Qube Holdings Limited ABN 14 149 723 053
Interim report - 31 December 2016

Contents

This interim financial report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 30 June 2016 and any public announcements made by Qube Holdings Limited during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001.*

Directors' report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited (Qube), and the entities it controlled at the end of, or during, the half year ended 31 December 2016.

Directors
Other than Messrs Dove and Moore who resigned on 1 September 2016,the following persons were directors of Qube during the whole of the half year and up to the date of this report:

Christopher Corrigan	(Non-executive Chairman)	
Sam Kaplan	(Non-executive Deputy Chairman)	
Maurice James	(Managing Director)	
Ross Burney	(Non-executive Director)	
Allan Davies	(Non-executive Director)	
Peter Dexter	(Non-executive Director)	
Robert Dove	(Non-executive Director)	*Resigned 1 September 2016*
Alan Miles	(Non-executive Director)	
Åge Holm	(Alternate to Peter Dexter)	
Simon Moore	(Alternate to Robert Dove)	*Resigned 1 September 2016*

Dividend

The Directors have declared a fully franked interim dividend of 2.7 cents per share payable on 5 April 2017.

Review of operations

Overview

The first half of FY17 saw Qube achieve a number of key milestones that establish a platform for continued long term earnings growth. Pleasingly, this period also saw improvement in the underlying trading conditions in the Logistics and Ports & Bulk divisions which, combined with the benefit of cost savings initiatives, enabled Qube to generate strong cashflow and improved earnings.

During the period Qube's Lost Time Injury Frequency Rate (LTIFR) increased to 2.9 Lost Time Injuries (LTIs) per million hours worked. Targeted risk reduction programmes are in place to improve Qube's safety performance which includes critical risk reviews and further control implementation to prevent an incident or mitigate its impact.

A highlight of the period was the completion of the acquisition of a 50% interest in the Patrick Container Terminals business (Patrick) on 18 August 2016 which Qube undertook jointly with Brookfield Infrastructure Partners and its partners (Brookfield). Patrick is one of only two stevedores with a national presence in all four of Australia's major ports and the acquisition is very complementary to Qube's logistics activities.

On 30 November 2016, Qube completed the acquisition of 50% of Australian Amalgamated Terminals (AAT) thereby bringing its total shareholding in AAT to 100%. AAT controls key infrastructure used for vehicle stevedoring in Port Kembla, New South Wales and Fisherman Islands, Queensland.

On 23 December 2016, Qube completed the acquisition of Aurizon's 33% interest in the Moorebank Industrial Property Trust (MIPT), thereby giving Qube 100% ownership of the 83 hectare parcel of land at Moorebank owned by MIPT as well as Aurizon's rights in relation to the broader Moorebank project that has been negotiated with the Moorebank Intermodal Company (MIC). This acquisition is expected to enhance the deliverability of the Moorebank project and maximise flexibility for Qube in terms of future funding and partnering options for the project.

Qube also completed several funding initiatives during the period to support these acquisitions and ensure Qube maintained a prudent capital structure appropriate to its activities. These initiatives included completing a $306 million placement to the Canada Pension Plan Investment Board (CPPIB) and raising around $305 million through the issue of ASX listed Subordinated Notes (Subordinated Note).

These initiatives resulted in Qube diversifying and extending the tenor of its debt facilities and finishing the period with a leverage ratio (being net debt / net debt plus equity) of around 30% being at the bottom end of Qube's target leverage ratio of 30%-40%. Importantly, Qube retains significant liquidity through its cash and undrawn debt facilities of around $406 million at 31 December 2016 to undertake further investment.

Qube reported improved financial results in the six months to 31 December 2016 with underlying earnings (NPAT) increasing by around 19% to $62.1 million and underlying net profit after tax and before amortisation increasing by approximately 22% to $67.7 million.

This was largely due to the increased contribution from the operating divisions and the initial contribution from the Patrick investment, plus a $22.2 million pre-tax contribution from Qube's Asciano shareholding that was realised in the period as part of the completion of the Patrick acquisition. This was partly offset by higher funding costs associated with these investments and costs and interest expense associated with the Subordinated Note issue that was completed in October 2016.

The prior corresponding period included around $23.2 million in revenue and EBITDA and $10.8 million in NPAT (Qube share) from the Moorebank lease surrender payment that was finalised with the tenant in December 2015.

Underlying earnings per share pre-amortisation were 5.0 cents, a decline of around 4%, mainly reflecting the increased average number of shares in the period compared to the prior corresponding period as a result of the $494 million capital raising completed in April 2016 and the $306 million placement completed in early August 2016 to fund the Patrick acquisition. The related earnings from this acquisition were only included from the date of acquisition on 18 August 2016.

The underlying financial information is based on the statutory information excluding certain non-recurring and non-cash items in order to more clearly reflect the underlying earnings of the business.

Statutory revenue increased by 10% to approximately $755.0 million and statutory profit after tax attributable to shareholders decreased by around 2% to $47.8 million. Statutory diluted earnings per share decreased by 24% to 3.5 cents per share. The statutory results were impacted by several non-recurring items in the period mainly relating to the Patrick acquisition including stamp duty costs ($26.0 million) and transaction and restructuring costs ($5.2 million) which were partially offset by a tax benefit relating to the special franked dividend received and related loss on sale of Qube's Asciano shareholding ($16.0 million).

The interim dividend has been maintained at 2.7 cents per share, consistent with Qube's stated policy of paying out 50-60% of underlying earnings per share. The interim dividend will be fully franked.

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

Logistics Division

The Logistics division returned to revenue growth as a result of an improvement in rural commodity volumes including grain, sugar and cotton. The strong grain harvest has particularly benefitted Qube's bulk rail activities in the latter part of the period.

Metropolitan container volumes also grew reflecting volume growth for Qube's existing customer base as well as market share gains.

The increased activity in both bulk grain and containerised volumes has enabled Qube to grow margins despite a continuation of a very competitive environment. This reflects the benefit of Qube's cost focus and past investment in hardstand, warehousing and equipment to build scale and achieve operational efficiencies.

The improvement in profitability also reflects the success of Qube's strategy to focus on the entire supply chain covering both import and export freight movements in order to increase asset utilisation and enhance service levels.

Underlying revenue increased by 4.9% over the prior corresponding period to $328.8 million while underlying earnings (EBITA) increased by 8.9% to $36.7 million and EBITA margins improved from 10.7% to 11.2%.

Ports & Bulk Division

The period saw a significant improvement in sentiment in the bulk commodities sector as a result of increased prices for many commodities. Although Qube is not generally exposed directly to changes in commodity prices, the improved outlook supports Qube's customers continuing production from their existing mines (and increasing volumes where possible), investing in extending their mine lives and potentially developing new resources.

Volumes were strong across multiple commodities including iron ore, copper concentrate and mineral sands. There was noticeable improvement in volumes of other commodities in the second half of the period including coal, salt and iron concentrate. A number of contracts secured in the prior financial year have started to ramp up and contribute to earnings and a higher contribution is expected from these contracts in the second half of the financial year. Stevedoring and logistics activities for forestry products and automotive vehicles continued to make a solid contribution to the division's earnings.

The result would have been better but for the continued weakness in oil and gas sector activity. Qube has undertaken significant investment in this area in prior years on developing supply bases, the Dampier Transfer Facility and related infrastructure to build scale and expand its service capability. These facilities have high fixed costs including lease payments and depreciation which means that earnings and margins are relatively more impacted when volumes change significantly. Qube remains confident in the strategic nature of these assets which remain well placed to generate strong returns when activity in the oil and gas sector improves.

Underlying revenue increased by 7.3% to $363.7 million and underlying EBITA increased by 3.6% to $35.0 million. The small decline in EBITA margin from 10.0% to 9.6% mainly reflects the business mix and the reduced volumes across some of the division's oil and gas related fixed infrastructure as noted above.

The associates in the division had mixed results with an overall reduced NPAT contribution of $2.3 million compared to $5.8 million in the prior corresponding period.

Prixcar's performance continued to disappoint in the period with lower revenue and higher costs compared to expectations. The decline in domestic vehicle manufacturing and loss of major customers in prior years continues to adversely impact the operating efficiency of the business. Prixcar's management have identified additional cost savings and new revenue opportunities to help improve earnings. In light of Prixcar's continued weak financial performance, Qube is closely monitoring the carrying value of its investment in Prixcar and is likely to impair this investment in the future if there is not a significant improvement in Prixcar's financial performance and tangible progress has been made in delivering on its medium term business plan and forecasts that support the current carrying value of Qube's investment.

Strategic Assets

The six months to 31 December 2016 was mainly focussed on progressing the development of the various assets in this division with the overall earnings contribution being relatively modest.

A key focus was the Moorebank project with Qube completing the acquisition of Aurizon's interest in Moorebank on 23 December 2016 for $98.9 million, thereby giving Qube 100% ownership of the 83 hectare parcel of land owned by the Moorebank Industrial Property Trust (MIPT) as well as all Aurizon's interests in the Moorebank project.

As previously advised, Qube intends to develop the site as a major logistics hub to be named the "Moorebank Logistics Park". The Moorebank Logistics Park is expected to ultimately comprise an automated rail terminal for freight moving to and from Port Botany (IMEX terminal) with capacity for around 1 million twenty foot equivalent units (TEU's), a rail terminal for freight moving interstate (Interstate terminal) with capacity for around 0.5 million TEU's, and 850,000m2 of on-site warehousing.

The introduction of frequent, reliable, cost competitive rail services between Port Botany and Moorebank for import and export freight, combined with extensive on-site warehousing proposed to be supported by automated, very efficient logistics services, is expected to take significant costs out of the logistics supply chain for customers with high volume import and/or export activities that are located in the Moorebank Logistics Park. The benefits of these substantial savings are expected to be shared by Qube and its customers.

Qube has commenced discussions with a number of key target tenants, some of whom are existing customers of Qube. The ideal tenants, being those that will derive the greatest overall cost and service benefits over the medium to long term from being located at Moorebank, are major importers and exporters as well as businesses that utilise a single national distribution centre and distribute freight across Australia from centralised locations.

The response from discussions to date has generally been very positive with a recognition of the unique and substantial potential benefits that a Moorebank logistics solution can offer. However, these discussions are typically conducted over a lengthy period and are far more complex than a decision to simply lease a warehouse at Moorebank rather than at an alternative location. This is because the maximum benefit to customers is derived by developing a comprehensive logistics supply chain solution covering logistics to and from Moorebank, on-site warehousing, as well as management and return of empty containers.

Despite the delay in achieving financial close, Qube made important progress in the period with respect to the Moorebank project. Qube finalised several construction contracts including the services contract for construction of Stage 1 of the import-export (IMEX) rail terminal as well as construction of the connecting rail line from the Southern Sydney Freight Line (SSFL) to the boundary of the Moorebank property. Qube is funding the construction of the IMEX terminal and is managing the construction of the connecting rail line on behalf of MIC (who is funding these works) for which Qube will earn commercial project management fees. The first train to and from Moorebank is expected in the 3rd quarter of calendar year 2018.

The MIC project management fee income is expected to progressively increase from February 2017 onwards now that financial close has occurred. Qube has also been successful in securing several tenants for some of the existing warehousing on the site on short term leases. However, the earnings from the Moorebank project and property are not expected to contribute materially to Qube's earnings in FY17.

Qube continued to generate stable income from its Minto Properties during the period although this income is expected to temporarily reduce in the six months to 30 June 2017 following the departure of the tenant from the majority of the site in December 2016. Qube is finalising two separate proposed leases with new tenants that are expected to generate increased earnings above current levels from FY18 onwards.

The divisions' underlying revenue and EBITA decreased materially in the period over the prior corresponding period as the prior period included around $34.1 million in revenue and $28.9 million in EBITA from rent plus the negotiated lease surrender payment from the tenant at Moorebank that occupied the entire site.

The exit of this tenant from the Moorebank property was a requirement for financial close of the broader Moorebank project to occur and the development to commence. As a result underlying revenue declined to $11.7 million from $37.1 million and underlying EBITA declined to $2.9 million from $31.6 million.

The divisional result includes one months' contribution from Australian Amalgamated Terminals (AAT) following the acquisition of the remaining 50% by Qube on 30 November 2016, bringing Qube's ownership interest in AAT to 100%. AAT was reported as an Associate in the Ports & Bulk division until 30 November 2016.

The profit from the divisional associates, Quattro Grain and TQ Holdings, was $0.1 million which was an improvement on the loss of $0.6 million in the prior corresponding period. The result was in line with expectations and largely reflected the early stage nature of these operations. Although an improved result is expected from the divisional associates in the second half of the financial year, Qube expects minimal earnings in FY17 from these investments.

Patrick

The consortium comprising Qube and Brookfield completed the acquisition of Patrick on 18 August 2016 for total purchase price of around $2.915 billion. The funding comprised $1 billion in non-recourse debt in Patrick and with each of the shareholders contributing around $957 million for the balance of the purchase price. Qube's investment in Patrick was structured as a combination of interest bearing shareholder loans as well as equity. Therefore, Qube's earnings from Patrick comprises both interest income as well as its share of Patrick's net profit after tax.

Qube's 50% interest in Patrick contributed a total of approximately $12.8 million underlying NPAT ($15.3 million NPATA) to Qube's earnings for the approximately 4.5 months following the acquisition. This comprised $6.7 million in interest income (net of tax) and the balance Qube's share of Patrick's profit. The statutory contribution was a loss of $25.1 million, mainly reflecting the impact of non-recurring transaction related costs such as stamp duty on Patrick's statutory results.

In the period since the acquisition, sound progress has been made by Patrick management in relation to the target synergies which are still expected to be achieved over a 2-3 year timeframe. Management has also finalised a four year enterprise agreement with the Maritime Union of Australia that is expected to be implemented by the end of February, which provides the necessary certainty to continue to reduce costs and improve operational efficiency. Management is continuing to focus on ways to reduce operating costs and improve customer service levels, including by increased use of rail for the landside logistics interface with the terminal.

The market remains very competitive with surplus capacity available at all ports placing pressure on rates and Patrick's volumes. Patrick continues to meet these challenges by providing value-added services to its customers including through its National Operations Centre which assists its shipping line customers in ensuring an on-time and efficient arrival and departure across the national port networks, and by investing in facilities and equipment to deliver a low cost, reliable service.

It was pleasing that Patrick renewed several customer contracts and secured some new volumes in the period. This will help mitigate the impact of the loss of the A3 consortium contract which Patrick was unsuccessful in retaining and has reduced Patrick's earnings from November 2016 onwards.

In the longer term, the favourable structural dynamics of the container ports, driven by the ongoing decline in domestic manufacturing, population growth and an increase in containerisation of some export commodities, are expected to support increasing volumes for the entire industry. These favourable demand dynamics, combined with Patrick's superior sites, low cost base and focus on both its shipping line customers and the logistics landside interface, are expected to enable it to generate attractive long term returns.

Summary and Outlook

The first half of FY17 saw Qube complete three important acquisitions that substantially improved the quality of Qube's asset base and support long term earnings. A key priority will be to continue to implement the business plans that underpinned these acquisitions.

The financial result was a significant improvement on the prior corresponding period reflecting both an increased contribution from the operating divisions and the initial contribution from the Patrick investment.

Qube finished the period in a strong financial position and is well placed to fund continued investment in attractive opportunities including those within the Strategic Assets division. The strong cashflow generated from Qube's business provides additional funding support for Qube's growth.

Although the operating environment and sentiment across a number of Qube's markets has been positive, Qube expects the competitive environment across its business to continue, placing pressure on volumes and margins. However, Qube continues to expect underlying earnings to improve in both its operating divisions reflecting the strategic network of assets, diversified activities and innovative, cost-effective logistics solutions. The extent of growth will depend on a number of factors including overall economic conditions and the impact that commodity and oil prices have on activity levels.

Post the end of the period, Qube achieved financial close on the Moorebank project. This enables the commencement of construction activities on the site and is necessary for Qube to finalise agreements with prospective tenants for the site. Qube is pleased with the engagement it has had to date with prospective tenants and expects to finalise some initial agreements within the next 6-9 months.

Qube expects minimal earnings in FY17 from Moorebank and its investments in Quattro and TQ Holdings given these assets are at the early stages of their development. However, the overall contribution from these assets is expected to increase considerably in the medium to long term as these development assets become operational and achieve scale.

Qube will continue to support the Patrick management team to deliver on the targeted synergies and deliver increased long term revenue and earnings. As previously stated, the majority of the synergies are expected to be delivered over 2-3 years. Patrick's second half earnings are expected to reflect the full period impact of the net volume loss from the first half, however, this will be partly offset by cost reductions and improved operational efficiency.

Qube's second half underlying earnings are expected to benefit from the contribution from Patrick and the other 50% of AAT for the entire six month period. This will be partly offset by the associated funding costs of these investments including the higher interest costs associated with the ASX Subordinated Note issue completed in October 2016.

Overall, Qube expects to deliver an increased underlying net profit after tax in FY17.

Matters subsequent to the end of the period

Following receipt of all required planning and other approvals, financial close was reached with MIC in relation to the Moorebank project on 24 January 2017. Financial close is effectively day 1 of the project and enables Qube to start the construction activities and be in a position to finalise agreements with tenants.

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 7.

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.

Sam Kaplan
Director

Sydney
21 February 2017

Auditor's Independence Declaration

As lead auditor for the review of Qube Holdings Limited for the half-year ended 31 December 2016, I declare that to the best of my knowledge and belief, there have been:

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

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

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

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
21 February 2017

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	Notes	**31 Dec 2016 $m**	31 Dec 2015 $m
Revenue from continuing operations			
Revenue from sales and services	3	**693.0**	649.7
Other income	3	**62.0**	39.8
Total income		**755.0**	689.5
Direct transport and logistics costs		**187.3**	177.4
Repairs and maintenance costs		**41.3**	35.0
Employee benefits expense	4	**273.8**	251.7
Fuel, oil and electricity costs		**40.9**	43.6
Occupancy and property costs		**35.7**	32.3
Depreciation and amortisation expense	4	**54.5**	49.9
Professional fees		**4.9**	8.2
Loss on disposal of available-for-sale financial assets		**26.1**	-
Other expenses		**7.9**	5.5
Total expenses		**672.4**	603.6
Finance income		**10.7**	1.0
Finance costs	4	**(15.2)**	(14.9)
Net finance costs		**(4.5)**	(13.9)
Share of net (loss)/profit of associates accounted for using the equity method		**(22.7)**	5.2
Profit before income tax		**55.4**	77.2
Income tax expense		**(7.6)**	(21.5)
Profit for the half year		**47.8**	55.7
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		**0.6**	3.2
Change in value of available-for-sale financial assets		**(7.0)**	1.4
Items that will not be reclassified to profit or loss		**-**	-
Total comprehensive income for the half year, net of tax		**41.4**	60.3
Profit for the half year attributable to:			
Owners of Qube Holdings Limited		**47.8**	49.0
Non-controlling interests		**-**	6.7
		47.8	55.7
Total comprehensive income for the half year is attributable to:			
Owners of Qube Holdings Limited		**47.8**	53.6
Non-controlling interests		**-**	6.7
		47.8	60.3
		Cents	Cents
Earnings per share for profit attributable to the ordinary equity holders of the Company:			
Basic earnings per share		**3.5**	4.6*
Diluted earnings per share		**3.5**	4.6*

* The comparative information has been restated to include the dilutive impact of the bonus element of the entitlement offer.

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

ASSETS	Notes	**31 Dec 2016 $m**	30 June 2016 $m
Current assets			
Cash and cash equivalents		**74.7**	76.6
Trade and other receivables		**251.1**	203.7
Inventories		**2.3**	2.4
Current tax receivable		**12.0**	2.5
Available-for-sale financial assets		**-**	543.7
Total current assets		**340.1**	828.9
Non-current assets			
Financial assets at fair value through profit or loss		**-**	1.0
Loans and receivables	10	**344.4**	-
Investments accounted for using the equity method	5	**783.2**	225.8
Property, plant and equipment		**896.6**	828.3
Investment properties	9	**383.4**	367.7
Intangible assets	6	**751.2**	630.7
Deferred tax assets		**9.6**	-
Other assets		**1.0**	9.2
Total non-current assets		**3,169.4**	2,062.7
Total assets		**3,509.5**	2,891.6
LIABILITIES			
Current liabilities			
Trade and other payables		**142.4**	100.1
Borrowings	8	**4.1**	159.4
Derivative financial instruments		**0.3**	0.7
Provisions		**66.1**	65.0
Total current liabilities		**212.9**	325.2
Non-current liabilities			
Trade and other payables		**2.3**	2.2
Borrowings	8	**1,023.3**	513.6
Deferred tax liabilities		**-**	1.5
Derivative financial instruments		**0.6**	2.5
Provisions		**9.2**	9.3
Total non-current liabilities		**1,035.4**	529.1
Total liabilities		**1,248.3**	854.3
Net assets		**2,261.2**	2,037.3
EQUITY			
Contributed equity	7	**2,096.8**	1,782.2
Reserves		**(10.0)**	(9.6)
Retained earnings		**174.4**	166.5
Capital and reserves attributable to the owners of Qube		**2,261.2**	1,939.1
Non-controlling interests		**-**	98.2
Total equity		**2,261.2**	2,037.3

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

		Attributable to owners					
	Notes	**Contributed equity $m**	**Reserves $m**	**Retained earnings $m**	**Total $m**	**Non-controlling interests $m**	**Total equity $m**
Balance at 1 July 2015		1,284.7	(28.7)	141.5	1,397.5	90.8	1,488.3
Profit for the half year		-	-	49.0	49.0	6.7	55.7
Other comprehensive income		-	4.6	-	4.6	-	4.6
Total comprehensive income for the half year		-	4.6	49.0	53.6	6.7	60.3
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7	7.7	-	-	7.7	1.0	8.7
Acquisition of treasury shares, less shares transferred	7	1.1	-	-	1.1	-	1.1
Dividends provided for or paid	13	-	-	(29.0)	(29.0)	-	(29.0)
Transactions with non-controlling interests		-	-	-	-	(6.4)	(6.4)
Employee share schemes		-	3.1	-	3.1	-	3.1
		8.8	3.1	(29.0)	(17.1)	(5.4)	(22.5)
Balance at 31 December 2015		1,293.5	(21.0)	161.5	1,434.0	92.1	1,526.1
Balance at 1 July 2016		**1,782.2**	**(9.6)**	**166.5**	**1,939.1**	**98.2**	**2,037.3**
Profit for the half year		**-**	**-**	**47.8**	**47.8**	**-**	**47.8**
Other comprehensive income		**-**	**(6.4)**	**-**	**(6.4)**	**-**	**(6.4)**
Total comprehensive income for the half year		**-**	**(6.4)**	**47.8**	**41.4**	**-**	**41.4**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	7	**311.4**	**-**	**-**	**311.4**	**-**	**311.4**
Issue of treasury shares to employees	7	**3.2**	**-**	**-**	**3.2**	**-**	**3.2**
Dividends provided for or paid	13	**-**	**-**	**(39.9)**	**(39.9)**	**-**	**(39.9)**
Fair value movement on allocation and vesting of securities		**-**	**(1.4)**	**-**	**(1.4)**	**-**	**(1.4)**
Transactions with non-controlling interests		**-**	**(0.7)**	**-**	**(0.7)**	**(98.2)**	**(98.9)**
Employee share schemes		**-**	**8.1**	**-**	**8.1**	**-**	**8.1**
		314.6	**6.0**	**(39.9)**	**280.7**	**(98.2)**	**182.5**
Balance at 31 December 2016		**2,096.8**	**(10.0)**	**174.4**	**2,261.2**	**-**	**2,261.2**

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

	Notes	**31 Dec 2016 $m**	31 Dec 2015 $m
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**749.2**	785.5
Payments to suppliers and employees (inclusive of goods and services tax)		**(664.2)**	(641.9)
		85.0	143.6
Dividends and distributions received		**56.6**	4.8
Interest received		**9.5**	1.0
Interest paid		**(18.1)**	(13.9)
Income taxes paid		**(17.8)**	(19.1)
Net cash inflow from operating activities		**115.2**	116.4
Cash flows from investing activities			
Payments for acquisition of subsidiaries, net of cash acquired	11	**(90.5)**	-
Payments for property, plant and equipment		**(47.4)**	(68.8)
Payments for investment property development expenditure		**(15.7)**	(4.2)
Payments for available-for-sale financial assets		**-**	(533.7)
Payments for investment in equity accounted investments		**(151.5)**	(25.1)
Payments for the acquisition of non-controlling interests	12	**(98.9)**	-
Loans advanced to related parties		**(370.5)**	-
Loan repayments received from associates and related parties		**23.9**	3.7
Proceeds from the disposal of available-for-sale financial assets		**1.0**	-
Proceeds from sale of property, plant and equipment		**4.8**	1.1
Net cash outflow from investing activities		**(744.8)**	(627.0)
Cash flows from financing activities			
Proceeds from issues of shares	7	**306.5**	1.0
Share issue transaction costs		**(9.0)**	-
Proceeds from borrowings		**1,261.0**	625.0
Repayment of borrowings		**(896.0)**	(63.4)
Finance lease payments		**(5.7)**	(6.7)
Dividends paid to Company's shareholders		**(28.7)**	(21.3)
Distributions paid to non-controlling interests in subsidiaries		**(0.7)**	(3.1)
Net cash inflow from financing activities		**627.4**	531.5
Net (decrease)/ increase in cash and cash equivalents		**(2.2)**	20.9
Cash and cash equivalents at the beginning of the half year		**76.6**	88.2
Effects of exchange rate changes on cash and cash equivalents		**0.3**	0.4
Cash and cash equivalents at the end of the half year		**74.7**	109.5
Non–cash investing and financing activities		**507.6**	**-**

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 interim financial report of the Company for the half year ended 31 December 2016 comprises the Company and its controlled entities (the Group) and the Group's interests in joint ventures and associates.

The consolidated interim financial report was approved by the Directors on 21 February 2017.

Statement of compliance

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

The consolidated interim financial report does not include all 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 2016 and any public announcements made by Group during the interim 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 interim financial report have been rounded off to the nearest hundred thousand dollars, unless otherwise stated.

Significant accounting policies

The accounting policies and methods of computation applied by the Group in this consolidated interim financial report are consistent with those applied by the Group in the financial report for the year ended 30 June 2016 and the corresponding interim reporting period except as stated below:

New and amended standards adopted by the Group

Certain new accounting standards and interpretations have been published that are not mandatory for the half year ended 31 December 2016 reporting period and have not been early adopted by the Group. The Group's assessment of the impact of these new standards and interpretations is set out below.

- *AASB 2 Share-based payment*

In July 2016, the AASB made amendments to AASB 2 *Share-based payment* which clarified the effect of vesting conditions on the measurement of cash-settled share-based payment transactions, the classification of share-based payment transactions with net settlement features and the accounting for a modification of the terms and conditions that changes the classification of the transaction from cash-settled to equity-settled. These amendments do not have to be applied until reporting periods commencing on or after 1 January 2018 and after review the Group has elected not to apply these amendments before their operative date as the impact is expected to be immaterial.

- *AASB 9 Financial Instruments, AASB 2009-11 Amendments to Australian Accounting Standards arising from AASB 9 and AASB 2010-7 Amendments to Australian Accounting Standards arising from AASB 9 (December 2010).*

AASB 9 *Financial Instruments* addresses the classification, measurement and derecognition of financial assets and financial liabilities. Since December 2013, it also sets out new rules for hedge accounting. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

The derecognition rules have been transferred from AASB *139 Financial Instruments: Recognition and Measurement* and have not been changed. When adopted, the standard will affect in particular the Group's disclosure of its own credit risk adjustments for any financial liabilities that are designed at fair value through profit and loss.

The new hedging rules align hedge accounting more closely with the Group's risk management practices. As a general rule it will be easier to apply hedge accounting going forward. The new standard also introduces expanded disclosure requirements and changes in presentation.

It is not expected that the application of this standard will have a material impact on amounts recognised in the financial statements but will require the disclosure of additional information.

- *AASB 15 Revenue from contracts with customers*

AASB 15 *Revenue from contracts with customers* which replaces AASB 118 which covers contracts for goods and services and AASB 111 which covers construction contracts, addresses the recognition of revenue. Revenue from Contracts with Customers clarifies the principles for recognising revenue from contracts with customers. It applies to all contracts with customers except leases, financial instruments and insurance contracts. The Group intends to apply the standard from 1 July 2018 (its effective date) and is still assessing the impact of the standard.

1 Basis of preparation of half year report (continued)

New and amended standards adopted by the Group (continued)

- *AASB 16 Leases*

The AASB issued AASB 16 *Leases* to remove the balance sheet distinction between operating and finance leases for lessees. Changes under AASB 16 will predominately affect lessees with almost all leases going on the balance sheet. The asset (the right to use the leased item) and a financial liability to pay rentals are recognized under the new standard with the only exemption being short-term and low-value leases. The new standard will be effective from 1 January 2019 but is available for early adoption. At this stage, the Group is not able to estimate the effect of the new rules on the financial statements. More detailed assessments of the effect will be made over the next twelve months. The Group does not expect to adopt the new standard before 1 January 2019.

2 Segment information

(a) Description of segments

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

Logistics

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

Ports & Bulk

This division has two core activities comprising port and bulk logistics. It provides a range of logistics services relating to the import and export of mainly non-containerised freight, with a major focus on automotive, 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 facilities management, stevedoring, processing and delivery. This division also provides stevedoring and related logistics services for the oil and gas industry, forestry products and project and general cargo.

Qube's bulk logistics activities are aimed at offering customers a comprehensive logistics solution from mine-to-ship covering activities including transport, stockpile management, ship loading facilities and stevedoring.

Qube handles a diverse range of commodities including iron ore, copper, nickel concentrate and mineral sands. The main operations are located in Western Australia and Queensland.

Strategic Assets

This division currently comprises the Moorebank Industrial Property Trust (MIPT), which owns an 83 hectare parcel of land at Moorebank; a strategically located property at Minto in Sydney's south west; a 37.5% interest in the Quattro Grain joint venture, that increased to 39.7% in January 2017 and a 50% shareholding in TQ Holdings Pty Limited, a joint venture with Japanese petroleum group TonenGeneral Sekiyu K.K. ('Tonen') to develop fuel storage facilities in Australia.

MIPT's Moorebank property will be developed as part of a broader precinct development involving both MIPT's land and a larger parcel of land owned by the Commonwealth Government that will be leased to Qube for 99 years. Qube will manage the development and operations of the overall project. This development will include port-shuttle and interstate rail terminals as well as substantial warehousing development targeting tenants that will also benefit from efficient rail and logistics services. In December 2016, Qube acquired Aurizon's interest in MIPT (33%) and all of its interest in the Moorebank project for $98.9 million giving Qube 100% ownership of MIPT and the project.

The Quattro Grain joint venture operates a grain storage and handling facility at Port Kembla on land that is leased from Qube's subsidiary AAT.

TQ Holdings is progressing the analysis and approvals for the construction and operation of a fuel storage facility at Port Kembla on land leased from NSW Ports.

On 30 November 2016, Qube completed the acquisition of the 50% of AAT it did not already own. From 1 December 2016, AAT's results have been reported in the Strategic Assets division whereas Qube's 50% interest was previously reported as an Associate in the Ports & Bulk division.

Patrick

On 18 August 2016, Qube completed the acquisition of a 50% interest in Patrick. Patrick is one of two established national operators 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 Associate is being reported as a separate segment.

Corporate and Other

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

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

2 Segment information (continued)

(b) Segment information provided to the Board

Qube's Board assesses the performance of the operating segments on a measure of underlying revenue, EBITDA, EBITA, NPAT and NPATA which excludes certain non-cash and non-recurring items from the statutory results to reflect core earnings. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates. This reflects the way the operating businesses are managed and assessed from a profit and loss perspective by the chief operating decision maker.

Half year ended 31 December 2016	**Logistics $m**	**Ports & Bulk $m**	**Strategic Assets $m**	**Corporate & Other $m**	**Patrick* $m**	**Total $m**
Revenue and other income	**328.8**	**363.7**	**8.9**	**53.6**	**-**	**755.0**
Other adjustments	-	-	2.8	-	-	2.8
Underlying Revenue	**328.8**	**363.7**	**11.7**	**53.6**	**-**	**757.8**

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

	Logistics $m	Ports & Bulk $m	Strategic Assets $m	Corporate & Other $m	Patrick* $m	Total $m
Net profit/(loss) before income tax	**35.5**	**36.1**	**(0.2)**	**(0.5)**	**(15.5)**	**55.4**
Share of (profit)/loss of equity accounted investments	-	(2.3)	(0.1)	-	25.1	22.7
Net finance cost	(0.2)	0.7	(0.1)	13.7	(9.6)	4.5
Depreciation and amortisation	17.7	35.8	0.9	0.1	-	54.5
EBITDA	**53.0**	**70.3**	**0.5**	**13.3**	**-**	**137.1**
Stamp duty	-	-	0.3	-	-	0.3
Restructure costs	-	0.4	-	-	-	0.4
Other	-	(2.8)	2.8	-	-	-
Underlying EBITDA	**53.0**	**67.9**	**3.6**	**13.3**	**-**	**137.8**
Depreciation	(16.3)	(32.9)	(0.7)	(0.1)	-	(50.0)
Underlying EBITA	**36.7**	**35.0**	**2.9**	**13.2**	**-**	**87.8**
Amortisation	(1.4)	(2.9)	(0.2)	-	-	(4.5)
Underlying EBIT	**35.3**	**32.1**	**2.7**	**13.2**	**-**	**83.3**
Underlying net finance cost	0.2	(0.7)	0.1	(16.0)	9.6	(6.8)
Share of profit/(loss) of equity accounted investments	-	2.3	0.1	-	(25.1)	(22.7)
Underlying adjustments:						
Stamp duty	-	-	-	-	26.0	26.0
One-off transaction costs	-	-	-	-	4.4	4.4
Other non-recurring restructure costs	-	-	-	-	0.8	0.8
Underlying share of profit/(loss) of equity accounted investments	-	2.3	0.1	-	6.1	8.5
Underlying net profit/(loss) before income tax	**35.5**	**33.7**	**2.9**	**(2.8)**	**15.7**	**85.0**
Underlying income tax expense	(10.6)	(9.4)	(0.8)	0.8	(2.9)	(22.9)
Underlying net profit/(loss) after tax attributable to members	**24.9**	**24.3**	**2.1**	**(2.0)**	**12.8**	**62.1**
Underlying net profit/(loss) after tax before amortisation attributable to members**	**25.9**	**26.3**	**2.2**	**(2.0)**	**15.3**	**67.7**
Underlying diluted earnings (cents per share)						4.6
Underlying diluted earnings pre- amortisation (cents per share)						5.0
Total segment assets	**746.2**	**1,048.5**	**657.6**	**45.5**	**1,011.7**	**3,509.5**
Total assets includes:						
Investments in associates and joint ventures	-	61.9	54.1	-	667.2	783.2
Loans and receivables	-	-	-	-	344.4	344.4
Additions to non-current assets (other than financial assets and deferred tax)	24.8	21.6	221.4	-	-	267.8
Total segment liabilities	**94.7**	**126.3**	**10.8**	**1,016.5**	**-**	**1,248.3**

*A reconciliation of the Patrick underlying contribution to the Qube results can be found in Note 5.

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

2 Segment information (continued)

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

Half year ended 31 December 2015	**Logistics $m**	**Ports & Bulk $m**	**Strategic Assets $m**	**Corporate & Other $m**	**Total $m**
Revenue and other income	313.5	338.8	37.1	0.1	689.5
Other adjustments	-	-	-	-	-
Underlying revenue	313.5	338.8	37.1	0.1	689.5

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

Net profit/(loss) before income tax	32.5	35.9	30.9	(22.1)	77.2
Share of (profit)/loss of equity accounted investments	-	(5.8)	0.6	-	(5.2)
Net finance cost	(0.2)	0.8	(0.1)	13.4	13.9
Depreciation and amortisation	16.9	32.7	0.2	0.1	49.9
EBITDA	49.2	63.6	31.6	(8.6)	135.8
Asciano Ports business acquisition related advisor costs	-	-	-	2.8	2.8
Moorebank STI (FY15 deferred component)	-	-	-	0.1	0.1
Underlying EBITDA	49.2	63.6	31.6	(5.7)	138.7
Depreciation	(15.5)	(29.8)	-	(0.1)	(45.4)
Underlying EBITA	33.7	33.8	31.6	(5.8)	93.3
Amortisation	(1.4)	(2.9)	(0.2)	-	(4.5)
Underlying EBIT	32.3	30.9	31.4	(5.8)	88.8
Net finance cost excluding derivatives	0.2	(0.8)	0.1	(14.3)	(14.8)
Asciano Ports business acquisition related finance costs	-	-	-	2.8	2.8
Underlying net finance cost	0.2	(0.8)	0.1	(11.5)	(12.0)
Underlying share of profit/(loss) of equity accounted investments	-	5.8	(0.6)	-	5.2
Underlying net profit/(loss) before income tax	32.5	35.9	30.9	(17.3)	82.0
Underlying income tax expense	(9.7)	(9.1)	(9.5)	5.2	(23.1)
Underlying net profit/(loss) for the half year	22.8	26.8	21.4	(12.1)	58.9
Underlying non-controlling interests	-	-	(6.7)	-	(6.7)
Underlying net profit/(loss) after tax attributable to members	22.8	26.8	14.7	(12.1)	52.2
Underlying net profit/(loss) after tax before amortisation attributable to members	23.8	28.8	14.9	(12.1)	55.4
Underlying diluted earnings (cents per share)					4.9*
Underlying diluted earnings pre- amortisation (cents per share)					5.2*
Total segment assets	740.7	1,160.0	428.8	559.7	2,889.2
Total assets includes:					
Investments in associates	-	192.0	46.9	-	238.9
Available-for-sale financial assets	-	-	-	535.8	535.8
Additions to non-current assets (other than financial assets and deferred tax)	12.8	54.5	29.3	1.5	98.1
NCI Share of total assets	-	-	100.5	-	100.5
Total segment liabilities	77.2	142.9	12.8	1,130.2	1,363.1

* The comparative information has been restated to include the dilutive impact of the bonus element of the entitlement offer.

Underlying Information is determined as follows:

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

(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 financial statements. These assets are allocated based on the operations of the segment and the location of the asset.

2 Segment information (continued)

(c) Other segment information (continued)

(ii) ***Segment liabilities***

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

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

3 Revenue and other income

	Half year ended	
	31 Dec 2016 $m	31 Dec 2015 $m
Sales revenue		
Transport and logistics services rendered	**693.0**	649.7
	693.0	649.7
Other income		
Rental and property related income	**5.2**	16.1
Net lease surrender payment	**-**	23.2
Dividend income	**53.3**	-
Project management fees	**1.5**	-
Other	**2.0**	0.5
Total other income	**62.0**	39.8

4 Expenses

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

Depreciation		
Buildings	**1.4**	1.2
Plant and equipment	**44.0**	40.8
Leasehold improvements	**4.6**	3.4
Total depreciation	**50.0**	45.4
Amortisation		
Customer contracts	**4.3**	4.3
Operating rights	**0.2**	0.2
Total amortisation	**4.5**	4.5
Total depreciation and amortisation expense	**54.5**	49.9
Finance expenses		
Interest and finance charges paid/payable to other persons	**17.5**	15.9
Total interest and finance charges expense	**17.5**	15.9
Fair value (gain)/loss on derivative instruments	**(2.3)**	(1.0)
Total finance costs expense	**15.2**	14.9
Rental expense relating to operating leases		
Property	**27.9**	24.6
Motor vehicles	**0.8**	1.2
Plant and equipment	**17.5**	16.7
Total rental expense relating to operating leases	**46.2**	42.5
Employee benefits expense		
Defined contribution superannuation expenses	**16.6**	14.8
Share based payment expenses	**3.2**	2.9
Other employee benefits expense	**254.0**	234.0
Total employee benefits expense	**273.8**	251.7

(b) Income tax

The effective tax rate for the 6 month period to 31 December 2016 was 14%, compared to 28% for the six months ended 31 December 2015. The lower tax rate in the current period is the result of a franked special dividend received from Qube's holding in Asciano and its share of profit of associates, which is already net of tax. Adjusting for these items Qube's effective tax rate would be in line with the company tax rate of 30%.

5 Investments accounted for using the equity method

(a) Movements in carrying amounts

Set out below are the associates and joint ventures of the Group as at 31 December 2016. 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 2016	% Ownership interest 30 June 2016	Carrying amount 31 Dec 2016	Carrying amount 30 June 2016
		%	%	**$m**	$m
Patrick Holdings (Containers) Pty Ltd[1]	Australia	**50**	-	**667.2**	-
Australian Amalgamated Terminals Pty Ltd	Australia	**-**	50	**-**	116.6
Northern Stevedoring Services Pty Ltd	Australia	**50**	50	**25.2**	24.5
Prixcar Services Pty Ltd[2]	Australia	**25**	25	**36.7**	37.0
Quattro Grain Trust[3]	Australia	**37.5**	37.5	**34.2**	29.4
TQ Holdings Australia Pty Ltd[3]	Australia	**50**	50	**19.9**	18.3
Total equity accounted investments				**783.2**	225.8

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 $344.4 million which also forms part of Qube's total investment in Patrick.
2. Prixcar investment held through Qube's 50% interest in "K" Line Auto Logistics Pty Ltd
3. The contribution from the Group's investment in the Quattro Grain Trust and TQ Holdings Australia Pty Ltd are considered individually immaterial and are discussed in part (d) 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 the entity when using the equity method, including fair value adjustments and modifications for differences in accounting policy where material:

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2016 $m
Summarised balance sheet	
Current assets	
Cash and cash equivalents	49.0
Other current assets	141.0
Total current assets	**190.0**
Non-current assets	**3,043.0**
Current liabilities	
Financial liabilities (excluding trade payables)	-
Other current liabilities	64.0
Total current liabilities	**64.0**
Non-current liabilities	
Financial liabilities (excluding trade payables)	1,019.2
Shareholder loans	696.3
Other non-current liabilities	241.5
Total non-current liabilities	**1,957.0**
Net Assets	**1,212.0**

	PTH No. 1 Pty Ltd (Patrick) 31 Dec 2016 $m
Reconciliation to carrying amounts	
Opening net assets	1,270.8
Profit/(loss) for the period	(50.2)
Return of capital	(12.8)
Movement in reserves	4.2
Closing net assets	1,212.0
Group's share in %	**50%**
Group's share in $	606.0
Goodwill	61.2
Carrying amount	667.2
Summarised statement of comprehensive income	
Revenue	217.6
Interest Income	1.0
Depreciation & amortisation	(33.6)
Interest expense	(33.3)
Income tax expense	(4.7)
Loss from continuing operations	(50.2)
Loss for the period	
Other comprehensive income	-
Total comprehensive income	(50.2)

5 Investments accounted for using the equity method (continued)

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

A reconciliation of the underlying trading performance of Patrick to Qube's share of underlying net profit after tax per Note 2 is included in the table below from the date of acquisition 18 August 2016 to 31 December 2016.

Patrick underlying contribution reconciliation (100%) For the half year ended 31 December 2016	Statutory $m	Underlying Adjustments[2] $m	Underlying $m
Revenue	217.6	-	217.6
EBITDA	20.4	62.9	83.3
EBITA	(6.1)	62.9	56.8
EBIT	(13.2)	62.9	49.7
Interest expense (net) - External	(12.9)	-	(12.9)
Interest expense - Shareholders	(19.4)	-	(19.4)
Net profit before tax	(45.5)	62.9	17.4
Tax (@ 30%)	(4.7)	(0.5)	(5.2)
Net profit after tax	**(50.2)**	**62.4**	**12.2**
Net profit after tax pre-amortisation	**(45.3)**	**62.4**	**17.1**
Qube share (50%) of net profit after tax	(25.1)	31.2	6.1
Qube interest income net of tax from Patrick[1]	6.7	-	6.7
Qube net profit after tax from Patrick	**(18.4)**	**31.2**	**12.8**
Qube share (50%) of net profit after tax pre-amortisation	(22.6)	31.2	8.6
Qube net profit after tax pre-amortisation from Patrick (50%)	(15.9)	31.2	15.3

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

[2] Underlying adjustments include $52.0 million in stamp duty and $10.9 million in other transaction related costs.

(c) Summarised financial information of associates

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

	Australian Amalgamated Terminals Pty Ltd		**Northern Stevedoring Services Pty Ltd**		**K Line Auto Logistics Pty Ltd (Prixcar)**	
Summarised balance sheet	**31 Dec 2016 $m**	30 June 2016 $m	**31 Dec 2016 $m**	30 June 2016 $m	**31 Dec 2016 $m**	30 June 2016 $m
Current assets	**-**	35.5	**13.9**	12.4	**0.1**	0.1
Non-current assets	**-**	79.2	**41.6**	43.6	**73.3**	74.0
Current liabilities	**-**	(6.0)	**(22.7)**	(24.3)	**(0.1)**	(0.1)
Non-current liabilities	**-**	(98.9)	**(1.2)**	(1.9)	**-**	-
Net assets	**-**	9.8	**31.6**	29.8	**73.3**	74.0
Reconciliation to carrying amounts						
(Dec 2016 half year and June 2016 full year)						
Opening net assets	**9.8**	0.7	**29.8**	29.6	**74.0**	66.6
Profit/(loss) for the period	**6.2**	17.6	**1.9**	0.2	**(0.7)**	8.5
Movement in reserves	**-**	-	**(0.4)**	-	**-**	-
Dividends paid	**(6.5)**	(8.5)	**-**	-	**-**	(1.1)
Reclassification to subsidiary	**(9.5)**	-	**-**	-	**-**	-
Closing net assets	**-**	9.8	**31.3**	29.8	**73.3**	74.0
Group's share in %	**-**	50%	**50%**	50%	**50%**	50%
Group's share in $	**-**	4.9	**15.6**	14.9	**36.7**	37.0
Impairment charge	**-**	-	**-**	(21.3)	**-**	-
Loan to associates	**-**	49.0	**-**	-	**-**	-
Goodwill	**-**	62.7	**9.6**	30.9	**-**	-
Carrying amount	**-**	116.6	**25.2**	24.5	**36.7**	37.0

5 Investments accounted for using the equity method (continued)

(c) Summarised financial information of associates (continued)

	Australian Amalgamated Terminals Pty Ltd		Northern Stevedoring Services Pty Ltd		K Line Auto Logistics Pty Ltd (Prixcar)	
	31 Dec 2016 $m	31 Dec 2015 $m	**31 Dec 2016 $m**	31 Dec 2015 $m	**31 Dec 2016 $m**	31 Dec 2015 $m
Summarised statement of comprehensive income						
Revenue	**30.2**	41.6	**24.0**	31.3	**0.1**	0.1
Profit/(loss) for the period	**6.2**	9.0	**1.5**	2.7	**(0.7)**	(0.2)
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income	**6.2**	9.0	**1.5**	2.7	**(0.7)**	(0.2)
Dividends received from associates	**3.2**	4.3	**-**	-	**-**	0.5

(d) Individually immaterial associate and joint venture

In addition to the interests in associates disclosed above, the Group also has interests in an associates and a joint venture which are considered individually immaterial and that are accounted for using the equity method.

	31 Dec 2016 $m	30 June 2016 $m
Aggregate carrying amount of individually immaterial associates and joint venture	54.1	47.7
Aggregate amounts of the Group's share of:		
Profit/(Loss) for the period	(1.1)	(0.6)
Other comprehensive income	-	-
Total comprehensive income	(1.1)	(0.6)

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

There has been no material change in contingent liabilities of associates as set out in Qube's 2016 Annual Report.

Commitments – joint ventures

Commitments to provide funding for joint venture's capital commitments if called	-	-

Contingent liabilities – joint ventures

Share of joint venture's contingent liabilities	-	-

(f) 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 Pt Ltd, Northern Stevedoring Services Pty Ltd and 'K' Line Auto Logistics Pty Ltd the Group does not have the ability to affect returns of these entities without the prior consent of the remaining shareholders.

6 Intangible assets

	Goodwill $m	Operating rights $m	Customer and other contract intangibles $m	Total $m
Year ended 30 June 2016				
Opening net book amount	589.0	5.1	41.2	635.3
Acquisition of a business	2.9	-	-	2.9
Exchange differences	1.0	-	0.4	1.4
Amortisation charge	-	(0.4)	(8.5)	(8.9)
Closing net book amount	592.9	4.7	33.1	630.7
At 30 June 2016				
Cost	592.9	7.6	67.4	667.9
Accumulated amortisation	-	(2.9)	(34.3)	(37.2)
Net book amount	592.9	4.7	33.1	630.7
Half year ended 31 December 2016				
Opening net book amount	**592.9**	**4.7**	**33.1**	**630.7**
Acquisition of a business	**125.5**	**-**	**-**	**125.5**
Sale of a business	**(0.8)**	**-**	**-**	**(0.8)**
Exchange differences	**0.2**	-	**0.1**	**0.3**
Amortisation charge	**-**	**(0.2)**	**(4.3)**	**(4.5)**
Closing net book amount	**717.8**	**4.5**	**28.9**	**751.2**
At 31 December 2016				
Cost	**717.8**	**7.6**	**67.5**	**792.9**
Accumulated amortisation	**-**	**(3.1)**	**(38.6)**	**(41.7)**
Net book amount	**717.8**	**4.5**	**28.9**	**751.2**

7 Equity securities issued

	31 Dec 2016 Shares	31 Dec 2015 Shares	**31 Dec 2016 $m**	31 Dec 2015 $m
(a) Issues of ordinary shares during the half year				
Opening balance as at 1 July	**1,303,662,847**	1,056,700,287	**1,801.6**	1,302.0
Placement	**143,243,753**	-	**306.5**	-
Dividend reinvestment plan	**5,007,534**	3,875,480	**11.2**	7.7
Less: Transaction costs arising on share issues, net of tax			**(6.3)**	-
Closing balance 31 December	**1,451,914,134**	1,060,575,767	**2,113.0**	1,309.7
(b) Movements in treasury shares during the half year				
Opening balance as at 1 July	**(8,500,479)**	(7,367,178)	**(19.4)**	(17.3)
Transfer of treasury shares	**1,406,970**	440,862	**3.2**	1.1
Closing balance 31 December	**(7,093,509)**	(6,926,316)	**(16.2)**	(16.2)
Total contributed equity	**1,444,820,625**	1,053,649,451	**2,096.8**	1,293.5

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 2016 Annual Report.

8 Borrowings

During the period the group raised $305 million (before costs) via an ASX listed 7 year subordinated note issue. These funds have been used to pay down existing debt facilities.

The notes pay a floating rate quarterly coupon of the 90 day BBSW plus 3.9%, are non-amortising, have no conversion rights and mature in October 2023.

As a result they have been classified as non-current liabilities by the Group.

Market risk

Cash flow and fair value interest rate risk

Qube's primary interest rate risk relates to its variable rate borrowings and cash held on deposit, which expose the Group to cash flow interest rate risk. Qube's businesses are leveraged to the economy such that movements in interest rates, which typically reflect changes in economic conditions and outlook, are likely to correlate with movements in Qube's earnings. The primary objectives of Qube's interest rate risk management strategy therefore are to protect against very large unexpected adverse movements in interest rates which Qube cannot fully offset through its earnings via the use of floating-to-fixed interest rate caps, collars and swaps.

Qube's exposure to interest rate risk is set out in the following table:

	31 Dec 2016 $m	30 June 2016 $m
Bank loans	**727.3**	667.0
Subordinated notes	**305.0**	-
Cash	**(74.7)**	(76.6)
Total exposure to cash flow interest rate risk	**957.6**	590.4

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

The sensitivities of Qube's monetary assets and liabilities to interest rate risk is summarised below. The analysis is based on the assumption that interest rates changed +/-100 basis points (2016: +/-100 basis points) from the period end rates with all other variables held constant.

	Interest rate risk			
	-100 bps		**+100 bps**	
	Profit	Equity	Profit	Equity
31 Dec 2016	$m	$m	$m	$m
Total increase/(decrease)	**5.2**	**5.2**	**(6.0)**	**(6.0)**
30 June 2016				
Total increase/(decrease)	3.1	3.1	(3.4)	(3.4)

Foreign exchange risk:

As the facilities are primarily AUD denominated they did not have any impact on the entity's exposure to foreign exchange risk.

Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the half year to 31 December 2016.

8 Borrowings (continued)

Financing arrangements

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

Floating rate	**31 Dec 2016 $m**	30 June 2016 $m
Expiring within one year	**-**	-
Expiring beyond one year*	**331.7**	540.1
	331.7	540.1

*Undrawn facilities as at 31 December 2016 adjusted for $25.6 million in bank guarantees (June 2016: $22.9 million) drawn under the working capital facilities.

Subject to the continuance of satisfactory covenant compliance, the bank loan facilities may be drawn down at any time and have an average maturity of 2.5 years (June 2016: 3.0 years).

As at 31 December 2016, the contractual maturities of the Group's non-derivative financial liabilities were as follows:

Contractual maturities of financial liabilities	**Less than 1 month $m**	**1-6 months $m**	**6-12 months $m**	**Greater than 1 year $m**
Consolidated As at 31 December 2016				
Trade and other payables	**136.3**	**-**	**-**	**-**
Borrowings	**6.7**	**10.3**	**11.6**	**1,209.0**
Total financial liabilities	**143.0**	**10.3**	**11.6**	**1,209.0**
Consolidated As at 30 June 2016				
Trade and other payables	98.5	-	-	-
Borrowings	2.4	156.9	4.9	518.2
Total financial liabilities	100.9	156.9	4.9	518.2

9 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 since the last annual financial report.

(a) Fair value hierarchy

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

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

The following table presents the Group's financial assets, non-financial assets and financial liabilities measured and recognised at fair value at 31 December 2016 and 30 June 2016 on a recurring basis:

At 31 December 2016	Level 1 $m	Level 2 $m	Level 3 $m	Total $m
Recurring fair value measurements				
Assets				
Investment Properties	**-**	**311.9**	**71.5**	**383.4**
Financial assets at fair value through profit or loss	**-**	**-**	**-**	**-**
Available-for-sale financial assets	**-**	**-**	**-**	**-**
Total assets	**-**	**311.9**	**71.5**	**383.4**
Liabilities				
Contingent consideration payable	**-**	**-**	**2.0**	**2.0**
Derivatives used for hedging	**-**	**0.9**	**-**	**0.9**
Total liabilities	**-**	**0.9**	**2.0**	**2.9**
At 30 June 2016				
Recurring fair value measurements				
Assets				
Investment Properties	-	296.7	71.0	367.7
Available-for-sale financial assets	543.7	-	-	543.7
Financial assets at fair value through profit or loss	1.0	-	-	1.0
Total assets	544.7	296.7	71.0	912.4
Liabilities				
Contingent consideration payable	-	-	2.0	2.0
Derivatives used for hedging	-	3.2	-	3.2
Total liabilities	-	3.2	2.0	5.2

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

(b) Valuation techniques used to determine fair values

Financial instruments

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar financial assets at fair value through profit or loss or available-for-sale.
- the fair value of interest rate hedging instruments is calculated as the present value of the estimated future cash flows based on observable yield curves.
- 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.

9 Fair value measurement (continued)

Non-financial assets

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

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

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

The primary valuation methodology for the Group's Minto investment property was the term and reversion approach, which resulted in fair value estimate for this property being included in level 3.

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

Financial instruments

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

There were no transfers between the levels of the fair value hierarchy in the half year to 31 December 2016.

There were also no changes made to any of the valuation techniques applied as of 30 June 2016.

(ii) Valuation inputs and relationships to fair value

Contingent consideration
Actual consideration payable is contingent on certain future conditions including financial results, warranty periods and volume related targets. The minimum amount payable is $Nil, and the maximum is $24.0 million over the relevant period.

(iii) Valuation processes

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

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

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

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

Non-financial assets

(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 2016.

9 Fair value measurement (continued)

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

Non-financial assets

(ii) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in recurring level 3 fair value measurements. See below for the valuation techniques adopted:

Description	Fair value at 31 Dec 2016 $m	Unobservable inputs	Range of inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment property	71.5	Discount rate	**7.00%**	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	**8.25%**	
		Capitalisation rate	**8.00%**	The higher the capitalisation rate and expected vacancy rate, the lower the fair value
		Expected vacancy rate	**-%**	
		Rental growth rate	**3.17%**	The higher the rental growth rate, the higher the fair value

(i) Valuation processes

For level 3 assets, the Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at least annually. As at 31 December 2016, the fair value of investment properties has been determined by the directors in conjunction with a letter of advice from Savills.

The main level 3 inputs used by the Group are derived and evaluated as follows: Property assets – discount rates, terminal yields, expected vacancy rates and rental growth rates are estimated by Savills or management based on comparable transactions and industry data.

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

10 Loans and receivables

	31 Dec 2016	30 June 2016
	$m	$m
Loans and receivables	**344.4**	-

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

Loans and receivables are carried at amortised cost using the effective interest method, which applies the interest rate that discounts estimated future cash receipts over the term of the loans and receivables. Cash flows relating to short term trade and other receivables are not discounted if the effect of discounting is immaterial. The discount, if material, is then recognised as revenue over the remaining term. The Group considers the impact of discounting immaterial.

A provision for impairment of loans and receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of the loans and receivables. The amount of the provision is the difference between the asset's carrying amount and its fair value, which is estimated as the present value of estimated future cash flows, discounted at the effective interest rate where relevant. The amount of the provision is recognised in the Income Statement. The Group does not believe impairment is required at 31 December 2016 based on the current forecasts provided by Patrick.

The credit quality of all loans and receivables, including those neither past due nor impaired, is assessed and monitored on an ongoing basis. To determine the necessity of whether an impairment provision is required for any given financial year, the Group considers how economic and market conditions will affect the creditworthiness of certain entities.

11 Business Combinations

Qube acquired the remaining 50% interest in Australian Amalgamated Terminals Pty Ltd (AAT) on 30 November 2016. The $150 million purchase price was negotiated as part of a broader acquisition of Asciano involving Qube's acquisition of a 50% interest in Patrick, as a result a portion of the AAT purchase price has been allocated to Qube's investment in Patrick.

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

	$'m
Purchase consideration	
Purchase price	**150.0**
Completion adjustments	**3.1**
Total cash paid	**153.1**
Allocation to investment in Patrick	**(36.6)**
Fair value of existing interest held	**116.5**
Total purchase consideration	**233.0**

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

	Fair value $'m
Cash	**26.0**
Trade receivables	**8.1**
Prepayments	**0.8**
Property, plant and equipment	**73.8**
Deferred tax asset	**4.9**
Tax payable	**(0.3)**
Trade payables	**(4.1)**
Provision for employee benefits	**(1.7)**
Net identified assets acquired	**107.5**
Add: goodwill	**125.5**
Net assets acquired	**233.0**

The goodwill is attributable to the strategic advantages and market positioning this acquisition will provide Qube. None of the goodwill is expected to be deductible for tax purposes.

(ii) Acquisition related costs

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

(iii) Acquired receivables

The trade and other receivables of $8.1 million have all been recovered.

(iv) Revenue and profit contribution

The acquired business contributed revenues of $3.0 million and net profit after tax of $0.9 million to the Group for the period from 1 December 2016 to 31 December 2016. If the acquisition had occurred on 1 July 2016, consolidated revenue and net profit after tax for the half year ended 31 December 2016 would have increased by $15.2 million and $3.1 million respectively. The information included above excludes the contribution to AAT from trading between AAT and Qube's Ports & Bulk division, which is one of AAT's largest customers.

Purchase consideration – cash outflow

	$'m
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**153.1**
Less: Cash balances acquired	**(26.0)**
Net cash consideration	**127.1**
Less: Allocation to Patrick investment	**(36.6)**
Outflow of cash – investing activities	**90.5**

12 Transactions with non-controlling interests

On 23 December 2016, the Group acquired an additional 33.3% of the units in Moorebank Industrial Property Trust and all its interests in the Moorebank Project for $98.9 million. Immediately prior to the purchase, the carrying amount of the existing 33.3% non-controlling interest in Moorebank Industrial Property Trust was $98.2 million. The Group recognised a decrease in equity attributable to owners of the parent of $0.7 million. The effect on the equity attributable to the owners of Qube Holdings Limited during the period is summarised as follows:

	Half year ended	
	31 Dec 2016	31 Dec 2015
	$m	$m
Carrying amount of non-controlling interests acquired	**98.2**	-
Consideration paid to non-controlling interests	**(98.9)**	-
Excess of consideration paid recognised in the transactions with non-controlling interests reserve within equity	**(0.7)**	-

13 Dividends

	Half year ended	
	31 Dec 2016	31 Dec 2015
	$m	$m
(a) Ordinary shares		
Dividends provided for or paid during the half year	**39.9**	29.0
(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 resolved to pay an interim dividend of 2.7 cents per fully paid ordinary share (December 2015 – 2.7 cents), fully franked. The aggregate amount of the proposed dividend expected to be paid on 5 April 2017 out of retained earnings at 31 December 2016, but not recognised as a liability at the end of the half year, is	**39.2**	28.6

14 Contingencies

Contingent liabilities

There has been no material change in contingent liabilities as set out in Qube's 2016 Annual Report.

15 Events occurring after the reporting period

Following receipt of all required planning and other approvals, financial close was reached with MIC in relation to the Moorebank project on 24 January 2017. Financial close is effectively day 1 of the project and enables Qube to start the construction activities and be in a position to finalise agreements with tenants.

Other than as noted above, there have been no events that have occurred subsequent to 31 December 2016 and up to the date of this report that have had a material impact on Qube's financial performance or position.

In the directors' opinion:

(a) the financial statements and notes set out on pages 8 to 28 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 2016 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.

Sam Kaplan
Director

Sydney
21 February 2016

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

Report on the Half-Year Financial Report

We have reviewed the accompanying half-year financial report of Qube Holdings Limited (the company), which comprises the consolidated balance sheet as at 31 December 2016, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, selected explanatory notes and the directors' declaration for the Qube Holdings Limited Group (the consolidated entity). The consolidated entity comprises the company and the entities it controlled from time to time during the half-year.

Directors' responsibility for the half-year financial report

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

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Australian Auditing Standard on Review Engagements ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As the auditor of Qube Holdings Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

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

Independence

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

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Conclusion

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

1. giving a true and fair view of the consolidated entity's financial position as at 31 December 2016 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*.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
21 February 2017