0.5**	**(18.7)**	**20.9**	**73.2**
Underlying non-controlling interests	1.1	-	-	-	1.1
Underlying net profit/(loss) after tax attributable to members	**71.6**	**0.5**	**(18.7)**	**20.9**	**74.3**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**75.8**	**0.5**	**(18.7)**	**25.2**	**82.8**
Underlying diluted earnings per share (cents)					**3.9**
Underlying diluted earnings pre-amortisation per share (cents)					**4.4**
Total segment assets	**3,359.7**	**1,714.5**	**52.0**	**850.3**	**5,976.5**
Total assets includes:					
Investments in associates and joint ventures	38.7	-	-	553.3	592.0
Loans to equity accounted investments	-	-	9.3	297.0	306.3
Additions to non-current assets (other than financial assets and deferred tax)	231.1	186.2	0.5	-	417.8
Total segment liabilities	**1,040.7**	**137.7**	**1,445.9**	**-**	**2,624.3**

2 Segment information (continued)

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

Half-year ended 31 December 2019	**Operating Division $m**	**Property Division $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**920.6**	**36.6**	**0.1**	**-**	**957.3**
Intercompany trading	-	20.2	-	-	20.2
Fair value gains	-	(8.0)	-	-	(8.0)
AASB 16 leasing adjustments	-	0.6	-	-	0.6
Underlying Revenue	**920.6**	**49.4**	**0.1**	**-**	**970.1**

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

Net profit/(loss) before income tax	**100.2**	**(5.8)**	**(32.9)**	**13.8**	**75.3**
Share of (profit)/loss of equity accounted investments	(1.0)	0.3	-	(2.8)	(3.5)
Net finance (income)/cost	8.8	6.0	21.1	(11.0)	24.9
Depreciation and amortisation	94.4	12.1	0.8	-	107.3
EBITDA	**202.4**	**12.6**	**(11.0)**	**-**	**204.0**
Fair value gains on investment property	-	(8.0)	-	-	(8.0)
AASB 16 leasing adjustment	(37.5)	(8.5)	(0.8)	-	(46.8)
Impairment of investment in associate	6.9	-	-	-	6.9
Intercompany trading	(20.2)	20.2	-	-	-
Other	2.3	(0.2)	-	-	2.1
Underlying EBITDA	**153.9**	**16.1**	**(11.8)**	**-**	**158.2**
Underlying depreciation	(59.1)	(3.4)	(0.1)	-	(62.6)
Underlying EBITA	**94.8**	**12.7**	**(11.9)**	**-**	**95.6**
Underlying amortisation	(4.2)	(1.9)	-	-	(6.1)
Underlying EBIT	**90.6**	**10.8**	**(11.9)**	**-**	**89.5**
Underlying net finance income/(cost)	0.5	0.1	(20.4)	11.0	(8.8)
Underlying share of profit/(loss) of equity accounted investments	1.0	(0.3)	-	10.2	10.9
Underlying net profit/(loss) before income tax	**92.1**	**10.6**	**(32.3)**	**21.2**	**91.6**
Underlying income tax benefit/(expense)	(27.3)	(3.3)	9.7	(3.3)	(24.2)
Underlying net profit/(loss) after tax	**64.8**	**7.3**	**(22.6)**	**17.9**	**67.4**
Underlying non-controlling interests	0.6	-	-	-	0.6
Underlying net profit/(loss) after tax attributable to members	**65.4**	**7.3**	**(22.6)**	**17.9**	**68.0**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**68.3**	**8.6**	**(22.6)**	**22.0**	**76.3**
Underlying diluted earnings per share (cents)***					**4.1**
Underlying diluted earnings pre-amortisation per share (cents)***					**4.7**
Total segment assets	**2,787.4**	**1,987.6**	**61.1**	**874.9**	**5,711.0**
Total assets includes:					
Investments in associates and joint ventures	37.1	39.8	-	574.7	651.6
Loans to equity accounted investments	13.0	-	-	300.2	313.2
Additions to non-current assets (other than financial assets and deferred tax)	546.6	331.0	7.9	-	885.5
Total segment liabilities	**721.3**	**377.0**	**1,798.2**	**-**	**2,896.5**

*A reconciliation of the Patrick underlying contribution to the Group's results can be found in Note 5.
**Underlying net profit/(loss) after tax pre-amortisation, includes an adjustment for Group's proportionate share of Patrick amortisation net of tax.
***The comparative information has been restated to include the dilutive impact of the entitlement offer completed in May 2020.

2 Segment information (continued)

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

Underlying Information is determined as follows:

Underlying revenues and expenses are statutory revenues and expenses adjusted to exclude 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 the Group's shareholders

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

(c) Other segment information

Qube operates principally in Australia and no single customer's 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 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 financial statements. These liabilities are allocated based on the operations of the segment.

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

3 Revenue and other income

	Half-year ended 31 Dec 2020 $m	31 Dec 2019 $m
Sales revenue		
Logistics revenue	**377.0**	435.6
Ports & Bulk revenue	**517.3**	479.0
Rental and property related income	**11.3**	13.7
Management fees	**0.4**	3.9
Other revenue	**14.8**	10.9
Total revenue	**920.8**	943.1
Other income		
Fair value gains on investment property	**13.0**	8.0
Net gain on disposal of property, plant and equipment	**-**	2.3
Other	**5.5**	3.9
Total other income	**18.5**	14.2

4 Expenses

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

	31 Dec 2020 $m	31 Dec 2019 $m
Depreciation		
Buildings	**3.8**	2.6
Plant and equipment	**58.5**	54.7
Leasehold improvements	**6.3**	5.2
Right of use asset	**41.8**	38.7
Total depreciation	**110.4**	101.2
Amortisation		
Customer contracts	**4.2**	4.2
Port Concessions	**1.9**	1.9
Total amortisation	**6.1**	6.1
Total depreciation and amortisation expense	**116.5**	107.3
Finance expenses		
Interest and finance costs paid/payable to other persons	**14.2**	21.6
Lease borrowing costs	**17.7**	15.5
Fair value (gain)/loss on derivative instruments	**(0.2)**	0.5
Total finance costs expense	**31.7**	37.6
Rental expense relating to operating leases		
Property	**3.2**	5.4
Plant, equipment and motor vehicles	**4.7**	3.2
Total rental expense relating to operating leases	**7.9**	8.6
Employee benefits expense		
Defined contribution superannuation expenses	**22.6**	21.7
Share based payment expenses	**4.2**	3.9
Other employee benefits expense	**332.5**	332.6
Total employee benefits expense	**359.3**	358.2

(b) Income tax

The effective tax rate for the half-year to 31 December 2020 was 26%, compared to 32% for the half-year ended 31 December 2019. The lower effective tax rate for the half-year to 31 December 2020 is primarily attributable to the utilisation of previously unrecognised capital losses against the capital gain realised on the sale of the Minto Properties. A deferred tax asset was not previously recognised for these capital losses as it was not certain that sufficient future capital gains would be available to utilise them.

5 Investments accounted for using the equity method

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 31 December 2020. The entities listed below have share capital/units consisting solely of ordinary shares/units, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

Name of entity	Place of business/country of incorporation	% Ownership interest 31 Dec 2020	% Ownership interest 30 June 2020	Carrying amount 31 Dec 2020	Carrying amount 30 June 2020
		%	%	**$m**	$m
Patrick[1]	Australia	**50**	50	**553.3**	560.6
Other equity accounted investments				**38.7**	49.3
Total equity accounted investments				**592.0**	609.9

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 $297.0 million ($297.0 million in June 2020) which also forms part of Qube's total investment in Patrick.

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

(b) Summarised financial information of joint ventures

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

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2020	PTH No. 1 Pty Ltd (Patrick) 30 June 2020
	$m	$m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**50.4**	40.8
Other current assets	**116.5**	105.3
Total current assets	**166.9**	146.1
Total non-current assets	3,971.7	4,014.4
Current liabilities		
Financial liabilities*	**3.4**	0.6
Other current liabilities	**163.2**	153.0
Total current liabilities	**166.6**	153.6
Non-current liabilities		
Financial liabilities*	**987.9**	988.0
Shareholder loans	**594.0**	594.0
Other non-current liabilities	**1,410.7**	1,430.9
Total non-current liabilities	**2,992.6**	3,012.9
Net Assets	**979.4**	994.0

***Excluding trade payables**

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2020	PTH No. 1 Pty Ltd (Patrick) 30 June 2020
	$m	$m
Reconciliation to carrying amounts		
Opening net assets	**994.0**	1,077.2
Profit for the period	**12.0**	(15.7)
Dividends	**(28.8)**	-
Return of capital	**-**	(4.4)
Lease accounting policy change	**-**	(59.7)
Movement in reserves	**2.2**	(3.4)
Closing net assets	**979.4**	994.0
Group's share in %	**50%**	50%
Group's share in $m	**489.7**	497.0
Goodwill	**63.6**	63.6
Carrying amount	**553.3**	560.6

	31 Dec 2020	31 Dec 2019
	$m	$m
Summarised statement of comprehensive income		
Revenue	**344.7**	348.0
Interest Income	**-**	0.8
Depreciation & amortisation	**(62.6)**	(61.5)
Interest expense	**(57.7)**	(60.4)
Income tax expense	**(4.4)**	(2.4)
Profit for the period	**12.0**	5.6
Other comprehensive income	**2.2**	(1.4)
Total comprehensive income	**14.2**	4.2

5 Investments accounted for using the equity method (continued)

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

A reconciliation of the underlying trading performance of Patrick to Qube's share of underlying net profit after tax per Note 2 is included in the table below for the half-years ended 31 December 2020 and 31 December 2019. The statutory figures below represent non-statutory numbers compiled based on statutory PBT after add backs for Interest, Tax, Depreciation & Amortisation.

Patrick underlying contribution reconciliation (100%) **For the half-year ended 31 December 2020**	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	**344.7**	**(14.6)**	**330.1**
EBITDA	**137.1**	**(21.1)**	**116.0**
EBITA	**86.7**	**(3.4)**	**83.3**
EBIT	**74.5**	**(3.4)**	**71.1**
Interest expense (net) - External	**(36.3)**	**24.8**	**(11.5)**
Interest expense - Shareholders	**(21.8)**	**-**	**(21.8)**
Net profit before tax	**16.4**	**21.4**	**37.8**
Tax (@ 30%)	**(4.4)**	**(6.9)**	**(11.3)**
Net profit after tax	**12.0**	**14.5**	**26.5**
Net profit after tax pre-amortisation	**20.5**	**14.5**	**35.0**
Qube share (50%) of net profit after tax	**6.0**	**7.3**	**13.3**
Qube interest income net of tax from Patrick[1]	**7.6**	**-**	**7.6**
Qube net profit after tax from Patrick	**13.6**	**7.3**	**20.9**
Qube share (50%) of net profit after tax pre-amortisation	**10.3**	**7.3**	**17.6**
Qube net profit after tax pre-amortisation from Patrick	**17.9**	**7.3**	**25.2**

Patrick underlying contribution reconciliation (100%) **For the half-year ended 31 December 2019**	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	348.0	2.8	350.8
EBITDA	128.2	(20.1)	108.1
EBITA	78.3	(2.1)	76.2
EBIT	66.7	(2.1)	64.6
Interest expense (net) - External	(36.6)	23.2	(13.4)
Interest expense - Shareholders	(22.1)	-	(22.1)
Net profit before tax	8.0	21.1	29.1
Tax (@ 30%)	(2.4)	(6.3)	(8.7)
Net profit after tax	5.6	14.8	20.4
Net profit after tax pre-amortisation	13.7	14.8	28.5
Qube share (50%) of net profit after tax	2.8	7.4	10.2
Qube interest income net of tax from Patrick[1]	7.7	-	7.7
Qube net profit after tax from Patrick	10.5	7.4	17.9
Qube share (50%) of net profit after tax pre-amortisation	6.9	7.4	14.3
Qube net profit after tax pre-amortisation from Patrick	14.6	7.4	22.0

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

[2]For the half-year to 31 December 2020 underlying adjustments included net after tax AASB 16 leasing adjustments of $14.6 million (Qube share $7.3 million). The prior period included net after tax AASB 16 leasing adjustments of $14.6 million (Qube share $7.3 million).

5 Investments accounted for using the equity method (continued)

(c) Individually immaterial associates and joint ventures

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

	31 Dec 2020 $m	30 June 2020 $m
Aggregate carrying amount of individually immaterial associates and joint ventures	**38.7**	49.3

	31 Dec 2020 $m	31 Dec 2019 $m
Aggregate amounts of the Group's share of:		
Profit/(Loss) for the period	**1.6**	0.7
Other comprehensive income	**-**	-
Total comprehensive income	**1.6**	0.7

[1] 'K' Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd and Southern Export Terminals Pty Ltd. TQ Holdings Pty Limited ceased being an associate in December 2020 and became a subsidiary. The Group acquired an additional 25% interest in Prixcar through its investment in K Line Auto Logistics Pty Ltd in December 2020 and now holds a 50% indirect interest.

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

During the period, 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.

Other than as noted above there has been no material change in contingent liabilities of associates and joint ventures as set out in Qube's 2020 Annual Report.

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

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

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

6 Intangible assets

	Goodwill $m	Port Concessions $m	Customer contracts $m	Total $m
At 30 June 2020				
Cost	765.4	113.5	74.0	952.9
Accumulated amortisation and impairment	-	(13.3)	(66.7)	(80.0)
Net book amount	765.4	100.2	7.3	872.9
Half-year ended 31 December 2020				
Opening net book amount	**765.4**	**100.2**	**7.3**	**872.9**
Goodwill adjustment	**(0.8)**	**-**	**-**	**(0.8)**
Exchange differences	**0.1**	**-**	**0.2**	**0.3**
Amortisation charge	**-**	**(1.9)**	**(4.2)**	**(6.1)**
Closing net book amount	**764.7**	**98.3**	**3.3**	**866.3**
At 31 December 2020				
Cost	**764.7**	**113.50**	**74.0**	**952.2**
Accumulated amortisation	**-**	**(15.2)**	**(70.7)**	**(85.9)**
Net book amount	**764.7**	**98.3**	**3.3**	**866.3**

7 Property, plant and equipment

	Land & Buildings $m	Plant & Equipment $m	Leasehold Improvements $m	Total $m
At 30 June 2020				
Cost	266.0	1,772.9	315.0	2,353.9
Accumulated amortisation	(38.0)	(710.1)	(74.1)	(822.2)
Net book amount	228.0	1,062.8	240.9	1,531.7
Half-year ended 31 December 2020				
Opening net book amount	**228.0**	**1,062.8**	**240.9**	**1,531.7**
Acquisition of a business	**-**	**0.4**	**-**	**0.4**
Additions	**13.4**	**178.0**	**1.4**	**192.8**
Reclassifications	**(0.1)**	**4.6**	**0.1**	**4.6**
Disposals	**-**	**(6.6)**	**-**	**(6.6)**
Exchange differences	**-**	**(0.8)**	**-**	**(0.8)**
Depreciation charge	**(3.8)**	**(58.5)**	**(6.3)**	**(68.6)**
Closing net book amount	**237.5**	**1,179.9**	**236.1**	**1,653.5**
At 31 December 2020				
Cost	**279.0**	**1,922.7**	**316.7**	**2,518.4**
Accumulated amortisation	**(41.5)**	**(742.8)**	**(80.6)**	**(864.9)**
Net book amount	**237.5**	**1,179.9**	**236.1**	**1,653.5**

8 Equity securities issued

	31 Dec 2020 Shares	31 Dec 2019 Shares	31 Dec 2020 $m	31 Dec 2019 $m
(a) Issues of ordinary shares during the half-year				
Opening balance as at 1 July	**1,883,518,039**	1,606,252,093	**3,034.1**	2,475.4
Acquisition of subsidiary	**-**	13,149,895	**-**	43.0
Underwritten dividend reinvestment plan	**13,310,531**	-	**34.1**	-
Dividend reinvestment plan	**3,681,916**	751,939	**9.2**	2.4
Employee share plan issues	**2,309,135**	5,682,018	**6.5**	17.9
Closing balance 31 December	**1,902,819,621**	1,625,835,945	**3,083.9**	2,538.7
(b) Movements in treasury shares during the half-year				
Opening balance as at 1 July	**(223,717)**	(2,128,736)	**(9.8)**	(8.8)
Treasury shares acquired	**(2,380,991)**	(5,495,409)	**(6.5)**	(17.3)
Transfer of treasury shares	**2,142,270**	7,624,145	**5.7**	22.5
Fair value movement on allocation and vesting of securities	**-**	-	**2.7**	(5.9)
Closing balance 31 December	**(462,438)**	-	**(7.9)**	(9.5)
Total contributed equity	**1,902,357,183**	1,625,835,945	**3,076.0**	2,529.2

Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Holdings Limited Employee Share Trust for the purpose of allocating shares that vest under the Short-Term Incentive Plan (STI) and the Long-Term Incentive Plan (LTI). Details of the plans were disclosed in the Remuneration Report of the Qube Holdings Limited 2020 Annual Report.

9 Borrowings

During the period Qube extended the maturity of $280 million of debt facilities, with $140 million extended for an additional 1 year (to 4 years) and $140 million extended for 2 years (to 5 years). Bilateral bridge facilities of $200 million were repaid and the commitments cancelled during the period from the proceeds from the sale of the Minto Properties.

Qube's debt facilities have a weighted average maturity of around 3.5 years (June 2020: 3.6 years). No debt facilities mature within the next 12 months and therefore all borrowings have been classified as non-current liabilities by the Group.

Financing arrangements

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

	31 Dec 2020	30 June 2020
Floating rate	**$m**	$m
Expiring within one year	**-**	-
Expiring beyond one year*	**636.8**	792.3
	636.8	792.3

*Undrawn facilities as at 31 December 2020 are adjusted for $33.2 million in bank guarantees (June 2020: $37.7 million) drawn under the working capital facilities.

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

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the half-year to 31 December 2020.

10 Fair value measurement

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments and non-financial assets since the 2020 annual financial report.

(a) Fair value hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly, and

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

The following table presents the Group's financial assets, non-financial assets and financial liabilities measured and recognised at fair value at 31 December 2020 and 30 June 2020 on a recurring basis:

At 31 December 2020	**Level 1 $m**	**Level 2 $m**	**Level 3 $m**	**Total $m**
Recurring fair value measurements				
Assets				
Investment Properties	**-**	**-**	**1,252.0**	**1,252.0**
Derivatives designated as hedges	**-**	**22.9**	**-**	**22.9**
Total assets	**-**	**22.9**	**1,252.0**	**1,274.9**
Liabilities				
Derivative designated as hedges	**-**	**0.3**	**-**	**0.3**
Derivatives not designated as hedges	**-**	**11.2**	**-**	**11.2**
Total liabilities	**-**	**11.5**	**-**	**11.5**
At 30 June 2020				
Recurring fair value measurements				
Assets				
Investment Properties	-	-	1,103.1	1,103.1
Assets classified as held for sale	-	-	200.1	200.1
Derivatives designated as hedges	-	55.4	-	55.4
Total assets	-	55.4	1,303.2	1,358.6
Liabilities				
Derivatives not designated as hedges	-	35.3	-	35.3
Total liabilities	-	35.3	-	35.3

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

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

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

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

10 Fair value measurement (continued)

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 and 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 primary valuation methodology for the Group's Russell Park investment property is the discounted cash flow and capitalisation approaches, which resulted in the fair value estimate for Russell Park being included in level 3. As the Moorebank Logistics Park is considered investment property in development, it is also included in level 3.

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

Financial instruments

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

There were no transfers between the levels of the fair value hierarchy in the half-year to 31 December 2020.

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

(ii) Valuation inputs and relationships to fair value.

Contingent consideration
Actual consideration payable is contingent on certain future conditions including financial results, warranty periods and volume related targets. The minimum amount payable is $nil, and the maximum is $5 million over the relevant period.

(iii) Valuation processes

The finance department of the Group performs the valuations of non-property assets required for financial reporting purposes, including level 3 fair values. This team reports directly to the Chief Financial Officer (CFO). Discussions of valuation processes and results are held between the CFO and the Audit and Risk Management Committee at least once every six months, in line with the Group's reporting dates.

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

- Discount rates: these are determined using the weighted average cost of capital model to calculate a post-tax rate that reflects current market assessments of the time value of money and the risks specific to the underlying business.
- Contingent consideration payable – expected cash outflows: these are estimated based on the terms of the sale contract, the entity's knowledge of the business, assessment of the likelihood of reaching any financial hurdles and how the current economic environment is likely to impact it.

Material changes in level 2 and 3 fair values are analysed at each reporting date during the half-yearly valuation discussion between the CFO, and the Audit and Risk Management Committee. As part of this discussion the CFO presents a report that explains the reason for the fair value movements.

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 in the half-year to 31 December 2020.

10 Fair value measurement (continued)

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

Non-financial assets (continued)

(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. See below for the valuation techniques adopted:

Description	Fair value at 31 Dec 2020 $m	Unobservable inputs	Range of inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	**$1,252.0**	Discount rate	**6.25% – 8.75%**	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	**4.88% - 8.75%**	
		Capitalisation rate	**4.25% - 8.50%**	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	**23%**	
		Rental growth rate	**1.87%-3.11%**	The higher the rental growth rate, the higher the fair value
		Land rate (per sqm)	**$712.2**	The land rate is the market land value per sqm of fully serviced and benched developable site area for the property (i.e. freehold land value).

(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 assets – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by an independent valuer or management based on comparable transactions and industry data.

For level 3 assets currently under development such as the Moorebank Logistics Park, an internal valuation is performed by management using a static valuation approach based on an independent valuation leveraging relevant market comparable data including capitalisation and land rate per square metre information. This value is then adjusted for factors including the NPV of ground rental payments, cost to complete and contingencies. Qube's interest in the Land Trust is based on an independent valuation.

11 Non-current loans and receivables

	31 Dec 2020	30 June 2020
	$m	$m
Loans and receivables	**297.0**	297.0

The Group provided a related party loan to Patrick as part of the acquisition of its 50% interest. The loan is for a fixed term of 10 years, subordinated to all creditors, with an effective interest rate of 7.3% and no conversion rights.

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 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.

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.

12 Business Combinations

On 18 December 2020, Qube acquired the 50% of the issued capital of TQ Holdings Australia Pty Ltd that it did not already own for a total purchase consideration of $1.

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

	$m
Purchase consideration:	
Cash paid	**-**
Completion adjustments	**-**
Total purchase consideration	**-**

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

	Fair value $m
Cash	**0.1**
Trade receivables	**-**
Deferred tax asset	**0.2**
Property, plant and equipment	**0.4**
Right of use assets	**8.8**
Trade payables	**(0.1)**
Lease liabilities	**(9.4)**
Net identified assets acquired	**-**
Add: Provisional goodwill	**-**
Net assets acquired	**-**

Purchase consideration – cash outflow

	$m
Outflow of cash to acquire subsidiary, net of cash acquired	**-**
Cash consideration	
Less: Cash balances acquired	**0.1**
Net cash consideration	**0.1**

13 Dividends

	Half-year ended	
	31 Dec 2020	31 Dec 2019
	$m	$m
(a) Ordinary shares		
Dividends provided for or paid during the half-year	**43.4**	47.1
(b) Dividends not recognised at the end of the half-year		
In addition to the above dividends, since the end of the half-year the directors have recommended the payment of an interim dividend of 2.5 cents per fully paid ordinary share (December 2019 – 2.9 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 8 April 2021 out of retained earnings at 31 December 2020, but not recognised as a liability at the end of the half-year, is	**47.6**	47.1

14 Contingencies

Contingent liabilities

Unsecured bank guarantees facilities increased by $20.0 million and total guarantees on issue increased by $15.5 million during the period.

Other than as noted above there has been no material change in contingent liabilities as set out in Qube's 2020 Annual Report.

15 Events occurring after the reporting period

Based on the pleasing first half result and positive full year outlook, the Board determined post period end to repay the JobKeeper subsidies received in FY21, expected to be around $16.8 million in total.

In late February, 2021, Qube entered into a detailed non-binding term sheet with Logos Property Group (LOGOS) for the sale of Qube's interests in the property and warehousing components of MLP for total consideration of approximately $1.65 billion before tax, transaction costs and subject to customary completion adjustments including for working capital and capex adjustments as compared to forecast until financial close.

Approximately $340 million of the consideration will be deferred and the remainder payable on financial close. The deferred consideration will be progressively paid to Qube on achievement of agreed milestones mainly relating to the construction of Stage 1 of the Interstate rail terminal and receipt of final planning approvals for warehousing on MPW.

Qube may realise additional value for a small area of developable MLP non-warehouse commercial land that Qube may divest to LOGOS or retain.

The parties are working towards obtaining internal approvals and entering into binding documentation in H2 FY21 and completing the transaction as soon as possible thereafter once the required third-party approvals including MIC and FIRB are received. There is no certainty that any transaction will proceed.

Other than as noted in this report, there have been no events that have occurred subsequent to 31 December 2020 and up to the date of this report that have had a material impact on Qube's financial performance or position.

16 Prior year restatement

Qube discovered a computational error in calculating lease liabilities per *AASB-16 Leases* and the corresponding right of use assets. The error resulted in impacts to the lease liability, right-of-use asset, deferred taxes and retained earnings upon adoption at 1 July 2019 and subsequently at the 30 June 2020 balance date.

The error has been corrected by restating each of the affected financial statement line items for the prior periods as follows:

	30 June 2020 $m	Impact of restatement $m	30 June 2020 (Restated) $m	1 July 2019 $m	Impact of restatement $m	1 July 2019 (Restated) $m
Balance Sheet (Extract)						
Right of use assets	650.7	26.0	676.7	582.3	27.9	610.2
Lease liabilities	(647.6)	(39.1)	(686.7)	(540.0)	(37.6)	(577.6)
Deferred tax liabilities	(99.8)	4.0	(95.8)	(102)	2.9	(99.1)
Net assets	3,305.7	(9.1)	3,296.6	2,762.6	(6.8)	2,755.8
Retained earnings	(278.0)	9.1	(268.9)	(284.7)	6.8	(277.9)
Total equity	(3,305.7)	9.1	(3,296.6)	(2,762.6)	6.8	(2,755.8)

In the directors' opinion:

(a) the financial statements and notes set out on pages 10 to 31 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 2020 and of its performance for the half-year ended on that date, and

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

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

Allan Davies
Chairman

Sydney
24 February 2021

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

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report of Qube Holdings Limited (the Company) and the entities it controlled during the half-year (together the Group), which comprises the consolidated balance sheet as at 31 December 2020, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration.

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

1. giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date

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

Basis for conclusion

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

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

Responsibility of the directors for the half-year financial report

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

PricewaterhouseCoopers, ABN 52 780 433 757
One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Level 11, 1PSQ, 169 Macquarie Street, Parramatta NSW 2150, PO Box 1155 Parramatta NSW 2124
T: +61 2 9659 2476, F: +61 2 8266 9999, www.pwc.com.au

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Group's financial position as at 31 December 2020 and of its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

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

PricewaterhouseCoopers

Jane Reilly
Partner

Sydney
24 February 2021