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22 February 2024

ASX Announcement

Results for Announcement to the Market – FY24 Half Year Results

We **attach** the following for the half year ended 31 December 2023:

- Appendix 4D
- FY24 Half Year Financial Report

Authorised for release by:

The Board of Directors, Qube Holdings Limited

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Qube Holdings Limited
(ABN 14 149 723 053)
APPENDIX 4D Half Year Report 31 December 2023
Results for Announcement to the Market

Statutory Information

Set out below are the statutory results for Qube Holdings Limited (Qube) and its controlled entities for the half year ended 31 December 2023.

The table below highlights that Qube reported a $112.3 million statutory net profit after tax attributable to members for the half year, which includes the contribution from the discontinued operations. However, when the loss from the discontinued operations are excluded, the statutory result from continuing operations is a net profit after tax attributable to members of $114.0 million.

Statutory Information	**Dec 2023 $m**	**Dec 2022 $m**	**Movement %**
Revenue from ordinary activities	1,568.0	1,448.2	8.3
Revenue from ordinary activities (including discontinued operations[2])	1,568.0	1,455.8	7.7
EBITDA[1]	307.2	284.4	8.0
EBITDA[1] (including discontinued operations[2])	305.5	292.0	4.6
Net Profit after tax attributable to members	114.0	106.0	7.5
Net profit after tax attributable to members (including discontinued operations[2])	112.3	111.3	0.9
Interim dividend per share (fully franked)	4.00c	3.75c	6.7
Basic EPS	6.4c	6.0c	6.7
Diluted EPS	6.4c	5.9c	8.5
Basic and Diluted EPS (including discontinued operations[2])	6.4c	6.3c	0.9
Diluted weighted average shares on issue (m)	1,767.6	1,767.4	0.0

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

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

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

Underlying information*	**Dec 2023 $m**	**Dec 2022 $m**	**Movement %**
Underlying Revenue	1,627.9	1,497.2	8.7
Underlying EBITDA	260.8	234.7	11.1
Underlying EBITA	156.8	145.2	8.0
Underlying net profit attributable to members	134.8	124.9	7.9
Underlying net profit attributable to members pre-amortisation	141.2	132.6	6.5
Underlying diluted EPS	7.6c	7.1c	7.9
Underlying diluted EPS pre-amortisation	8.0c	7.5c	6.5

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

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

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

	Dec-23	Dec-22
	$m	**$m**
Revenue from external customers	**1,568.0**	**1,455.8**
Intercompany transactions	59.4	51.8
Discontinued Operations	-	(7.6)
AASB 16 Leasing adjustments	0.5	(0.4)
Other adjustments	-	(2.4)
Underlying revenue	**1,627.9**	**1,497.2**
Net profit before income tax	**145.4**	**150.2**
Share of profit of equity accounted investments	(38.4)	(21.8)
Net finance cost	49.9	27.3
Depreciation and amortisation	148.6	136.3
EBITDA	**305.5**	**292.0**
AASB 16 leasing adjustment	(54.1)	(52.9)
Discontinued Operations	1.7	(7.6)
Other adjustments (net)	7.7	3.2
Underlying EBITDA	**260.8**	**234.7**
Underlying Depreciation	(104.0)	(89.5)
Underlying EBITA	**156.8**	**145.2**
Underlying Amortisation	(2.7)	(4.0)
Underlying EBIT	**154.1**	**141.2**
Underlying net finance cost	(26.5)	(6.6)
Underlying share of profit of equity accounted investments	45.9	29.8
Underlying net profit before income tax	**173.5**	**164.4**
Underlying income tax expense	(38.3)	(40.4)
Underlying net profit for the half year	**135.2**	**124.0**
Underlying non-controlling interests	(0.4)	0.9
Underlying net profit after income tax attributable to members	**134.8**	**124.9**
Underlying net profit after income tax attributable to members pre-amortisation [A]	**141.2**	**132.6**
	Cents	**Cents**
Underlying diluted earnings per share *	7.6	7.1
Underlying diluted earnings per share pre-amortisation*	8.0	7.5

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

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

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

Dividend Information

	Amount (cents per share)	Record Date
Interim dividend - fully franked	4.00	6 March 2024
Payment date	11 April 2024	

Qube paid a fully franked interim dividend of 3.75 cents per share for the six months ended 31 December 2022 on 13 April 2023. A fully franked final dividend of 4.35 cents per share for the year ended 30 June 2023 was paid on 17 October 2023.

Dividend Reinvestment Plan

The DRP has been suspended for the interim dividend payable on 11 April 2024.

Net Tangible Assets per Share

The net tangible assets per share are $1.19 per share (Dec 2022: $1.21 per share).

Additional Information

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

This Appendix 4D report is based on the 31 December 2023 Interim Financial Report which has been subject to a review by PricewaterhouseCoopers.

Qube Holdings Limited
ABN 14 149 723 053

Consolidated financial report
for the half-year ended 31 December 2023

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 2023 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 2023.

Directors

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

Name	Position	Appointed	Retired
Allan Davies	Chairman	26 August 2011	
Sam Kaplan	Deputy Chairman	23 March 2011	
Paul Digney	Managing Director	1 July 2021	
Ross Burney	Non-executive Director	9 September 2011	22 February 2024
Alan Miles	Non-executive Director	1 April 2013	
Stephen Mann	Non-executive Director	1 September 2019	
Jackie McArthur	Non-executive Director	17 August 2020	
Nicole Hollows	Non-executive Director	19 October 2020	10 November 2023
Lindsay Ward	Non-executive Director	4 October 2022	
Jill Hoffmann	Non-executive Director	15 December 2023	
James Fazzino	Non-executive Director	22 February 2024	

Dividend

The Directors have declared a fully franked interim dividend of 4.00 cents per share payable on 11 April 2024.

Review of operations

Overview

In H1 FY24, Qube continued to demonstrate an ability to generate revenue and earnings growth despite ongoing macroeconomic challenges and headwinds in some of Qube's markets. This pleasing outcome was a result of the strength and resilience of Qube's diversified operations across attractive markets and the multiple growth opportunities for Qube across these markets.

Underlying revenue growth in H1 FY24 was 8.7% to $1.63 billion flowing through to underlying earnings (EBITA) growth of 8.0% to $156.8 million. Underlying NPATA increased by 6.5% to $141.2 million and underlying earnings per share pre-amortisation (including Qube's share of Patrick's amortisation) (EPSA) increased by 6.5% to 8.0 cents per share.

Qube's ability to deliver continued underlying NPATA and EPSA growth over the strong results achieved in the prior comparative period was pleasing, particularly as these positive financial results were achieved despite the higher interest rate environment which contributed to Qube's net interest expense increasing by around $20 million against the prior corresponding period.

An ongoing focus on leveraging Qube's extensive asset base and scale, and to improve productivity and efficiency across its operations, enabled Qube to effectively mitigate the continued impact of cost inflation and maintain similar margins to those of the prior corresponding period.

A summary of key financial metrics is presented below.

	Underlying Information		Statutory Information (including discontinued operations)*	
	$m	**Change (from prior corresponding period)**	**$m**	**Change (from prior corresponding period)**
Revenue	1,627.9	8.7%	1,568.0	7.7%
EBITA	156.8	8.0%	159.6	No change
NPAT	134.8	7.9%	112.3	0.9%
NPATA	141.2	6.5%	118.6	(0.3%)
EPSA (cents)**	8.0	6.5%	6.7	No change
DPS (cents)	4.0	6.7%	4.0	6.7%

**Note: As a result of the sale of the Moorebank warehousing related assets, the earnings associated with these assets were classified under discontinued operations in the FY23 and H1 FY24 financial statements. Excluding discontinued operations, H1 FY24 revenue remains at $1,568.0 million while EBITA is $161.3 million.*
***Note: EPSA is NPATA divided by the fully diluted weighted average number of shares outstanding.*

The result reflected a higher underlying earnings contribution from all parts of the group with both business units in the Operating Division and all of Qube's associates delivering higher profits in the period compared to the prior corresponding period.

The Ports and Bulk business unit delivered strong earnings growth, reflecting the benefits from contractual rate adjustments implemented during FY23, organic growth from solid volumes across most services and commodities and a full period contribution from the acquisitions completed in FY23.

The Logistics and Infrastructure business unit delivered modest earnings growth as continued solid volumes across automotive infrastructure and container related activities and an initial contribution from the three recent acquisitions completed in the period were largely offset by a much lower contribution from the higher margin agri related activities and increased start-up losses relating to the MLP IMEX Terminal.

The largest driver of Qube's earnings growth in the period was the contribution from Qube's investment in Patrick which reflected a very high market share in the period that more than offset a decline in overall market volumes. As noted, Qube's other associates also delivered significantly higher earnings in the period compared to H1 FY23.

Qube has built an unrivalled capability to deliver a broad range of integrated logistics solutions across multiple markets targeting key import and export supply chains as well as selected domestic supply chains. These markets each have attractive long-term outlooks and Qube's past and ongoing investment, including on infrastructure, property, technology, equipment and people over many years, means that Qube is well placed to deliver attractive long-term financial returns from its operations in these markets.

Qube's H1 FY24 financial performance is another clear demonstration of the strength of Qube's business and its ability to deliver a sound financial performance despite inevitable challenges in some of its markets or the broader economy.

Further commentary is set out below.

Statutory revenue (including discontinued operations) increased by 7.7% to approximately $1.57 billion while statutory profit after tax attributable (NPAT) to shareholders increased 0.9% to $112.3 million. Statutory diluted earnings per share pre-amortisation remained steady at 6.7 cents per share.

The H1 FY24 statutory earnings includes the impact of the lease accounting standard, AASB 16, which has reduced statutory net profit after tax by around $16.1 million (inclusive of the impact of AASB 16 on Qube's share of Patrick's statutory net profit).

The underlying information excludes discontinued operations and certain other non-cash and non-recurring items in order to more accurately reflect the underlying financial performance of Qube. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. References to 'underlying' information are to non-IFRS financial information prepared in accordance with ASIC Regulatory Guide 230 (Disclosing non-IFRS financial information) issued in December 2011. Non-IFRS financial information has not been subject to audit or review. A reconciliation of the statutory results to the underlying results for the half year is presented in Note 2 to the financial statements as well as the 31 December 2023 Appendix 4D.

Interim Dividend

As a result of Qube's earnings growth in the period, positive outlook and strong financial position, the Board has increased the interim ordinary dividend by around 6.7% to 4.0 cents per share (fully franked), equating to a 50% dividend payout ratio of Qube's H1 FY24 underlying EPSA (consistent with the payout ratio in H1 FY23). The dividend reinvestment plan will not apply for the interim dividend.

Operating Division

Qube's operations remained highly diversified, including by customer, product, service and geography, which continued to support revenue and earnings growth despite challenges in some areas.

The Operating Division reported solid underlying revenue growth of 8.7% to $1.63 billion and underlying earnings growth (EBITA) of 8.2% to $177.3 million. The result was driven by the Ports and Bulk business unit with both the ports and bulk activities delivering improved results over H1 FY23 while the Logistics and Infrastructure contribution was modestly above the prior corresponding period.

Overall EBITA margins remained steady at 10.9% in H1 FY24 which was the same margin reported in H1 FY23.

Operating Division Underlying Financial Information	H1 FY24 $ million	H1 FY23 $ million	Growth $ million	Growth %
Revenue				
Logistics and Infrastructure	667.7	692.0	(24.3)	(3.5%)
Ports and Bulk	960.0	806.4	153.6	19.0%
Divisional Corporate	-	(1.3)	1.3	N/A
Total Revenue	**1,627.7**	**1,497.1**	**130.6**	**8.7%**
EBITA				
Logistics and Infrastructure	121.9	118.5	3.4	2.9%
Ports and Bulk	78.0	64.4	13.6	21.1%
Divisional Corporate	(22.6)	(19.1)	(3.5)	(18.3%)
Total EBITA	**177.3**	**163.8**	**13.5**	**8.2%**
EBITA Margin (%)	**10.9%**	**10.9%**		

In H1 FY24, the top 10 customers across the division represented approximately 23.6% of the Operating Division's total revenue and included mining companies, energy companies, retailers and manufacturers. No single customer represented more than 6.0% of the total divisional revenue.

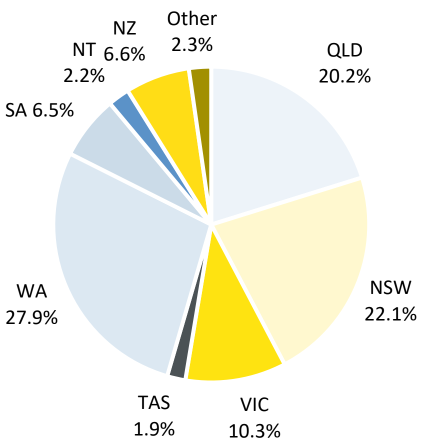
From a geographical perspective, as highlighted in the pie charts below, Qube is well diversified with Western Australia being the largest single region representing 27.9% of total divisional revenue. The key changes in geographical revenue contribution were attributable to:

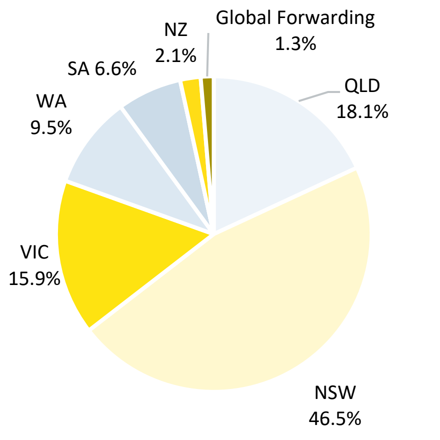
- Acquisitions which added revenue to QLD and SA (Kalari), WA (Stevenson) and NZ (Pinnacle);
- Weaker agri volumes which reduced revenue in NSW and QLD; and
- Loss of contracts, and end of mine life for certain bulk customers in VIC and WA.

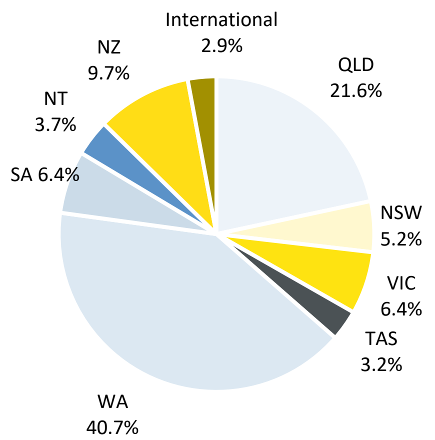
All states delivered revenue growth in H1 FY24 relative to the prior corresponding period except for VIC and QLD, both of which remained in line with H1 FY23.

Revenue segmentation by region

Operating Division *NOTE: Other includes Global Forwarding and South East Asia	**Logistics and Infrastructure**	**Ports and Bulk**







Logistics and Infrastructure (L&I)

Qube's L&I business unit delivered a modest increase in underlying earnings in H1 FY24 despite a decline in revenue. Underlying EBITA grew 2.9% to $121.9 million while underlying revenue declined from $692.0 million in H1 FY23 to $667.7 million in H1 FY24.

The result reflected continued high volumes across most of Qube's containerised activities including transport, empty container parks and warehouse activities as well as high volumes of vehicles, roll on-roll off, general and project cargo at Qube's automotive terminals (AAT).

The key weakness in the period was lower agri (grain) volumes following a very strong contribution in FY23. Total tonnes handled across Qube's two agri terminals declined by over 57% from around 1.6 million tonnes in H1 FY23 to approximately 0.7 million tonnes in H1 FY24. Given the relatively high fixed cost nature of the grain terminals and bulk rail equipment, the lower volumes and resulting weaker revenue had a larger impact on Qube's earnings and margins. Qube expects an improvement in volumes in the second half of FY24 although still below the full year prior corresponding period.

The industrial action by the Rail, Tram and Bus Union at the start of the period impacted costs and productivity in the period. During the latter part of the period, the business unit was also adversely impacted by the industrial action at DP World's container terminals which impacted volumes and created operating inefficiencies for Qube.

Qube also saw a slowdown in warehouse related activity towards the end of the period which was mainly due to softer volumes from its retail customers.

Despite the weaker agri contribution, overall margins improved with EBITA margins of 18.3% compared to 17.1% in the prior corresponding period. This outcome reflected the generally high activity levels across most of the business (including at AAT's facilities), as well as Qube's ongoing focus on efficiency and ensuring it effectively mitigated the impact of the inflationary environment through cost and rate initiatives.

Qube's ability to grow earnings and improve margins in the period was a particularly positive outcome as it was achieved despite higher start-up losses on the MLP IMEX Terminal which generated an EBITDA and EBITA loss for H1 FY24 of $2.0 million and $3.2 million respectively.

During H1 FY24, Qube completed three acquisitions that provide further diversification and growth opportunities.

In September 2023, Qube acquired the Agri rail terminal, storage and handling facility at Narrabri (NSW). This is an 18 hectare site with 7 warehouses and 3 grain bunkers. This transaction enhances Qube's NSW agri grain network and provides opportunities to service the existing customers with Qube's rail capability.

In November 2023, Qube acquired the remaining 50% interest in Pinnacle (NZ) and 100% of Stevenson Logistics.

As previously advised, Pinnacle is a New Zealand based business that operates a range of logistics services including empty container parks, container transport and refrigerated container maintenance and repair services. This acquisition provides Qube with an asset and customer base, along with an experienced management team, to develop a containerised logistics operation in New Zealand. Following Qube's increased ownership to 100%, Qube is proceeding to rebrand Pinnacle as Qube. This is expected to be completed by the end of FY24.

Stevenson Logistics is an established container transport and logistics operator located in the port precinct of North Fremantle. This transaction expands Qube's capabilities and exposure to the hay/agri export market in Western Australia.

These acquisitions are all performing in line with expectations and are expected to make an increased contribution in H2 and beyond.

Towards the end of the period, Qube recruited a number of experienced individuals to establish an in-house grain trading capability. The intention of this capability is to provide Qube with the ability to deliver additional volumes through its agri infrastructure to utilise excess capacity where Qube can do so in a manner that can generate incremental financial returns within a prudent risk framework. This is not expected to be a material part of Qube's overall activities but provides Qube with greater ability to optimise the utilisation of its infrastructure.

Qube's ability to continue to grow earnings despite some headwinds highlights the strength and diversification of Qube's business and ability to take advantage of new growth opportunities to mitigate challenges that arise in parts of the business.

The top 10 L&I customers represent around 10.4% of the Operating Division's total revenue and include retailers, manufacturers, shipping lines, food processors and grain traders.

<u>Moorebank Logistics Park (MLP) IMEX Terminal</u>

The testing and commissioning of the IMEX Terminal continued and automated operations are expected to be largely complete by the end of February 2024. Qube expects to commence running five metro shuttles per weekday from late February with regional services commencing in late March / April. The MLP Empty Container Park (ECP), which commenced its full service offering in early February, is expected to complement the rail activities.

Qube expects that the combined metro and regional volumes from Qube's rail services will deliver annualised run rate throughput through the MLP IMEX of around 300,000 - 350,000 TEU per annum by June 2024. At these volumes, Qube expects that the MLP

IMEX Terminal Operations will be at least break-even from a cashflow perspective (and excluding the expected positive earnings and cashflow contribution from the ECP activities).

There have been several positive industry developments in FY24 that support Qube's positive near term volume outlook for the IMEX including:

- The completion of construction and commencement of operations of Patrick's automated rail terminal at Port Botany in November 2023;
- The completion of the Federal Govt funded ARTC Botany Rail Duplication project in February 2024 will improve efficiency by rail from MLP to Port Botany;
- Additional tenants, being Maersk, and Sydney Tools, have been secured by LOGOS at MLP and are expected to utilise rail to move their volumes from Port Botany. These tenants will join existing tenants including Qube, Woolworths and Mainfreight at the MLP;
- Mainfreight's warehouse is now operational on site while the two new warehouses for the most recent tenant signings are expected to be completed by May 2024. This is in excess of 150,000m^2 of new warehousing in the precinct; and
- Qube exited its leased facilities at Yennora in November and relocated volumes to the MLP which should support the ramp up of activities and an improved overall financial return to Qube.

<u>MLP Interstate Terminal</u>

The construction of the MLP Interstate Terminal (Stage 1a) continued during the period and is on track to be completed in H2 FY24.

As previously advised, on completion, the terminal will be handed over to the Joint Development Model (JDM) who will undertake the ongoing management of the terminal. The JDM is a joint venture in which Qube will hold a 65% interest, LOGOS (25%) and National Intermodal Corporation (10%). Qube has been appointed by the JDM as the service provider of the terminal for an initial 5 year term.

During the period Qube terminated its contract with the head contractor for the MLP Interstate Terminal. Pleasingly, the new contractor appointed by Qube is in the process of completing the work, and an initial test train successfully operated through the MLP Interstate Terminal on 24 January 2024.

Qube also reached agreement with the National Intermodal Corporation to extend the sunset date by which Stage 1a of the Interstate Terminal had to be operational from 24 January 2024 to 30 June 2024, and Qube is highly confident that it will meet this milestone.

The total expected cost to complete Stage 1a and 1b of the MLP Interstate Terminal remains materially in line with Qube's previous estimate of around $200 million of which $153.7 million had been spent to 31 December 2023.

Positive discussions are being held with potential users of the MLP Interstate Terminal and Qube expects volumes to increase progressively during calendar 2024. It is currently expected that train services will commence in Q4 FY24.

As previously announced to the ASX on the 24th of August 2023, Qube had been in disagreement with the previous head contractor for the MLP Interstate Terminal (Martinus Rail Pty Ltd (Martinus)). On the 10th of November 2023, Qube announced to the ASX that it had terminated the contracts with Martinus on the 25th of September 2023 and after several weeks engaged John Holland Rail Pty Ltd to manage and construct the remainder of the project.

Qube received post-termination payment claims from Martinus, pursuant to section 13(1C) of the Building and Construction Industry Security of Payment Act 1999 (NSW) (Act). The claims mainly concern re-pricing of historic variations, new claims for alleged delay and disruption, and claims for termination entitlements under the contracts. The claims total approximately $113m (net of a duplicate claim for termination of approximately $24m). The Superintendent has assessed the Contractors entitlement under the Contracts for these claims and Qube expects the Superintendent will certify a negative amount, that is, a payment from Martinus to Qube of approximately $2.8 million.

Based on a legal and commercial assessment of its position, Qube does not expect the final outcome of the dispute with Martinus to have a material impact on Qube's financial position or the underlying returns from the MLP Interstate Terminal.

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

<u>Deferred Consideration</u>

During the period, Qube received a total of approximately $39.5 million in deferred consideration with around $13.5 million remaining to be paid. Additionally, Qube expects to receive consideration from LOGOS of up to $41.25 million in relation to LOGOS' unitholding in the Interstate Terminal. The majority of this consideration is contingent on volumes through the Terminal.

Ports and Bulk (P&B)

Qube's P&B business unit reported strong underlying revenue and earnings growth in H1 FY24, with revenue increasing 19.0% to $960.0 million, and EBITA increasing 21.1% to $78.0 million. Although both the ports and bulk activities delivered earnings growth over the prior corresponding period, the ports supply chain related activities achieved higher growth than the bulk activities.

The result reflects generally solid volumes across most ports and bulk activities and the benefit of higher tariffs implemented during FY23 to address the inflationary environment.

The earnings growth was achieved despite several headwinds including adverse weather in Gisborne where 37 working days were lost and in South Australia which impacted the domestic forestry operations, as well as continued skilled labour shortages in some regional areas.

Many of the factors that adversely impacted the prior corresponding period's result, including congestion issues at the ports due to quarantine concerns that impacted automotive imports, as well as low domestic forestry volumes have improved.

The Australian Ports results benefitted from high volumes of motor vehicles and other bulk products such as cement clinker and agricultural products. Scrap metal volumes were also reasonable although declined from the prior corresponding period.

The main areas of volume weakness compared to the prior corresponding period were project cargo due to delays in commencement of some projects, grain (due to the weaker harvest) and steel products (where some volumes had moved from bulk handling into containers due to lower shipping rates).

Qube Energy delivered a solid result as the key energy customers ramped up their activities and increased the scope of work provided by Qube from the core warehousing and supply base services to include provision of equipment, machinery and resources.

The Australian (domestic) forestry operations delivered strong revenue growth over the prior corresponding period due mainly to an increase in log and marshalling activities. This more than offset a small decline in volumes of woodchips stevedored and harvested, and enabled this activity to contribute positively to earnings compared to a small loss in H1 FY23.

The New Zealand forestry operations delivered higher revenue than the prior corresponding period despite volumes declining modestly from H1 FY23. However, earnings were slightly lower than the prior period due to volatility in volumes month to month. Positively, volumes continue to be trending above the very low volumes in H2 FY23. The restructure of the business to deal with the weak volumes that commenced in FY23 was completed in October and continues to deliver savings. As a result of the cost savings and some improvement in volumes, the full year contribution from these activities is expected to be higher in FY24 although the asset base remains underutilised and further reallocation of equipment is being assessed.

Pleasingly, Qube's BOMC joint venture in Indonesia delivered a much higher contribution as a major new contract commenced.

The bulk volumes across most activities were stable with revenues from most commodities flat or up on the prior corresponding period. The new storage shed that had been developed at Rockingham in the prior period commenced operations in July and is already at capacity.

The result benefitted from a full period's contribution from the Kalari acquisition which is tracking slightly ahead of initial expectations. Qube is actively pursuing additional opportunities to leverage Kalari's expertise in inbound mine supply across Qube's customer base where Qube has traditionally been involved only in outbound logistics tasks.

Driver shortages continue to be an issue in regional areas and is impacting some bulk activities both in terms of missed revenue opportunities and higher costs resulting from use of subcontractors and additional overtime payments. Additionally, there have been some delays in the commencement of operations of certain new projects and mines which were expected to replace volumes that ended in FY23 as mines reached their end of life.

Although certain commodity prices, particularly lithium and nickel, weakened during the period, this is not expected to have a significant impact on Qube's revenue and earnings, and volumes to date have largely been unaffected. This reflects the diversity of Qube's activities and limited exposure to any individual customer or commodity, as well as Qube's ability to redeploy equipment across its operations to mitigate the impact of reduced volumes in any part of its business.

Qube will continue to closely monitor market conditions and will work with its customer base to identify opportunities to further optimise their overall logistics supply chains and reduce costs where practical.

The top 10 P&B customers represent around 22.4% of the Operating Division's total revenue and include resource companies, shipping lines as well as energy and gas companies.

Associates

The other associates (excluding Patrick Terminals which is presented separately) continued to deliver significantly improved financial results in the period, with each company contributing higher profits to Qube compared to the prior corresponding period. The total underlyng profit after tax from associate entities other than Patrick was $8.1 million in H1 FY24 compared to $2.8 million in H1 FY23.

Patrick Terminals

Patrick was able to deliver a 21.1% increase in underlying NPATA to Qube of $44.8 million (H1 FY23 - $37.0 million). The NPATA comprises Qube's share of Patrick's profit after tax (pre-amortisation) as well as interest income (post-tax) on shareholder loans.

Underlying revenue generated by Patrick (100%) increased by 15.6% to $462.2 million and underlying EBITDA (100%) improved by 21.1% to $200.2 million in H1 FY24 from $165.3 million in H1 FY23.

This was a particularly strong result as it was achieved despite overall market container volumes (lifts) declining by around 4.3% in the six-month period to 31 December 2023.

During the period, Patrick paid cash distributions to Qube of $20.0 million (compared to $45.0 million in the prior corresponding period although the second half distribution to Qube is expected to be higher than the first half).

The high market share of 49% for the period reflected additional service wins secured in late FY23 and additional volumes serviced by Patrick due to the industrial relations challenges that impacted DP World. Patrick's market share is expected to revert to the prior period range of 41% - 43% following the loss of some volumes in Melbourne from January 2024 and the resolution of the industrial action that has impacted DP World, although is likely to remain above this range for FY24.

Patrick has extended key contracts across the period, providing added security to Patrick's future volume and revenue profile, including a three-year extension with its largest customer covering all terminals other than Melbourne.

Pleasingly, Patrick was able to demonstrate the benefits of its significant investment in equipment and technology to improve productivity and capacity.

Patrick has invested in excess of $280 million across the past four years and a further $70 million committed in the year ahead ($350 million in total) to support continued efficient landside service levels for its landside customers and Australian shippers.

In the current period, Patrick undertook capex of around $37.3 million comprising growth capex of $12 million and maintenance capex of around $25.3 million.

Patrick has completed a number of key projects including those outlined below that will produce business improvement savings and provide further competitive advantages, with the projects moving into a period of optimisation across 2024. These include:

- Port Botany Rail Development – Project reached practical completion in late 2023, delivering further rail capacity and landside efficiencies. Operational commencement of 600m single loco lead rail operation is scheduled to occur in a staged manner during 2024;
- Automated Truck Handling – Project went live in Port Botany in October 2023 in-conjunction with the finalisation of the Port Botany Rail Development. Fisherman Islands continues to deliver labour costs savings and improved truck turnaround times;
- Crane Automation – Fisherman Island semi-automated Crane is fully operational and handling commercial cargo. Focus is on delivering productivity targets levels during 2024;
- Melbourne Rail Project – The rail terminal was completed in late 2023, with the first train handled in February 2024. The investment will support a rail modal shift for containers moving to and from the port;
- Fremantle Redevelopment – Lease redevelopment commitments were met in late 2023 and are expected to deliver immediate cost savings. Additional capital commitments to be invested in green terminal handling equipment and further capacity uplifts across 2024;
- 44 Straddle Carriers procured and commissioned in Melbourne, Sydney and Brisbane, along with other key equipment upgrades;
- Pavement works and capacity upgrades across all terminals;
- Gate system upgrades in Sydney, Brisbane and Fremantle; and
- Terminal Operating System upgrade across all terminals and other comprehensive IT upgrades.

As a result of these initiatives, Patrick was able to handle much higher volumes in the period without compromising on service levels. This helped mitigate the impact on the broader supply chain from the industrial relations challenges that impacted DP World and its customers. Patrick will continue to invest proactively to ensure that it delivers a quality, reliable service to both its quayside and landside customer base over the medium to long term.

Post period-end, on 4 January 2024, Patrick announced increases to its landside charges, effective 4 March 2024. Patrick's fee reviews are undertaken in line with voluntary protocols for landside fees. The landside charge recovers a portion of the costs that relate to:

- capital investments and commitments made to infrastructure that supports Patrick's landside operations;
- maintenance and operational costs associated with providing landside operations; and
- property and property related costs.

Patrick is also pursuing its decarbonisation strategy which includes investment in fleet modernisation, a transition to renewable energy and influencing intermodal (rail and road capacity and efficiency). As part of the strategy, Patrick has procured 9 electric ITVs in Fremantle for commissioning in 2024. In addition, Patrick has procured 10 Hybrid Straddle Carriers which will be commissioned in East Swanson Dock (VIC) in mid-2024.

Patrick finished the period with net external debt of around $1.13 billion and shareholder loans of around $203.3 million (Qube share $101.7 million).

The statutory contribution to Qube's NPAT (being interest income on shareholder loans and share of profit after tax) was a profit of $33.2 million (compared to $24.6 million in H1 FY23). Variances to underlying results are largely driven by the impact of the leasing standard (AASB 16).

Consistent with past practice and methodology, Patrick management undertook an internal discounted cashflow valuation of the business as part of its end of period impairment testing. The resulting valuation was materially consistent with the valuation that was determined at June 2023.

	H1 FY24 **$ million**	**H1 FY23** **$ million**	**Change** **%**
Patrick's Key Underlying Financial Information			
Revenue (100%)	462.2	400.0	15.6%
EBITDA (100%)	200.2	165.3	21.1%
Patrick's Underlying Contribution to Qube			
Qube Share of NPAT	37.8	27.0	40.0%
Qube Share of NPAT (pre-amortisation)	42.2	31.8	32.7%
Qube interest income net of tax from Patrick	2.6	5.2	(50.0%)
Total Qube share of NPAT from Patrick	**40.4**	**32.2**	**25.5%**
Total Qube share of NPAT (pre-amortisation) from Patrick	**44.8**	**37.0**	**21.1%**
Patrick's Cash Distributions to Qube			
Interest income (pre-tax)	7.9	7.3	8.2%
Dividend	12.1	37.8	(68.0%)
Shareholder loan repayment	-	-	N/A
Total	**20.0**	**45.0**	**(55.6%)**

Capital Expenditure

Qube spent approximately $357.9 million of gross capital expenditure in the period. The major breakdown of H1 FY24 capital expenditures was as follows:

- Growth capex (ex acquisitions) of $79.7 million;
- Acquisitions capex of $99.4 million;
- Maintenance capex of $104.2 million; and
- MLP Terminal capex of $74.6 million (including capex that relates to LOGOS/NIC 35% share of the Interstate terminal and including capitalised interest of $6.0m).

Further information on the key items of growth and maintenance capital expenditure is summarised below:

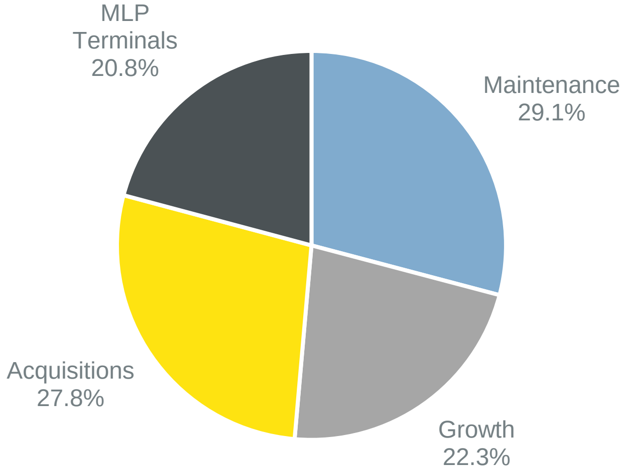
	Growth $ million	Maintenance $ million	Total $ million
Qube H1 FY24 Capex			
Loco and rail assets	23.0	3.5	26.5
Mobile fleet assets	14.9	40.9	55.8
Material handling equipment (including cranes)	10.0	39.2	49.2
Property and buildings	13.7	3.0	16.7
Storage sheds / warehouses	12.7	-	12.7
Containers	2.8	1.5	4.3
Other plant and equipment	1.7	12.9	14.6
IT assets	0.9	3.2	4.1
Total	**79.7**	**104.2**	**183.9**

Maintenance capex as a percentage of the depreciation was around 100% in the period.

Despite significant continued capex, Qube's return on average capital employed (ROACE) continued to improve, increasing to 9.4% compared to 9.1% at June 2023 and continues to trend towards Qube's target of 10%+.

The average capital employed has increased since June 2023 from $4.4 billion to $4.8 billion of which around $428.5 million comprised assets (capital balances as at 31 December) not yet delivering run-rate earnings including the MLP Terminals, locomotives and wagons that have been partly paid for but have not yet been delivered, the strategic acquisition of the Narrabri property and infrastructure assets, and warehouses under construction.

A summary of the composition of the capex undertaken in H1 FY24 is presented below.



Funding and Cashflow

During H1 FY24, Qube successfully refinanced a large portion of its debt facilities including:

- Repaying the ASX listed subordinated notes;
- Repaying or extending all debt facilities maturing in FY24; and
- Increasing debt facilities by a net $225 million to provide additional funding flexibility and capacity.

The refinancing process was well supported by Qube's existing banks as well as several new lenders and resulted in Qube finishing the period in a strong financial position with cash and available undrawn debt facilities of around $953.7 million, and a weighted average debt maturity profile of around 3.3 years at 31 December 2023.

Qube continues to be conservatively leveraged with net debt of approximately $1.25 billion, a leverage ratio (net debt / net debt + equity) of around 29%, being below the lower end of its target leverage range of 30% to 40%, and significant headroom to Qube's financial covenants.

Qube generated underlying operating cashflow pre-tax and interest of around $153.6 million in the period, equating to a cash conversion ratio of 59% of underlying EBITDA. The cash conversion ratio is typically lower in H1 as H1 normally includes a sizeable pre-payment of insurance premiums as well as the payment of the prior year's STI accruals. In H1 FY24, Qube's working capital also increased due to the working capital associated with the acquisitions completed in the period. Qube expects the cash conversion ratio will improve in H2 as some of these items unwind.

Qube's high operating cashflow and strong financial position means that Qube remains well positioned to continue to fund attractive growth opportunities.

Safety, Health and Sustainability (SHS)

Regrettably, during the period, an employee died following an incident at Qube's forestry harvesting operations in the Fleurieu Peninsula, South Australia. Investigations into this incident are continuing and Qube is continuing to fully cooperate with relevant authorities.

In response to this incident Qube is currently trialling new technology which has recently come to market, to remotely monitor operations within a forest setting via in-cab cameras. This will provide better surveillance and supervision in these remote forest operations.

In December, an employee of a third-party contractor who had been engaged to carry out work on Qube's behalf was also fatally injured in an incident at a public level crossing in North Shore, Victoria. Qube has co-operated with the third-party contractor to understand exactly what occurred in this case and to support their investigations and those of the relevant authorities and will continue to do so.

Qube's H1 FY24 Lost Time Injury Frequency Rate (LTIFR) of 0.57 per million hours worked continues to improve, however Qube's Total Recordable Injury Frequency Rate (TRIFR) of 9.0 per million hours worked declined slightly largely due to growth from acquisitions in FY23.

Qube's Critical Incident Frequency Rate (CIFR) decreased to 0.77, a 23% reduction that is attributable to the enhanced focus on verification and reporting to assess the effectiveness of critical controls.

Qube continues to embed Thrive through Safety, Health and Wellbeing initiatives. These include:

Risk Reduction
- Significant organisational effort on critical risks, a particular focus on the quality of critical risk reviews, ensuring that we are spending the time with the frontline workers to verify and validate our controls and implementing corrective actions if we identify gaps or opportunities for improvement.
- Critical risk framework has been reviewed across all divisions to ensure our controls are fit for purpose, taking into consideration recent acquisitions and growth.

Contractor Management
- Audit of contractor management process and assessment of all contractors.
- Education sessions to our management teams reinforcing our contractor management processes.

Training
- Direct engagement with management teams and awareness campaign for all managers and supervisors.

Well-being
- Implementing actions from new psychosocial risks legislation.
- Implementing Qube's first 'Reflect' Reconciliation Action Plan (RAP), including establishing a RAP committee, expanding out indigenous partnerships and increasing our engagement with First Nations businesses and providers.
- Continue to support mental health awareness and education through our commitment to Healthy Heads in Trucks and Sheds.

<u>Decarbonisation</u>

Throughout the period, Qube has continued to progress efforts to reduce Scope 1 and 2 emissions across our operations. At the same time, with the anticipated introduction of mandatory Australian Sustainability Reporting Standards (ASRS) in FY25, Qube has also taken steps to review existing systems and processes to ensure we are well placed to meet these additional obligations.

Trials continue for a range of technology solutions which could assist in reducing emissions from our vehicle fleet, including alternative fuels and electrification, and efforts to electrify small mobile assets (e.g. light vehicles, container handlers, forklifts) continue.

In December 2023, Qube consolidated and renewed our electricity supply contracts for assets comprising approximately 50% of Qube's operations. As part of this process, Qube conducted market testing for potential renewable energy options and we continue to assess the potential to procure Large Generation Certificates to reduce Qube's Scope 2 emissions. That work will continue in H2 FY24.

Concurrently, we continue to explore opportunities to implement solar systems across Qube-owned assets. In January 2024, Qube announced that its warehouse, maintenance and administrative facilities in Picton, in southwest Western Australia, are now capable of operating off-grid thanks following the installation of 268Kw solar array and 300 kwh Battery Energy Storage System (BESS) at the site. Four new light electric vehicle chargers have also been installed at the site to support the transition of Qube light vehicles to electric.

H1 FY24 Summary and FY24 Outlook

Summary

The diversity and quality of Qube's business continues to deliver underlying earnings growth despite inevitable challenges.

Management remains very disciplined and focussed on achieving Qube's strategic, operational and financial objectives. In H1 FY24, key achievements included:

- Delivered continued underlying revenue and earnings growth;
- Completed several acquisitions that support earnings growth and diversification;
- Completed a major debt refinancing to strengthen Qube's funding capacity and reduce financial risk;
- ROACE improved from 9.1% to 9.4%; and
- Delivered continued dividend growth reflecting earnings per share growth and positive outlook.

Outlook

Based on the H1 performance and outlook for the remainder of FY24, Qube currently expects the following full year financial outcomes:

Operating Division

There is no change to the overall guidance of solid underlying revenue and earnings growth (EBITA) in FY24 for the Operating Division.

Patrick

Patrick is expected to deliver strong growth in full year volumes (despite a decline in overall market volumes) reflecting a high market share in H1 which is expected to moderate in H2.

As a result, Patrick's expected strong growth in full year underlying EBITDA/EBIT should result in strong growth in Patrick's NPATA contribution to Qube in FY24.

Corporate

Qube now expects its net interest expense to be around $35 - $40 million above FY23 with the improvement over previous guidance largely reflecting a lower average net debt balance.

Capex and Depreciation

Qube expects to spend around $550 - $600 million on capex in FY24 (including acquisitions undertaken in H1 but excluding any further acquisitions in FY24). Maintenance capex is expected to be around 95% - 100% of depreciation expense.

It is Qube's intention to exercise the option to acquire 200 hectares of developable land at Beveridge as previously disclosed. An initial deposit of around $8.7 million would be payable in FY24 with the balance of around $90.0 million expectable to be payable in FY25.

The actual level of capital expenditure in FY24 could vary materially (up or down) from this estimate and will depend on finding suitable opportunities that meet Qube's key investment criteria.

Qube Group

Overall, having regards to the above expectations, Qube expects to deliver growth in full year underlying NPATA and EPSA in FY24 compared to FY23 although the growth rate is expected to be below the strong growth rate that was achieved in FY23.

The extent of earnings growth remains difficult to forecast given the various opportunities, challenges and uncertainty across Qube's core markets. However, based on the current outlook, Qube presently expects that FY24 underlying NPATA and EPSA will be between 5% - 10% above the FY23 underlying NPATA and EPSA.

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

Qube remains well placed to deliver sustainable long-term underlying earnings growth.

Matters Subsequent to the end of the period
On 30 January 2024, as part of the MLP monetisation a new Joint Venture with Qube, National Intermodal Corporation and the LOGOS Consortium was established whereby Qube retained 65% interest, the LOGOS consortium purchased a 25% interest and NIC obtained a 10% interest in the new Joint Venture. Please refer to Note 5 Discontinued Operations for further details on the MLP Interstate Terminal.

As previously announced to the ASX on the 24th of August 2023, Qube had been in disagreement with the previous head contractor for the MLP Interstate Terminal (Martinus Rail Pty Ltd (Martinus)). On the 10th of November 2023, Qube announced to the ASX that it had terminated the contracts with Martinus on the 25th of September 2023 and after several weeks engaged John Holland Rail Pty Ltd to manage and construct the remainder of the project.

Qube received post-termination payment claims from Martinus, pursuant to section 13(1C) of the Building and Construction Industry Security of Payment Act 1999 (NSW) (Act). The claims mainly concern re-pricing of historic variations, new claims for alleged delay and disruption, and claims for termination entitlements under the contracts. The claims total approximately $113m (net of a duplicate claim for termination of approximately $24m). The Superintendent has assessed the Contractors entitlement under the Contracts for these claims and Qube expects the Superintendent will certify a negative amount, that is, a payment from Martinus to Qube of approximately $2.8 million. Based on a legal and commercial assessment of its position, Qube does not expect the final outcome of the dispute with Martinus to have a material impact on Qube’s financial position or the underlying returns from the MLP Interstate Terminal. Further information covering the MLP Interstate Terminal is included in Note 5 of the financial statements.
Controlled entities within the Group are, and become, parties to various legal actions in the ordinary course of business and from time to time. The Directors consider that any liabilities arising from this type of legal action are unlikely to have a material adverse effect on the Group.

No other matters or circumstances have arisen since 31 December 2023 that significantly affect 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 14.

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
22 February 2024

Auditor’s Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half-year ended 31 December 2023, I declare that to the best of my knowledge and belief, there have been:

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

Brett Entwistle
Partner
PricewaterhouseCoopers

Sydney
22 February 2024

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	Notes	31 Dec 2023 $m	31 Dec 2022 $m
Revenue from continuing operations			
Revenue from sales and services	3	**1,561.9**	1,439.2
Other income	3	**6.1**	9.0
Total income		**1,568.0**	1,448.2
Direct transport and logistics costs		**(417.0)**	(413.7)
Repairs and maintenance costs		**(102.8)**	(86.8)
Employee benefits expense	4	**(554.5)**	(484.5)
Fuel, oil and electricity costs		**(118.5)**	(132.1)
Occupancy and property costs		**(27.4)**	(21.0)
Depreciation and amortisation expense	4	**(148.6)**	(136.3)
Professional fees		**(13.0)**	(9.3)
Other expenses		**(27.6)**	(16.4)
Total expenses		**(1,409.4)**	(1,300.1)
Finance income		**6.9**	9.3
Finance costs	4	**(56.8)**	(36.6)
Net finance costs		**(49.9)**	(27.3)
Share of net profit of associates and joint ventures accounted for using the equity method		**38.4**	21.8
Profit before income tax		**147.1**	142.6
Income tax expense		**(32.7)**	(37.5)
Profit for the half-year from continuing operations		**114.4**	105.1
Discontinued operations			
(Loss)/profit after tax for the half-year from discontinued operations	5	**(1.7)**	5.3
Profit for the half year		**112.7**	110.4
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		**3.1**	9.3
Change in fair value of cash flow hedges		**(7.0)**	(0.5)
Share of other comprehensive income of joint venture		**(5.7)**	0.1
Total comprehensive income for the half-year, net of tax		**103.1**	119.3
Profit for the half-year attributable to:			
Owners of Qube Holdings Limited		**112.3**	111.3
Non-controlling interests		**0.4**	(0.9)
		112.7	110.4
Total comprehensive income for the half-year is attributable to:			
Owners of Qube Holdings Limited		**102.7**	120.2
Non-controlling interests		**0.4**	(0.9)
		103.1	119.3
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share from continuing operations		**6.4**	6.0
Diluted earnings per share from continuing operations		**6.4**	5.9
Basic earnings per share from continuing and discontinued operations		**6.4**	6.3
Diluted earnings per share from continuing and discontinued operations		**6.4**	6.3

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

ASSETS	Notes	31 Dec 2023 $m	30 June 2023 $m
Current assets			
Cash and cash equivalents		**185.9**	191.7
Trade and other receivables		**662.9**	622.8
Inventories		**44.4**	25.7
Current tax receivables		**4.4**	-
Derivative Financial Instruments		**5.1**	0.2
Total current assets		**902.7**	840.4
Non-current assets			
Loans receivable	6	**100.9**	100.9
Investment in equity accounted investments	7	**608.0**	628.4
Property, plant and equipment	9	**2,428.1**	2,242.4
Right of use assets		**811.2**	754.0
Deferred tax asset		**39.6**	45.7
Investment properties	12	**55.0**	55.0
Intangible assets	8	**961.2**	902.6
Derivative financial instruments		**20.8**	32.8
Other assets		**73.0**	70.3
Total non-current assets		**5,097.8**	4,832.1
Total assets		**6,000.5**	5,672.5
LIABILITIES			
Current liabilities			
Trade and other payables		**362.2**	405.5
Borrowings	11	**206.5**	334.8
Lease liabilities		**84.9**	83.4
Current tax payable		**-**	27.2
Derivative financial instruments		**0.5**	0.7
Provisions		**150.7**	146.5
Total current liabilities		**804.8**	998.1
Non-current liabilities			
Trade and other payables		**3.0**	1.6
Borrowings	11	**1,242.8**	821.4
Lease liabilities		**862.2**	798.3
Derivative financial instruments		**3.5**	-
Provisions		**22.8**	20.8
Total non-current liabilities		**2,134.3**	1,642.1
Total liabilities		**2,939.1**	2,640.2
Net assets		**3,061.4**	3,032.3
EQUITY			
Contributed equity	10	**2,722.9**	2,719.6
Reserves		**2.6**	12.6
Retained earnings		**339.0**	303.6
Capital and reserves attributable to owners of Qube		**3,064.5**	3,035.8
Non-controlling interests		**(3.1)**	(3.5)
Total equity		**3,061.4**	3,032.3

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

		Attributable to owners of Qube					
	Notes	Contributed equity $m	Reserves $m	Retained earnings $m	Total $m	Non-controlling interests $m	Total equity $m
Balance at 1 July 2022		2,720.6	-	272.5	2,993.1	(2.2)	2,990.9
Profit/(loss) for the half-year		-	-	111.3	111.3	(0.9)	110.4
Other comprehensive income		-	8.9	-	8.9	-	8.9
Total comprehensive income for the half-year		-	8.9	111.3	120.2	(0.9)	119.3
Transactions with owners in their capacity as owners:							
Issue of treasury shares to employees	10	3.9	-	-	3.9	-	3.9
Treasury shares acquired	10	(4.6)	-	-	(4.6)	-	(4.6)
Dividends provided for or paid	14	-	-	(70.6)	(70.6)	-	(70.6)
Fair value movement on allocation and vesting of securities	10	(0.4)	-	-	(0.4)	-	(0.4)
Employee share schemes		-	3.0	-	3.0	-	3.0
		(1.1)	3.0	(70.6)	(68.7)	-	(68.7)
Balance at 31 December 2022		2,719.5	11.9	313.2	3,044.6	(3.1)	3,041.5
Balance at 1 July 2023		**2,719.6**	**12.6**	**303.6**	**3,035.8**	**(3.5)**	**3,032.3**
Profit/(loss) for the half-year		**-**	**-**	**112.3**	**112.3**	**0.4**	**112.7**
Other comprehensive income		**-**	**(9.6)**	**-**	**(9.6)**	**-**	**(9.6)**
Total comprehensive income for the half-year		**-**	**(9.6)**	**112.3**	**102.7**	**0.4**	**103.1**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	10	**2.8**	**-**	**-**	**2.8**	**-**	**2.8**
Issue of treasury shares to employees	10	**5.7**	**-**	**-**	**5.7**	**-**	**5.7**
Treasury shares acquired	10	**(2.4)**	**-**	**-**	**(2.4)**	**-**	**(2.4)**
Treasury shares issued	10	**(2.8)**	**-**	**-**	**(2.8)**	**-**	**(2.8)**
Dividends provided for or paid	14	**-**	**-**	**(76.9)**	**(76.9)**	**-**	**(76.9)**
Employee share schemes		**-**	**(0.4)**	**-**	**(0.4)**	**-**	**(0.4)**
		3.3	**(0.4)**	**(76.9)**	**(74.0)**	**-**	**(74.0)**
Balance at 31 December 2023		**2,722.9**	**2.6**	**339.0**	**3,064.5**	**(3.1)**	**3,061.4**

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

	Notes	31 Dec 2023 $m	31 Dec 2022 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,661.4**	1,614.1
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,454.1)**	(1,367.8)
		207.3	246.3
Dividends and distributions received		**13.8**	38.8
Interest received		**11.5**	8.8
Interest paid		**(64.7)**	(38.9)
Income taxes paid		**(60.4)**	(182.8)
Net cash inflow from operating activities		**107.5**	72.2
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired		**(70.5)**	-
Proceeds from sale of MLP Property Assets	5	**39.5**	236.7
Payments for property, plant and equipment		**(273.9)**	(208.9)
Payments for MLP capital expenditure and transaction costs		**(1.7)**	(2.9)
Loans advanced to associates		**-**	(1.8)
Proceeds from sale of property, plant and equipment		**8.8**	10.0
Net cash (outflow)/inflow from investing activities		**(297.8)**	33.1
Cash flows from financing activities			
Payment for treasury shares	10	**(2.4)**	(4.6)
Proceeds from borrowings		**1,042.2**	538.6
Repayment of borrowings		**(745.1)**	(518.6)
Principal element of lease payments		**(33.1)**	(32.9)
Dividends paid to Company's shareholders		**(76.9)**	(70.6)
Net cash inflow/(outflow) from financing activities		**184.7**	(88.1)
Net (decrease)/increase in cash and cash equivalents		**(5.6)**	17.2
Cash and cash equivalents at the beginning of the half-year		**191.7**	154.0
Effects of exchange rate changes on cash and cash equivalents		**(0.2)**	(2.8)
Cash and cash equivalents at the end of the half-year		**185.9**	168.4

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 2023 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 22 February 2024.

Statement of compliance

The condensed consolidated half-year financial report for the half-year reporting period ended 31 December 2023 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 2023 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.

Material 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 2023 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 2023 reporting period and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

2. Segment information

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

Qube completed the monetisation of 100% of its interest in the warehousing and property components of the MLP project (MLP Property Assets) to the LOGOS Consortium on 15th December 2021.

(a) Description of segments

Operating Division

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

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

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

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

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

Property Division (Formerly Infrastructure & Property)

This Division was discontinued effective from 15th December 2021.

Patrick

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

Corporate and Other

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

2. Segment information (continued)

(b) Segment information provided to the Board

Half-year ended 31 December 2023	**Operating Division $m**	**Discontinued operation $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**1,567.8**	**-**	**0.2**	**-**	**1,568.0**
Intercompany trading	59.4	-	-	-	59.4
AASB 16 leasing adjustments	0.5	-	-	-	0.5
Underlying Revenue	**1,627.7**	**-**	**0.2**	**-**	**1,627.9**

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	**167.8**	**(1.7)**	**(55.0)**	**34.3**	**145.4**
Share of profit of equity accounted investments	(7.8)	-	-	(30.6)	(38.4)
Net finance (income)/cost	21.8	-	31.8	(3.7)	49.9
Depreciation and amortisation	147.8	-	0.8	-	148.6
EBITDA	**329.6**	**(1.7)**	**(22.4)**	-	**305.5**
AASB 16 leasing adjustment	(53.1)	-	(1.0)	-	(54.1)
Discontinued operations	-	1.7	-	-	1.7
Other	4.7	-	3.0	-	7.7
Underlying EBITDA	**281.2**	**-**	**(20.4)**	**-**	**260.8**
Underlying depreciation	(103.9)	-	(0.1)	-	(104.0)
Underlying EBITA	**177.3**	**-**	**(20.5)**	**-**	**156.8**
Underlying amortisation	(2.7)	-	-	-	(2.7)
Underlying EBIT	**174.6**	**-**	**(20.5)**	**-**	**154.1**
Underlying net finance income/(cost)	(1.3)	-	(28.9)	3.7	(26.5)
Underlying share of profit/(loss) of equity accounted investments	8.1	-	-	37.8	45.9
Underlying net profit/(loss) before income tax	**181.4**	**-**	**(49.4)**	**41.5**	**173.5**
Underlying income tax benefit/(expense)	(52.0)	-	14.8	(1.1)	(38.3)
Underlying net profit/(loss) after tax	**129.4**	**-**	**(34.6)**	**40.4**	**135.2**
Underlying non-controlling interests	(0.4)	-	-	-	(0.4)
Underlying net profit/(loss) after tax attributable to members	**129.0**	**-**	**(34.6)**	**40.4**	**134.8**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**131.0**	**-**	**(34.6)**	**44.8**	**141.2**

Underlying diluted earnings per share (cents)	**7.6**
Underlying diluted earnings pre-amortisation per share (cents)	**8.0**

Total segment assets	**5,269.4**	**-**	**61.8**	**669.3**	**6,000.5**
Total assets includes:					
Investments in associates and joint ventures	39.6	-	-	568.4	608.0
Loans to equity accounted investments	24.8	-	-	100.9	125.7
Additions to non-current assets (other than financial assets and deferred tax)	366.5	-	4.0	-	370.5
Total segment liabilities	**1,628.7**	**-**	**1,310.4**	**-**	**2,939.1**

2. Segment information (continued)

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

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

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

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

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

2. Segment information (continued)

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

Underlying Information is determined as follows:

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

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

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

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

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

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

(c) Other segment information

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

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

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

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

3. Revenue and other income

	Half-year ended	
	31 Dec 2023	31 Dec 2022
	$m	$m
Sales revenue		
Logistics & Infrastructure revenue	**563.4**	612.8
Ports & Bulk revenue	**942.6**	793.3
Rental and property related income	**13.0**	11.4
Management fees	**0.1**	0.1
Other revenue	**42.8**	21.6
Total revenue	**1,561.9**	1,439.2
Other income		
Net gain on disposal of property, plant and equipment	**2.8**	6.3
Other	**3.3**	2.7
Total other income	**6.1**	9.0

4. Expenses

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

Depreciation		
Buildings	**3.3**	3.0
Plant and equipment	**91.6**	78.5
Leasehold improvements	**8.8**	7.7
Right of use asset	**42.2**	43.2
Total depreciation	**145.9**	132.4
Amortisation		
Customer contracts	**0.8**	2.0
Port Concessions	**1.9**	1.9
Total amortisation	**2.7**	3.9
Total depreciation and amortisation expense	**148.6**	136.3
Finance expenses		
Interest and finance costs paid/payable	**39.4**	24.2
Lease borrowing costs	**20.6**	19.8
Total interest and finance charges expense	**60.0**	44.0
Interest capitalised	**(6.0)**	(8.0)
Fair value loss on derivative instruments	**2.8**	0.6
Total finance costs expense	**56.8**	36.6
Rental expense relating to operating leases		
Property	**14.8**	8.3
Plant, equipment and motor vehicles	**15.1**	17.4
Total rental expense relating to operating leases	**29.9**	25.7
Employee benefits expense		
Defined contribution superannuation expenses	**38.8**	31.9
Share based payment expenses	**2.5**	3.1
Other employee benefits expense	**513.2**	449.5
Total employee benefits expense	**554.5**	484.5

(b) Income tax

Qube's effective tax rate for the half-year to 31 December 2023 was 23%, compared to 27% for the half-year ended 31 December 2022. After adjusting for share of profit of associates, this rate was 31% (31% in the prior corresponding period). The difference between the effective tax rate and the statutory tax rate primarily relate to non-deductible expenditure and other permanent differences.

5. Discontinued operations

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

During the period, Qube received an additional $39.5 million of outstanding deferred consideration. The remaining $13.5 million of deferred consideration will be paid progressively as construction of stage 1a of the Interstate Terminal is delivered.

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

Financial performance and cash flow information

The financial performance and cash flow information presented are for the 6 months ended 31 December 2023 and 2022.

	31 Dec 2023 $m	31 Dec 2022 $m
Revenue	**-**	0.1
Net (loss)/gain on sale of MLP Property Assets	**(1.7)**	7.5
Loss/(profit) before income tax	**(1.7)**	7.6
Income tax expense	**-**	(2.3)
(Loss)/profit after income tax of discontinued operations	**(1.7)**	5.3
Net cash (outflow) from operating activities	**-**	(4.5)
Net cash (outflow) from investing activities	**(1.7)**	(3.5)
Net decrease in cash generated	**(1.7)**	(8.0)

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

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

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

- Establishment of a new Joint Development Model (JDM) to undertake the management of the MLP Interstate Terminal following completion of the initial stage of construction.
- Qube to retain responsibility to manage the construction of Stage 1 of the MLP Interstate Terminal, and to initially fund the Stage 1 construction which is estimated to cost $200 million.
- Construction of Stage 1a has commenced and is scheduled for completion towards the end of H2 FY24.
- NIC will obtain a 10% interest in the JDM for nominal cost, with Qube funding NIC's share of the Stage 1 capex.
- LOGOS to purchase a 25% interest in the JDM from Qube with a call option to increase its ownership of the JDM to up to 45%.
- NIC to have veto rights over a limited number of matters predominantly relating to open access arrangements in order to support the operation of the terminal as a best in class, multi-user terminal.

5. Discontinued operations (continued)

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

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

<u>NIC shareholding</u>

A provision of $20 million was recorded at the year ended 30 June 2023 for construction costs to be borne by Qube in relation to NIC's 10% future shareholding as part of the gain on sale calculation. The provision has been reduced proportionate to capital expenditure spent during the half year in satisfying the obligation to date.

<u>Qube shareholding</u>

A critical judgement exists with respect to whether a provision should be recorded in relation to Qube’s shareholding. Any amount recognised is reflective of management’s best estimate to settle the present obligation as at 31 December 2023.

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

In this instance, Qube may not fully recover through use or sale its proportionate share of the total construction costs which is expected to be around $130 million.

<u>LOGOS shareholding</u>

A provision of $50.0 million was recorded at the year ended 30 June 2023 for construction costs to be borne by Qube in relation to LOGOS' 25% future shareholding as part of the gain on sale calculation. Around $41.25 million of this provision is recoverable from LOGOS under the terms of the sale agreement. The provision has been reduced proportionate to capital expenditure spent during the year in satisfying the obligation to date.

Qube are entitled to receive $7.5 million in contingent consideration upon completion of the Stage 1a build with an additional $33.75 million of contingent consideration which will be received based on achieving specific volume (TEU) hurdles. The contingent receivable of $41.25 million from LOGOS is recorded within other non-current assets.

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

Given the structure of the call and countercall, management have determined that the fair value of the consideration is $41.25 million, as Qube will either receive $41.25 million cash or shares which are considered to be worth at least $41.25 million assuming that Qube’s cost is fully recoverable. Whilst this is management’s best estimate, there is risk that these costs will not be recovered which may occur if management’s assumptions are not realised.

6. Non-current loans receivable

	31 Dec 2023	30 June 2023
	$m	$m
Loans receivable	**100.9**	100.9

The Group has provided a related party loan to Patrick as part of the acquisition of its 50% interest in August 2016, the balance of which is $100.9 million at 31 December 2023 (30 June 2023: $100.9 million). The loan is for a fixed term of 10 years, subordinated to all creditors, with an effective interest rate of 7.3%.

The credit quality of all loans receivable, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the necessity of whether a loss allowance is required for any given financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities. The Group does not believe impairment is required at 31 December 2023 based on the current forecast provided by Patrick. On this basis the fair value of the loans approximates their carrying values.

7. Investment in equity accounted investments

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 31 December 2023. The entities listed below have share capital/units consisting solely of ordinary shares/units, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

Name of entity	Place of business/country of incorporation	% Ownership interest 31 Dec 2023	30 June 2023	Carrying amount 31 Dec 2023	30 June 2023
		%	%	**$m**	$m
Patrick[1]	Australia	**50**	50	**568.4**	555.5
Other equity accounted investments[2]				**39.6**	72.9
Total equity accounted investments				**608.0**	628.4

1. The Group's 50% investment in Patrick is held through PTH No. 1 Pty Ltd. The carrying amount above excludes shareholder loans provided by Qube to PTH No.1 of $100.9 million (30 June 2023: $100.9 million) which also forms part of Qube's total investment in Patrick.
2. On 1 November 2023, Qube acquired a further 50% of Pinnacle Corporation increasing its shareholding to 100%. Refer to Note 13 for further details.

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 2023	30 June 2023
	$m	$m
Summarised balance sheet		
Current assets		
Cash and cash equivalents	**30.5**	23.5
Other current assets	**140.0**	126.3
Total current assets	**170.5**	149.8
Non-current assets	**3,790.9**	3,812.2
Current liabilities		
Financial liabilities*	**60.0**	59.9
Other current liabilities	**177.9**	168.4
Total current liabilities	**237.9**	228.3
Non-current liabilities		
Financial liabilities*	**1,108.6**	1,151.4
Shareholder loans	**202.0**	202.0
Other non-current liabilities	**1,403.4**	1,396.5
Total non-current liabilities	**2,714.0**	2,749.9
Net Assets	**1,009.5**	983.8

***Excluding trade payables**

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2023	30 June 2023
	$m	$m
Reconciliation to carrying amounts		
Opening net assets	**983.8**	954.1
Profit for the period	**61.2**	56.0
Equity issued	**-**	72.5
Dividends	**(24.2)**	(106.0)
Movement in reserves	**(11.3)**	7.2
Closing net assets	**1,009.5**	983.8
Group's share in %	**50%**	50%
Group's share in $	**504.8**	491.9
Goodwill	**63.6**	63.6
Carrying amount	**568.4**	555.5

	31 Dec 2023	31 Dec 2022
	$m	$m
Summarised statement of comprehensive income		
Revenue	**464.0**	408.1
Interest Income	**0.4**	0.4
Depreciation & amortisation	**(71.0)**	(72.4)
Interest expense	**(67.6)**	(62.2)
Income tax expense	**(27.0)**	(16.6)
Profit for the period	**61.2**	38.8
Other comprehensive income	**(11.3)**	0.1
Total comprehensive income	**49.9**	38.9

7. Investment in equity accounted investments (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 2023 and 31 December 2022. 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 2023**	**Statutory $m**	**Underlying Adjustments[2] $m**	**Underlying $m**
Revenue	**464.0**	**(1.8)**	**462.2**
EBITDA	**226.5**	**(26.3)**	**200.2**
EBITA	**168.2**	**(6.0)**	**162.2**
EBIT	**155.5**	**(6.0)**	**149.5**
Interest expense (net) - External	**(59.9)**	**26.6**	**(33.3)**
Interest expense - Shareholders	**(7.4)**	**-**	**(7.4)**
Net profit before tax	**88.2**	**20.6**	**108.8**
Tax	**(27.0)**	**(6.2)**	**(33.2)**
Net profit after tax	**61.2**	**14.4**	**75.6**
Net profit after tax pre-amortisation	**70.1**	**14.4**	**84.5**
Qube share (50%) of net profit after tax	**30.6**	**7.2**	**37.8**
Qube interest income net of tax from Patrick[1]	**2.6**	**-**	**2.6**
Qube net profit after tax from Patrick	**33.2**	**7.2**	**40.4**
Qube share (50%) of net profit after tax pre-amortisation	**35.0**	**7.2**	**42.2**
Qube net profit after tax pre-amortisation from Patrick	**37.6**	**7.2**	**44.8**

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

[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 ended 31 December 2023 underlying adjustments included AASB 16 leasing adjustments of $20.6 million (Qube share $10.3 million) and $21.6 million (Qube share $10.8 million) in the prior corresponding period.

7. Investment in equity accounted investments (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 that are accounted for using the equity method.

	31 Dec 2023 $m	30 June 2023 $m
Aggregate carrying amount of individually immaterial associates and joint ventures[1]	**39.6**	72.9

	31 Dec 2023 $m	31 Dec 2022 $m
Aggregate amounts of the Group's share of:		
Profit for the period	**4.1**	2.1
Other comprehensive income	**-**	-
Total comprehensive income	**4.1**	2.1

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

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

Other than as noted above there has been no material change in contingent liabilities of associates and joint ventures as set out in Qube's 2023 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, "K" Line Auto Logistics Pty Ltd, Northern Stevedoring Services Pty Ltd, Intermodal Group Pty Ltd, Intermodal Train Services Pty Ltd (IMG) 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.

8. Intangible assets

	Goodwill $m	Port Concessions $m	Customer contracts $m	Total $m
At 30 June 2023				
Cost	812.7	113.5	81.4	1,007.6
Accumulated amortisation and impairment	-	(24.5)	(80.5)	(105.0)
Net book amount	812.7	89.0	0.9	902.6
Half-year ended 31 December 2023				
Opening net book amount	**812.7**	**89.0**	**0.9**	**902.6**
Acquisition of businesses	**60.4**	**-**	**-**	**60.4**
Exchange differences	**1.0**	**-**	**(0.1)**	**0.9**
Amortisation charge	**-**	**(1.9)**	**(0.8)**	**(2.7)**
Closing net book amount	**874.1**	**87.1**	**-**	**961.2**
At 31 December 2023				
Cost	**874.1**	**113.5**	**81.4**	**1,069.0**
Accumulated amortisation	**-**	**(26.4)**	**(81.4)**	**(107.8)**
Net book amount	**874.1**	**87.1**	**-**	**961.2**

9. Property, plant and equipment

	Land & Buildings $m	Plant & Equipment $m	Leasehold Improvements $m	Total $m
At 30 June 2023				
Cost	354.6	3,009.4	471.4	3,835.4
Accumulated amortisation	(58.5)	(1,322.1)	(212.4)	(1,593.0)
Net book amount	296.1	1,687.3	259.0	2,242.4
Half-year ended 31 December 2023				
Opening net book amount	**296.1**	**1,687.3**	**259.0**	**2,242.4**
Acquisition of businesses	**8.0**	**17.3**	**8.6**	**33.9**
Additions	**18.0**	**248.1**	**3.2**	**269.3**
Reclassification to inventory	**-**	**(8.1)**	**-**	**(8.1)**
Disposals	**-**	**(5.8)**	**(0.2)**	**(6.0)**
Exchange differences	**(0.2)**	**0.5**	**-**	**0.3**
Depreciation charge	**(3.3)**	**(91.6)**	**(8.8)**	**(103.7)**
Closing net book amount	**318.6**	**1,847.7**	**261.8**	**2,428.1**
At 31 December 2023				
Cost	**383.0**	**3,265.0**	**486.2**	**4,134.2**
Accumulated amortisation	**(64.4)**	**(1,417.3)**	**(224.4)**	**(1,706.1)**
Net book amount	**318.6**	**1,847.7**	**261.8**	**2,428.1**

10. Contributed Equity

	31 Dec 2023 Shares	31 Dec 2022 Shares	**31 Dec 2023 $m**	31 Dec 2022 $m
(a) Issues of ordinary shares during the half-year				
Opening balance as at 1 July	**1,765,762,524**	1,765,762,524	**2,736.9**	2,736.9
Employee share plan issues	**949,488**	-	**2.8**	-
Closing balance 31 December	**1,766,712,012**	1,765,762,524	**2,739.7**	2,736.9
(b) Movements in treasury shares during the half-year				
Opening balance as at 1 July	**(250,061)**	(10,021)	**(17.3)**	(16.3)
Treasury shares acquired	**(850,000)**	(1,623,818)	**(2.4)**	(4.6)
Treasury shares issued	**(949,488)**	-	**(2.8)**	-
Issue of treasury shares to employees	**1,995,801**	1,345,719	**5.7**	3.9
Fair value movement on allocation and vesting of securities	**-**	-	**-**	(0.4)
Closing balance 31 December	**(53,748)**	(288,120)	**(16.8)**	(17.4)
Total contributed equity	**1,766,658,264**	1,765,474,404	**2,722.9**	2,719.5

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 2023 Annual Report.

11. Borrowings

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

- Repaying the ASX listed subordinated notes;
- Repaying or extending all debt facilities maturing in FY24; and
- Increasing debt facilities by a net $225 million to provide additional funding flexibility and capacity.

At 31 December 2023 Qube's debt facilities have a weighted average maturity of around 3.3 years (June 2023: 2.5 years). Debt facilities totalling $206.5 million, which are fully drawn, mature within the next 12 months and are classified as current liabilities by the Group. All other facilities terms extend beyond 12 months and have been disclosed as non-current liabilities.

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

	31 Dec 2023 $m	30 June 2023 $m
Floating rate		
Expiring within one year	**-**	90.0
Expiring beyond one year*	**767.8**	760.4
	767.8	850.4

*Undrawn facilities as at 31 December 2023 are adjusted for $32.9 million in bank guarantees (June 2023: $22.3 million) drawn under the working capital facilities.

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

Compliance with loan covenants
The Group has complied with the financial covenants of its borrowing facilities during the half-year to 31 December 2023.

12. Fair value measurement

This note provides an update on the judgements and estimates made by the Group in determining the fair values of the financial instruments and non-financial assets since the 2023 annual financial report.

(a) Fair value hierarchy

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

Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2 - inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly; and
Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The following table presents the Group's financial and non-financial assets and liabilities measured and recognised at their fair value at 31 December 2023 and 30 June 2023 on a recurring basis:

	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
At 31 December 2023				
Fair value measurements				
Assets				
Investment Properties	**-**	**-**	**55.0**	**55.0**
Contingent consideration	-	-	**18.8**	**18.8**
Derivatives designated as hedges	**-**	**17.1**	**-**	**17.1**
Derivatives not designated as hedges	**-**	**8.8**	**-**	**8.8**
Total assets	**-**	**25.9**	**73.8**	**99.7**
Liabilities				
Derivatives designated as hedges	**-**	**4.0**	**-**	**4.0**
Total liabilities	**-**	**4.0**	**-**	**4.0**
At 30 June 2023				
Fair value measurements				
Assets				
Investment Properties	-	-	55.0	55.0
Contingent consideration	-	-	71.0	71.0
Derivatives designated as hedges	-	20.7	-	20.7
Derivatives not designated as hedges	-	12.3	-	12.3
Total assets	-	33.0	126.0	159.0
Liabilities				
Derivatives designated as hedges	-	0.7	-	0.7
Total liabilities	-	0.7	-	0.7

There were no transfers between levels 1 and 2 and out of level 3 for recurring fair value measurements during the period.

The $18.8 million of contingent consideration referenced above includes $13.5 million of deferred purchase price balance on the sale of MLP and the remainder will be received during FY24. It also includes $41.3 million to be paid by LOGOS contingent upon completion of the Stage 1a construction and the achievement, over time, of specific volume (TEU) hurdles for the Interstate Terminal. The balance of the $18.8 million is a net expected outflow of $36.0 million which comprises a number of contingent costs that Qube are required to incur as part of the overall MLP transaction, the main one being the commitment to fund the rail access works for the MLP precinct.

12. Fair value measurement (continued)

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

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

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

Non-financial assets

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

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

- Current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences;
- Term and reversion calculations which reflect the certainty of income to lease expiry, the nature of any current property improvements, any deferred underlying land value and underlying re-development of a property;
- Capitalised income projections based upon a property's estimated net market income, and a capitalisation rate derived from an analysis of market evidence; and
- Discounted cash flow projections based on reliable estimates of future cash flows.

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

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

Financial instruments

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

There were no transfers between the levels of the fair value hierarchy in the half year to 31 December 2023.

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

(ii) Valuation inputs and relationships to fair value

Valuation inputs and relationships to fair value are considered for level 3 instruments as per the accounting policies disclosed in the 30 June 2023 Annual Report.

(iii) Valuation processes

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

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

12. Fair value measurement (continued)

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

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 2023.

(v) Valuation inputs and relationships to fair value

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

Description	Fair value at 31 December 2023 $m	Unobservable inputs	Range of inputs	Relationship of unobservable inputs to fair value
Investment property	**$55.0**	Discount rate	9.50%	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	8.50%	
		Capitalisation rate	8.00%	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Current vacancy rate	0.57%	
		Rental growth rate	3.12%	The higher the rental growth rate, the higher the fair value
		Market rent (per sqm)	$76	Market rent represents the net market income per sqm used for valuation purposes

13. Business combinations

(a) On 1 November 2023, Qube acquired 100% of the issued capital of Stevenson Logistics, an Australian owned and operated group of companies for $41.2m.

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

	$m
Purchase consideration:	
Cash paid	41.2
Total purchase consideration	41.2

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

	Fair value $m
Cash	2.2
Trade and other receivables	6.2
Inventory	0.1
Prepayments	1.6
Property, plant and equipment	15.4
Trade and other payables	(6.8)
Provision	(0.8)
Net identified liabilities acquired	17.9
Add: Provisional goodwill	23.3
Net assets acquired	41.2

(i) Acquisition related costs

Acquisition related costs of $0.4 million are included in professional fees in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $6.2 million have predominantly all been recovered for those amounts due and payable.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $7.3 million and net profit of $0.6 million to the Group for the period from 1 November 2023 to 31 December 2023.

If the acquisition had occurred on 1 July 2023, consolidated revenue and profit for the period ended 31 December 2023 would have been $22.8 million and $1.2 million respectively.

13. Business combinations (continued)

(b) On 1 November 2023, Qube acquired a further 50% of Pinnacle Corporation, a New Zealand owned and operated group of companies, increasing its shareholding to 100%. The total consideration for the Pinnacle acquisition is AUD$64.5m.

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

	$m
Purchase consideration:	
Cash paid	64.5
Total purchase consideration	64.5

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

	Fair value $m
Cash	3.2
Trade and other receivables	12.9
Inventory	2.4
Prepayments	1.6
Property, plant and equipment	18.5
Trade and other payables	(9.9)
Provision	(1.3)
Net identified assets acquired	27.4
Add: Provisional goodwill	37.1
Net assets acquired	64.5

(i) Acquisition related costs

Acquisition related costs of $0.02 million are included in professional fees in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $12.9 million have predominantly all been recovered for those amounts due and payable.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $14.0 million and net profit of $0.9 million to the Group for the period from 1 November 2023 to 31 December 2023.

If the acquisition had occurred on 1 July 2023, consolidated revenue and profit for the period ended 31 December 2023 would have been $42.1 million and $2.4 million respectively.

(c) There are no changes in the provisional disclosures made as at 30 June 2023 relating to Kalari Proprietary Limited.

14. Dividends

	31 Dec 2023	31 Dec 2022
	$m	**$m**
(a) Ordinary shares		
Dividends provided for or paid during the half-year	**76.9**	**70.6**
(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 4.00 cents per fully paid ordinary share (December 2022 – 3.75 cents), fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 11 April 2024 out of retained earnings at 31 December 2023, but not recognised as a liability at the end of the half-year	**70.7**	**66.2**

15. Contingencies

Contingent liabilities
MLP Monetisation Indemnities

As part of the MLP monetisation transaction, Qube and the LOGOS Consortium have entered into agreements that allocate responsibility for the ongoing development of the project between the parties and provides certain indemnities to each other, some of which, if triggered, could result in a substantial payment by Qube to the LOGOS Consortium. This includes indemnifying the LOGOS Consortium for certain financial loss that arises if there is a termination event under the Development and Operations Deed (DOD), events of default under the DOD caused by Qube and in respect of certain contamination claims that may be brought against the LOGOS Consortium. The nature and specific terms of these agreements are commercially sensitive and have therefore not been disclosed. However, having regards to the circumstances that could give rise to a claim and Qube's ability to mitigate, Qube does not expect any material financial exposure to arise as a result of the indemnities provided and accordingly no contingent liability has been recognised in Qube's financial statements. It is noted in relation to PFAS contamination that Qube's exposure has not been considered sufficiently likely to warrant the disclosure of any contingent liability in prior years and the MLP monetisation has not changed this situation.

16. Events occurring after the reporting period

On 30 January 2024, as part of the MLP monetisation a new Joint Venture with Qube, National Intermodal Corporation and the LOGOS Consortium was established whereby Qube retained 65% interest, the LOGOS consortium purchased a 25% interest and NIC obtained a 10% interest in the new Joint Venture. Please refer to Note 5 Discontinued Operations for further details on the MLP Interstate Terminal.

As previously announced to the ASX on the 24th of August 2023, Qube had been in disagreement with the previous head contractor for the MLP Interstate Terminal (Martinus Rail Pty Ltd (Martinus)). On the 10th of November 2023, Qube announced to the ASX that it had terminated the contracts with Martinus on the 25th of September 2023 and after several weeks engaged John Holland Rail Pty Ltd to manage and construct the remainder of the project.

Qube received post-termination payment claims from Martinus, pursuant to section 13(1C) of the Building and Construction Industry Security of Payment Act 1999 (NSW) (Act). The claims mainly concern re-pricing of historic variations, new claims for alleged delay and disruption, and claims for termination entitlements under the contracts. The claims total approximately $113m (net of a duplicate claim for termination of approximately $24m). The Superintendent has assessed the Contractors entitlement under the Contracts for these claims and Qube expects the Superintendent will certify a negative amount, that is, a payment from Martinus to Qube of approximately $2.8 million. Based on a legal and commercial assessment of its position, Qube does not expect the final outcome of the dispute with Martinus to have a material impact on Qube's financial position or the underlying returns from the MLP Interstate Terminal. Further information covering the MLP Interstate Terminal is included in Note 5 of the financial statements.

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

No other matters or circumstances have arisen since 31 December 2023 that significantly affect Qube's operations, results or state of affairs, or may do so in future years.

Directors' Declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 15 to 38 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 2023 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
22 February 2024

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 2023, 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.

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 2023 and of its performance for the half-year ended on that date

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

Basis for conclusion

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

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

Responsibilities of the directors for the half-year financial report

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

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

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that

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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 2023 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

Brett Entwistle Partner	Elizabeth Stesel Partner	Sydney 22 February 2024