ANNUAL REPORT 2015

ABN 14 149 723 053

QUBE HOLDINGS LIMITED
LEVEL 22, 44 MARKET STREET
SYDNEY NSW 2000

Annual General Meeting

The 2015 Annual General Meeting of Qube Holdings Limited will be held in The Blaxland Ballroom, Level 8, The Swissôtel, 68 Market Street, Sydney on Tuesday 24 November 2015 at 10:00am (Sydney time).

QUBE IS ESTABLISHED AS A LEADING LOGISTICS PROVIDER FOR IMPORT AND EXPORT FREIGHT.

2015 WAS A YEAR OF MAJOR ACHIEVEMENTS AND SIGNIFICANT CHALLENGES FOR QUBE WHICH DELIVERED ANOTHER SUCCESSFUL RESULT FOR SHAREHOLDERS

Christopher D Corrigan
Chairman

CHAIRMAN'S LETTER

Qube continued to produce good revenue and net profit growth in the face of worsening economic and market headwinds. The Company is now clearly positioned as the leading provider of logistics solutions in the import and export supply chains.

The major achievement for 2015 clearly was reaching an agreement with the Commonwealth to develop Australia's largest logistics hub at Moorebank in South Western Sydney. This project will transform the movement, storage and distribution of freight in Sydney and will also transform Qube over the next decade as we develop the intermodal precinct.

The Company's greatest challenge for the year was successfully navigating the decline in commodity prices in 2015 and the ensuing negative impact on some of our major customers. Our strategy of diversifying the group by product, geography and customer enabled Qube to mitigate the downside effects of the commodity slowdown to deliver this pleasing result.

Qube delivered record underlying revenue growth in the year of 18% to $1.43 billion and underlying EBITA growth of 14% to $172.4 million. Qube's underlying net profit after tax increased by approximately 19% to $105.2 million and underlying earnings per share increased by 8% to 10.0 cents. Underlying earnings per share pre amortisation increased to 10.5 cents from 9.8 cents.

Statutory revenue increased to approximately $1.46 billion and profit after tax attributable to shareholders after allowing for impairments was $85.9 million.

Statutory diluted earnings per share were 8.1 cents.

The statutory result was impacted by impairments included in the Ports & Bulk division relating to Qube's Utah Point and Dampier Transfer facilities. These impairments were partly offset by fair value gains in the Strategic Assets division reflecting the increased value of Qube's strategic investment properties at Minto and Moorebank.

The directors have determined to pay a fully franked final dividend of 2.8 cents per share, bringing the full year dividend to 5.5 cents, an 8% increase on the prior financial year. This reflects a payout ratio of around 55% of Qube's underlying earnings per share consistent with Qube's target payout ratio of 50-60% of underlying earnings per share.

Other highlights for the full year include:

- a substantial and continued improvement in safety performance across the Group;
- the announcement of a joint venture with Japan's TonenGroup to develop fuel storage facilities in Australia;
- construction of grain handling facilities at Port Kembla as part of our Quattro joint venture with key international grain trading partners; and
- the completion of several acquisitions and continued investment in equipment and facilities to support our long term growth.

FY15 UNDERLYING REVENUE GREW BY 18%

Financial Strength

Qube ended 2015 in a strong financial position having achieved material improvements in capacity, pricing and terms of debt facilities.

Qube completed a refinancing of its two syndicated debt facilities in December 2014 into a single larger $750 million facility. This provided the group with improved pricing and terms which will support continued growth. Qube's leverage ratio (net debt / net debt plus equity) was 27% at 30 June 2015 which remains below the bottom end of Qube's target leverage range of 30-40%.

At 30 June 2015, Qube had net debt (being bank loans and finance lease liabilities less cash on hand) of approximately $519 million. Qube had available cash and undrawn debt facilities of over $260 million providing it with substantial funding capacity to pursue further investment.

Outlook

Qube expects trading and economic conditions to remain difficult in FY16 and the recent market turmoil only adds to the challenges ahead.

Qube's earnings in FY16 are expected to benefit from the full year contribution from acquisitions made in FY15 and earnings contribution from Moorebank and Quattro.

Overall underlying earnings growth in FY16 will depend on a range of factors including general economic activity, the competitive environment, Qube's ability to secure new contracts and undertake accretive acquisitions, and earnings contributions from Moorebank and Quattro.

As previously announced, Qube expects that, excluding the contribution from any new contracts or acquisitions, the underlying earnings from the Ports & Bulk division will be lower in FY16 compared to FY15. This is a result of the conclusion of three significant contracts and the revised terms of the Atlas contract that occurred in the second half of FY15.

A key priority for the Company in FY16 will be to progress the existing and potential strategic projects across the group that will drive sustainable, long term growth.

This includes achieving financial close on the Moorebank arrangements, commencing construction and progressing discussions with target tenants for the warehousing. In parallel with this, Qube will progress its assessment of the optimal ownership and funding options for the warehousing to be developed at Moorebank.

Qube will use its strong operating cashflow to invest in facilities and equipment to build scale, enhance Qube's competitive position, and will also assess suitable acquisitions that meet Qube's financial, strategic and risk criteria. This will ensure that Qube is well placed to improve margins and earnings when external and economic conditions improve.

Strategically, Qube continues to assess a broad range of acquisition and investment opportunities to provide further scale and competitive advantage and support continued long term earnings growth.

In conclusion I would like to thank the Managing Director Maurice James, his management team and the Company's thousands of employees and contractors for their continued contribution to Qube's long term success.

2015 MARKED THE BEGINNING OF THE NEXT PHASE OF QUBE'S DEVELOPMENT AS AUSTRALIA'S LEADING INTEGRATED LOGISTICS COMPANY IN THE EXPORT IMPORT SUPPLY CHAIN

Maurice James
Managing Director

MANAGING DIRECTOR'S REPORT

The two operating divisions, Qube Logistics and Qube Ports & Bulk, continued to deliver great service to our customers and very pleasing results to our shareholders while the Strategic Assets division won the right to develop Australia's largest logistics hub at Moorebank in Sydney.

The Company also moved further into the oil sector with announcement of a joint venture with Japan's second largest fuel supplier TonenGeneral to develop fuel storage facilities in Australia. At the same time, we further progressed our involvement in grain handling with Quattro joint venture.

Safety

I am delighted to report that while the Company continued to grow, our safety performance continued to improve. A relentless focus on Zero Harm delivered a 30% improvement in lost time injuries compared to 2014.

This represents an 85% improvement in safety performance since the current management took over the Qube assets in 2007. It's a performance of which all employees can be justifiably proud and one which we are determined to improve again next year.

FY15 DELIVERED A 30% IMPROVEMENT ON LOST TIME INJURIES

Logistics Division

In 2015 the Logistics division delivered another good result in the face of tougher competition and pressure on margins.

The division reported an underlying revenue increase of 4% on the prior year's underlying results. Underlying earnings (EBITA) increased by 2% to $58.7 million.

The growth achieved by the division was positive given the very competitive operating environment and reflects management's ability to retain and grow market share.

Qube successfully integrated the CRT acquisition, which was completed in December 2014, and is already achieving the target cost synergies with additional benefits expected to flow into FY16.

The warehouse development at Victoria Dock was completed in June 2015, and volumes have been successfully transitioned from the Somerton facility (which Qube has now exited) to Victoria Dock as part of Qube's cost savings initiatives.

Management will continue to focus on tight cost control throughout 2016.

The Logistics division will ultimately become the operator of the port shuttle and rail terminal at the Moorebank facility which is aimed to commence operations in FY18.

Highlights / Logistics

Financial Performance

- Positive result with underlying revenue growth of 4% and earnings growth (EBITA) of 2%
- Continued focus on cost reductions
- Net capex of around $88.1 million on acquisition of CRT and investment in facilities

Business Operations

- Maintained strong market share despite competitive environment
- Result impacted by container terminal performance at Port Botany and weather-related issues
- Rural export container volumes below expectations, particularly New South Wales

Growth Initiatives

- Completion of Vic Dock warehouse – consolidation of sites to drive efficiencies
- Integration of CRT acquisition and synergies achieved ahead of internal targets
- Fremantle development largely complete – enhanced capacity and scale

Ports & Bulk Division

The Ports & Bulk division continued to deliver record results with very strong growth in 2015. Underlying revenue and EBITA increased by 33% and 28% respectively to $785.1 million and $102.4 million compared to the prior year's underlying results.

The record result was achieved on continued growth in overall bulk commodity volumes despite weakness in iron ore volumes at the end of the period as well as weakness in project cargo. Major achievements included winning several new contracts in the commodities, oil and gas sector and opening a new supply base in Darwin to support a major contract with Conoco Phillips, the world's largest independent oil and gas exploration company.

The division faced strong challenges throughout the year as the decline in commodity prices flowed through to customers, particularly Atlas Iron in the Pilbara. While it was disappointing that one of our major customers experienced financial difficulties, management was able to achieve a satisfactory financial outcome for shareholders compared to the other alternatives.

Nevertheless the contribution from Atlas to the Ports & Bulk division is expected to be considerably lower in FY16.

The division is continuing to invest in equipment to increase capacity and reduce costs across parts of its operations.

UNDERLYING REVENUE GROWTH OF 33%

Highlights / Ports & Bulk

Financial Performance

- Very strong performance – underlying revenue growth of 33% and earnings growth (EBITA) of 28%
- Continued high cashflow generation supporting investment
- Net capex of around $239 million on acquisitions, equipment and facilities

Business Operations

- Secured several new contracts in oil and gas and commodities
- Maintained high market share of vehicle stevedoring
- Conclusion / early termination of several major contracts and restructure of Atlas contract due to rapid and severe iron ore price decline

Growth Initiatives

- Expanded product and geographic reach through ISO acquisition (forestry products in New Zealand)
- New supply base at Darwin
- Investment in innovative equipment solutions to increase capacity and reduce costs (application across multiple sectors / commodities / customers)

Strategic Assets Division

The key achievement for Qube in 2015 was the agreement with the Commonwealth for the development of Australia's largest intermodal hub at Moorebank in South Western Sydney. This agreement will see a step change in logistics activities for Qube over the next decade.

The SIMTA consortium (67% Qube, 33% Aurizon) has been granted a 99 year lease over 243 hectares of land to develop a port shuttle terminal, an interstate terminal and up to 850,000m^2 of warehousing. This is an unprecedented industrial development for Australia which is at the core of Qube's mission – to integrate and improve the efficiency of the national import export supply chain.

Qube has obtained full property, development and leasing management rights over the entire Moorebank precinct for the 99 year period.

Key Highlights of Moorebank

- Whole of precinct solution
- Close to entry points for the M5 and M7 motorways
- Adjacent to Southern Sydney Freight Line ("SSFL")
- 99 year leases over 243 hectares of land
- 850,000 sqm of warehousing
- IMEX port shuttle and interstate terminals handling up to 1.5 million TEU per annum

Value Impact for Qube

Step change in logistics activities

- Increased port-rail activities
- Terminal operations
- Warehouse operations (direct and 3PL)
- Share of supply chain savings

New growth opportunities from property related activities

- Qube has management rights over entire Moorebank precinct
  - Property development
  - Asset management
  - Property leasing
  - Property ownership

Apart from the Moorebank agreement, the division also signed a joint venture agreement with Japanese petroleum group TonenGeneral to develop fuel storage facilities in Australia.

Tonen is the second largest refiner and largest exporter of quality fuel in Japan, and also supplies around 12% of Australia's fuel market with high-quality fuel products.

Construction also progressed on a new grain storage and handling facility at Port Kembla by the Quattro Grain joint venture in which Qube has a 37.5% interest alongside key international grain trading partners. This facility is expected to be fully operational in the second half of FY16.

OPERATIONAL REVIEW

Overview

QUBE DELIVERED PLEASING UNDERLYING REVENUE GROWTH IN THE YEAR ENDED 30 JUNE 2015 OF 18% TO $1.43 BILLION AND UNDERLYING EBITA GROWTH OF 14% TO $172.4 MILLION. QUBE'S UNDERLYING NET PROFIT AFTER TAX INCREASED BY APPROXIMATELY 19% TO $105.2 MILLION AND UNDERLYING EARNINGS PER SHARE INCREASED BY 8% TO 10.0 CENTS. UNDERLYING EARNINGS PER SHARE PRE AMORTISATION INCREASED TO 10.5 CENTS FROM 9.8 CENTS.

Statutory revenue increased by 19% to approximately $1.46 billion and profit after tax attributable to shareholders, after the impact of the impairments noted below, fell by 2% to $85.9 million. Statutory diluted earnings per share were 8.1 cents (2014: 9.2 cents).

The statutory result was impacted by impairments included in the Ports & Bulk division relating to Qube's Utah Point and Dampier Transfer facilities. The impairment of the Utah Point facility reflects the outlook for lower iron ore prices which is likely to have an adverse impact on sustainable volumes and earnings at this facility. The impairment of the Dampier Transfer Facility is due to Qube's expectation of lower oil prices which is likely to reduce oil related activity in Dampier compared to the forecasts when the facility was initially approved. These impairments were partly offset by fair value gains in the Strategic Assets division reflecting the increased value of Qube's strategic investment properties at Minto and Moorebank.

The underlying financial information is based on the statutory information excluding certain non recurring and non-cash items such as these impairments and fair value adjustments in order to more clearly reflect the underlying earnings of the business.

A reconciliation between statutory and underlying results is provided in note 4 of Qube's financial statements.

Qube's two operating divisions grew underlying revenue and earnings despite challenging conditions in the period. This result reflects the success of Qube's strategy of diversification by customer, geography, service and product which helped mitigate the impact of the downturn in volumes and pricing pressure in certain areas of its business. The Company also continued to focus on reducing its costs whilst maintaining high service levels to offset the impact of the challenging environment.

A key achievement during the period was the conclusion of an agreement with the Moorebank Intermodal Company (MIC) for the future development of import export and interstate rail terminals and extensive warehousing at Moorebank. This transformational project for Qube will create very substantial growth opportunities for Qube's Logistics division and will also create the platform for Qube to significantly expand its logistics related property development and management activities.

Qube also provided additional funding towards the completion of a new grain storage and handling facility at Port Kembla by the Quattro Grain joint venture in which Qube has a 37.5% interest alongside key international grain trading partners. This facility is expected to be fully operational in the second half of FY16.

Qube completed several acquisitions during the period and also invested in equipment and facilities to support its long term growth with total capital expenditure in the year of around $354 million. This investment continued to broaden Qube's geographic and service capabilities as well as its customer base.

In August 2015, Qube announced that it had entered into an agreement to form a joint venture with Japanese petroleum group TonenGeneral Sekiyu K.K. (Tonen) to develop fuel storage facilities in Australia. Tonen is the second largest refiner and largest exporter of quality fuel in Japan, and also supplies around 12% of Australia's fuel market with high quality fuel products. The joint venture's first project is a fuel storage facility to be developed at Port Kembla on land to be leased from NSW Ports. Development and planning approval for parts of the facility have been obtained and the process for the remaining assessment is well advanced. Subject to final approval, the storage facility has a potential capacity of 230 million litres with commissioning expected in mid to late 2017.

To provide additional funding capacity and flexibility and to improve its funding costs, Qube completed a refinancing of its two syndicated debt facilities in December 2014 into a single larger $750 million facility. This provided Qube with improved pricing and terms which will support continued growth. Qube's leverage ratio (net debt / net debt plus equity) increased from approximately 17% at 30 June 2014 to around 27% at 30 June 2015 which remains below the bottom end of Qube's target leverage range of 30 40%.

At 30 June 2015, Qube had net debt (being bank loans and finance lease liabilities less cash on hand) of approximately $519 million (2014: $279 million). Qube had available cash and undrawn debt facilities of over $260 million (2014: $415 million) providing Qube with substantial funding capacity to pursue further investment.

Qube has no near term debt maturities under its term facilities and retains substantial headroom under its covenants.

Qube continued to improve its safety record with its Lost Time Injury Frequency Rate (LTIFR) decreasing by around 30% to 3.2 Lost Time Injuries (LTIs) per million hours worked.

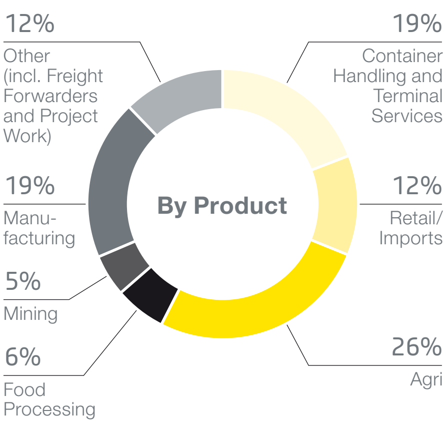
The full year dividend increased by approximately 8% to 5.5 cents per share, consistent with Qube's stated policy of paying out 50 60% of underlying earnings per share. The final dividend of 2.8 cents will be fully franked.

LOGISTICS DIVISION

THE GROWTH ACHIEVED BY THE DIVISION WAS POSITIVE GIVEN THE VERY COMPETITIVE OPERATING ENVIRONMENT.

Logistics

FY15 Indicative Revenue Segmentation



The Logistics division reported underlying revenue of $615.9 million, a 4% increase on the prior year's underlying results. Underlying earnings (EBITA) increased by 2% to $58.7 million.

The growth achieved by the division was positive given the very competitive operating environment and reflects management's ability to retain and grow market share in key areas of the operations. The market conditions remained challenging with continued modest overall market container volume growth and lower rural volumes, particularly movement of cotton and grain in northern New South Wales and southern Queensland. Additionally, the revenue and earnings for Qube were impacted by the severe weather in New South Wales in April that affected rail activities, as well as rail disruptions at a Port Botany container terminal in the first half of FY15 which continued to have an impact in the second half of the financial year.

Qube has successfully integrated the CRT acquisition, which was completed in December 2014, and is already achieving the target cost synergies with additional benefits expected to flow into FY16.

The warehouse development at Victoria Dock was completed in June 2015, and volumes have been successfully transitioned from the Somerton facility (which Qube has now exited) to Victoria Dock as part of Qube's cost savings initiatives.

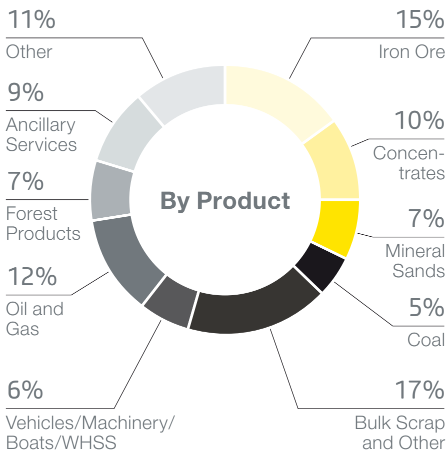
Qube's development of its increased footprint at Fremantle port is near completion. Once completed, the larger site will enable Qube to consolidate and expand its Fremantle operations providing scale and cost efficiencies to reinforce Qube's position as the largest port logistics operator in Fremantle.

The statutory result included an impairment of $2.5 million relating to a loan provided by Qube Logistics to the Mackenzie Hillebrand joint venture as this loan is not expected to be recoverable based on the current forecasts for the business. Qube did not recognise any earnings from the joint venture in FY15 and does not expect to do so in the future.

PORTS & BULKS DIVISION

Ports & Bulk

FY15 Indicative Revenue Segmentation



The Ports & Bulk division delivered very strong growth in the period. Underlying revenue and EBITA increased by 33% and 28% respectively to $785.1 million and $102.4 million compared to the prior year's underlying results.

The record result was achieved on continued growth in overall bulk commodity volumes despite weakness in iron ore volumes at the end of the period as well as weakness in project cargo.

The acquisition of Oztran in July 2014 provided Qube with a sizeable bulk haulage capability in Port Hedland, as well as suitable land to construct an employee accommodation camp that was recently opened and is expected to generate cost savings for Qube in FY16 and beyond.

Vehicle stevedoring volumes grew modestly and Qube maintained its high market share. Oil and gas activity was strong with an 11 month contribution from the Yara contract, which completed in May 2015, utilising the Dampier Transfer Facility. New oil and gas related business was also secured in both Dampier and Darwin. The weak oil price has impacted some oil and gas related activity in the second half of the financial year, and the reduced activity is expected to continue into FY16.

Qube expanded its forestry related activities through the acquisition of the New Zealand based company ISO Limited in January 2015. This is expected to provide an increased contribution in FY16 although the financial performance will be dependent on economic activity in China, its key end market, and new housing construction activity in particular.

Several events towards the end of the financial year will collectively have an impact on the results for FY16 which are currently expected to be lower than the underlying earnings for FY15.

In January 2015, Arrium, one of Qube's largest customers, advised that it would be closing its uneconomic Peculiar Knob mine and as a result would terminate Qube's iron ore haulage contract from the mine to the rail head from May 2015.

Although it was disappointing for a major contract to terminate early, Qube negotiated a satisfactory outcome with Arrium which provided Qube with a financial payment to compensate Qube for some of its lost future earnings as well as to fully cover costs associated with the early end of the contract. Additionally, Qube retained all of the equipment that had been used for the contract and has already deployed a significant portion of these assets within its operations. Whilst this is already contributing to offset the earnings that had been generated by the Arrium contract, it is expected to take some time to fully mitigate the impact of the contract termination. Qube is actively working to fully utilise the remaining assets in order to generate additional earnings and is encouraged by the opportunities that it has identified and is pursuing.

In April 2015, another of Qube's larger customers, Atlas Iron, advised that it would be mothballing its mines due to the rapid decline in the iron ore price. Qube provides stockpile management and stevedoring services for Atlas through its Utah Point facility. Qube worked closely with Atlas and Atlas' other major contractors to develop an innovative contractual solution that has enabled Atlas to continue its mining operations with a much lower cost base for an interim period of up to two years. This arrangement required Qube to reduce its base charge to Atlas during this interim period, but provides potential for Qube to earn higher rates from Atlas linked to Atlas' free cash flow and achieved iron ore price. Pleasingly, Qube has been receiving rates above the base rates as the iron ore price and Australian dollar (compared to the US dollar) have recently been trading favourably to the levels required for Atlas to pay additional amounts to Qube.

Qube's revenue and earnings from Atlas will be significantly lower in FY16 compared to FY15 if Qube only receives the base charge for most of the financial year. However, the financial outcome is considerably better for Qube than if Atlas had mothballed its mines and ceased shipping its volumes through Utah Point. Also, as part of the contract negotiations, Qube secured a five year contract extension commencing at the end of the two year interim period.

As a result of Qube's expectations for lower long term volumes and earnings from its Utah Point facility compared to previous forecasts, the carrying value of Qube's Utah Point facility has been impaired by approximately $19.6 million at 30 June 2015.

Qube has also impaired the carrying value of its Dampier Transfer Facility by $18.9 million at 30 June 2015. This decision was a result of the rapid and significant decline in oil and gas related activities in the second half of the financial year following the drop in the oil price, combined with the expectation of limited major new capital projects that would use the facility in the medium term. As a result, Qube has revised the forecast activity across this facility compared to when the business case was prepared.

These non cash impairments will reduce Qube's FY15 statutory earnings but have no impact on underlying earnings in FY15 or the cash flow generated by Qube.

Two of Qube's larger contracts, providing facility laydown and storage services for Yara at the Dampier Transfer Facility, and project work undertaken for the Roy Hill development in Port Hedland, were both completed during the second half of the financial year.

While it was disappointing to have two of Qube's largest customers experience financial difficulties at the same time, particularly in circumstances when these two other major contracts were being completed, Qube's strong market position and innovative logistics solutions leave Qube well positioned to replace and grow these earnings over time from new opportunities including organic growth, new contracts and accretive acquisitions.

Associates

Qube's three associates in the Ports & Bulk division delivered mixed underlying results in the financial year.

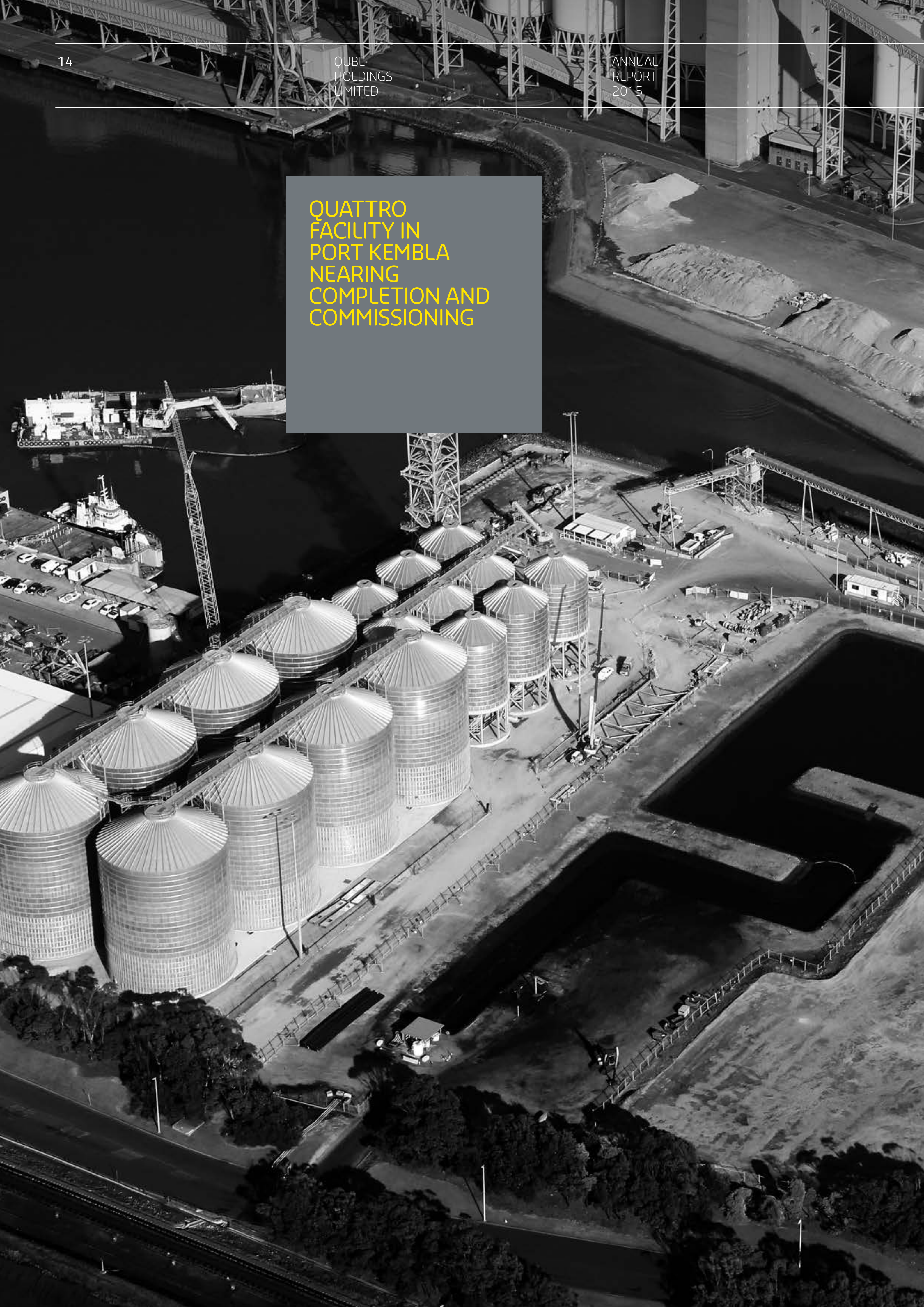
Australian Amalgamated Terminals (AAT) increased its earnings from the prior year due to its management of Appleton Dock as a result of the closure of the Webb Dock East competing facility and growth in motor vehicle import volumes. However, project cargo and roll-on/roll-off equipment volumes were below expectations, particularly in Brisbane, due to a decline in major new projects which is not expected to improve significantly in the medium term.

Qube's share of NPAT increased by 15% to $7.6 million. Qube's share of AAT's earnings are expected to decline going forward as AAT progressively exits the Melbourne market by December 2017. The outcome of the tender for a new facility in Fremantle where AAT is one of two shortlisted parties could provide additional earnings growth for AAT.

Northern Stevedoring Services (NSS) delivered a result ahead of expectations due to a positive contribution from its new bulk shed and a renewed focus on costs. While growth in this business will be limited in the absence of major new projects in North Queensland, NSS is focussed on maintaining its market position and improving its margins. Qube's share of NPAT decreased by 28% to $2.3 million.

Prixcar Services (Prixcar) reported a lower contribution to Qube's earnings compared to the prior year. However, progress was made during the financial year in repositioning its transport business away from domestic distribution towards an integrated import supply chain, which was reflected in much stronger second half earnings compared to the first half. Qube's share of NPAT decreased from $1.4 million to $0.6 million.

QUATTRO FACILITY IN PORT KEMBLA NEARING COMPLETION AND COMMISSIONING



STRATEGIC ASSETS

The Strategic Assets division includes Qube's controlling ownership of its investment properties at Minto (100%) and Moorebank (66.7%) as well as Qube's investment in the Quattro Grain (Quattro) joint venture (37.5%).

Underlying revenue in the Strategic Assets division was in line with the prior period and underlying EBITA was slightly lower due to additional expenses in relation to the Moorebank development and negotiations with MIC.

Qube's underlying result includes a net loss after tax from the Quattro joint venture of $0.1 million (2014: $0.2 million loss), relating to Qube's share of the costs associated with development of the new grain handling and storage facility. The facility is expected to be fully operational in the second half of FY16.

The statutory result includes a pre-tax upward fair value adjustment of Minto Properties of $8.9 million (2014: $6.5 million) and of the Moorebank property of $18.0 million (2014: $4.7 million) based on independent valuations as at 30 June 2015.

The key highlight in the period was the successful conclusion of negotiations with the MIC regarding a whole of precinct solution at Moorebank covering both Qube's majority owned 83 ha parcel of land and the Commonwealth Government's much larger 160 ha of land. Under the agreement, Qube (67.7%) and its partner Aurizon (33.3%) will be granted multiple leases for approximately 99 years over the Government's land to enable the development of import export and interstate rail terminals as well as around 850,000 sqm of warehousing, subject to final planning approvals.

This is a transformational project for Qube which is expected to provide substantial opportunities for Qube's Logistics division across rail operations, terminal operations and warehousing (both direct and for third parties). Additionally, the scale and nature of the property and warehousing development at Moorebank creates a unique opportunity for Qube to establish a new growth avenue for the Company covering property development, ownership and management focussed on tenants that will drive logistics demand for Qube's services.

Qube is presently assessing a range of ownership, funding and partnership alternatives to ensure it achieves the optimal outcome from the property related potential from Moorebank.

Risk management

Qube's framework for risk management involves an ongoing assessment of the key risks facing the business having regard to the following two key criteria:

1. The likelihood of a particular risk occurring; and
2. The impact on Qube if the risk did occur.

Qube's risk management plan is focussed on trying to reduce both the likelihood of risks occurring and mitigate the financial and operational impact on Qube if it does.

Major risks to Qube's earnings identified include:

- economic growth
- demand for commodities
- oil and gas activity (production and new projects)
- new vehicle sales
- container volumes
- agri volumes/weather
- interest rate
- Australian dollar

Qube seeks to reduce the likelihood of these risks occurring, and the impact on its operations and earnings if it does occur through its detailed operating and financial policies and systems as well as by diversifying its activities by product, customer and geography. Qube also maintains a broad range of insurance cover to mitigate the financial impact of key risks should they occur.

INJURY FREQUENCY RATE IMPROVED BY 22%

Safety

Zero harm continues to be a core value of Qube and forms a key element in the governance framework.

Qube's Safety, Health and Environment (SHE) approach begins with consistent values, standards and reporting. It is essential to Qube that SHE is part of the way it does business and its standards are clearly understood and adhered to across all divisions.

Our safety results again showed improvement. The Company's total recordable injury frequency rate (TRIFR) improved by 22% from 18.7 to 14.5, which means we are reducing the number of times that our people are exposed to the potential of a significant incident and injury. The lost time injury frequency (LTIFR) improved by 30%, a final result of 3.2.

Qube introduced several initiatives during the financial period to drive further improvements including:

Online Incident Reporting System

- Introduction of Qube's web-based incident, hazard and corrective action management platform.
- This initiative allows increased efficiency in reporting through the ability for in field reporting and recording by supervisors and managers, enhanced through the development of a mobile device application.
- The initiative also allows the real-time and efficient completion of workplace inspections, safety observations and other leading performance indicators.

Consistent Safety, Health and Environment Management System (SHEMS)

- A new integrated and consistent safety, health and environment management system has been implemented across the Group.
- The development of a national consolidated SHEMS provides clarity to Qube personnel as well as efficiencies in terms of implementation, monitoring, review and auditing processes.

Contractor Management – Rapid Induct

- Implementation of Qube's web based contractor management platform that allows the following functions:
  - Contractor company pre-selection assessment
  - Contractor company performance tracking
  - Individual contractor employee licensing and competency management
- This initiative allows increased transparency and effectiveness in assessing contract companies' Safety, Health and Environmental processes and procedures and also allows the easy verification and prohibition of untrained contractor employees at Qube facilities and allows the Qube network of sites to review the performance of contractors and engage contractors with known high levels of performance in relation to SHE.

Auditing

- A specific corporate audit SHE tool has been developed to provide assurance that Qube's system and its related processes are being implemented at every level of the organisation.
- A sample of truck and trailer roadworthy audits/inspections was performed by experienced heavy vehicle mechanics. This included visual inspection and testing as well as the use of roller brake testing brake performance.

Chain of Responsibility

- Implementation of Chain of Responsibility Standard across divisions, supported by an online awareness program.

SUMMARY AND OUTLOOK

The FY15 financial year was another successful year for Qube with good underlying earnings growth, an outstanding outcome from the negotiations in relation to the Moorebank project, and pleasing progress with the strategic Quattro grain joint venture. These and other projects being pursued will provide a platform for continued growth over the medium long term.

Qube expects trading and economic conditions to remain challenging in FY16.

As previously announced, Qube expects that, excluding the contribution from any new contracts or acquisitions, the underlying earnings from the Ports & Bulk division will be lower in FY16 compared to FY15. This is a result of the conclusion of three significant contracts and the revised terms of the Atlas contract that occurred in the second half of FY15.

Qube's earnings in FY16 are expected to benefit from organic growth, the full year contribution from acquisitions made in FY15 and earnings contribution from Moorebank and Quattro.

Qube will continue to focus on driving efficiencies and reducing costs while delivering superior logistics solutions to maintain and grow its customer base.

Overall underlying earnings growth in FY16 will depend on a range of factors including general economic activity, the competitive environment, Qube's ability to secure new contracts and undertake accretive acquisitions, and earnings contributions from Moorebank and Quattro.

A key priority for the Company in FY16 will be to progress the existing and potential strategic projects across the Group that will drive sustainable, long term growth.

This includes achieving financial close on the Moorebank arrangements, commencing construction and progressing discussions with target tenants for the warehousing. In parallel with this, Qube will progress its assessment of the optimal ownership and funding options for the warehousing to be developed at Moorebank.

Qube will work closely with its partners in the Quattro grain joint venture to ensure that the new facility and related logistics activities that Qube will provide deliver the efficiency, reliability and financial returns when the facility commences operations during FY16. Management will also assess other opportunities for further expansion in the rural commodities sector.

Qube will also work to finalise the arrangements for the recently announced joint venture with the TonenGroup which is expected to provide a new attractive growth segment for Qube in fuel terminal infrastructure initially at Port Kembla.

Qube will use its strong operating cash flow to invest in facilities and equipment to build scale, enhance Qube's competitive position, and will also assess suitable acquisitions that meet Qube's financial, strategic and risk criteria.

This will ensure that Qube is well placed to improve margins and earnings when external and economic conditions improve.

Strategically, Qube continues to assess a broad range of acquisition and investment opportunities to provide further scale and competitive advantage and support continued long term earnings growth.

Zero Harm

ZERO HARM REFLECTS OUR BELIEF THAT WE OPERATE IN AN ENVIRONMENT WHERE RISKS ARE MANAGED AND THAT WORK DOES NOT IMPACT ON OUR PEOPLE'S HEALTH AND WELLBEING.

SUSTAINABILITY AND SAFETY, HEALTH AND ENVIRONMENT

Our safety results again showed pleasing improvement. The Company's total recordable injury frequency rate (TRIFR) improved by 22% from 18.7 to 14.5. This means we are reducing the number of times that our people are exposed to the potential of a significant incident and injury. The lost time injury frequency (LTIFR) improved by 30%, a final result of 3.2.

In 2014/2015 one of the main safety objectives was to consolidate our systems and processes. The Company successfully launched a consolidated SHEMS (safety, health and environment management system) that applies to all levels of the Company. In addition to developing a consolidated SHEMS, a consolidated due diligence framework was developed to assist officers to comply with their SHE due diligence obligations.

Following the successful implementation of the SHEMS, an organisation wide online incident management system was also implemented. The system delivers improved visibility and transparency of health and safety processes, accuracy of health and safety information and automated system notifications to ensure people are notified as soon as an incident or event is recorded.

The Company continues to focus on training and instruction through the introduction of online induction and awareness training programs for our employees and contractors to ensure a consistent safety message is delivered.

In 2015/2016, we plan to focus on pro active methods for identifying hazards, assessing risk, analysing hazards and applying risk reduction strategies, focusing on the following areas:

Environment

Consistent with our goal of Zero Harm, Qube is committed to operating to the highest environmental protection standards.

Environmental performance continues to improve and we consistently achieve our key performance indicators for environmental performance of zero Class 3 environmental incidents and zero regulatory action. The total number of recorded environmental incidents across the business has also decreased by 25% on 2013/2014 levels.

As part of broader risk reduction programs, we have initiated a number of environmental improvement projects to upgrade facilities including fuel farms and washbays and have also commenced IT and mobile phone recycling programs.

Our commitment to leadership that is both responsible and accountable for SHE led to the development of an environmental awareness induction specific to new managers joining the business. All new managers from Shift Manager through to Regional and General Manager complete a two part environmental awareness induction as part of the on boarding process.

Qube maintains compliance with the *National Greenhouse and Energy Reporting Act 2007.*

Community Involvement

Qube respects and values the communities in which it works.
The Company remains committed to engaging with the public and supporting local community initiatives. In 2014/2015, Qube has supported a number of community projects either at a local site level or by corporate initiative.

In 2015 Qube introduced the Safety Recognition Challenge to recognise sites that consistently achieve SHE and operational targets. Sites are measured against a series of performance indicators every month, and for every month that targets are reached, a donation is made to the site's chosen charity.

Focus

Leadership

- leadership walks
- performance and accountability
- setting targets and objectives
- core SHE responsibilities

A focus on operations safety and standards.

Culture

- transparent incident reporting and investigation
- reward and recognition
- setting high SHE standards

Built around a consistent approach from senior executives and line management.

Assurance and Improvement

- audits
- asset integrity
- safety and design
- Chain of Responsibility
- risk mitigation

Focus on AS 4801, legal compliance; both need to be present to have a program that delivers SHE governance excellence.

Framework and Systems

- consistent SHE framework
- consolidated SHEMS
- legal compliance
- online incident reporting

Simplification of systems and consistency.

Market SHEMS to our customers.

FINANCIAL INFORMATION

Qube holdings limited
ABN 14 149 723 053
for the year ended 30 June 2015

Directors' Report

Your directors present their report on the consolidated entity consisting of Qube Holdings Limited and the entities it controlled ('Qube') at the end of, or during, the year ended 30 June 2015.

Directors

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

Name	Position	Appointed	Resigned
Chris Corrigan	Non-executive Chairman	23 March 2011	
Sam Kaplan	Non-executive Deputy Chairman	23 March 2011	
Maurice James	Managing Director	23 March 2011	
Ross Burney	Non-executive Director	9 September 2011	
Allan Davies	Non-executive Director	26 August 2011	
Peter Dexter	Non-executive Director	1 September 2011	
Robert Dove	Non-executive Director	26 August 2011	
Alan Miles	Non-executive Director	1 April 2013	
Åge Holm	Alternate Director to Peter Dexter	7 November 2011	
Yoshiaki Kato	Alternate Director to Alan Miles	23 April 2013	31 March 2015
Simon Moore	Alternate Director to Robert Dove	7 November 2011	

Principal Activities

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

In addition, the Group is involved in the management and development of strategic properties with future development potential into inland rail terminals and related logistics facilities.

Dividends provided or paid by the Company during the financial year:

	Cents per share	Total $M	Franked percentage	Payment date
Ordinary Shares				
Paid during the 2015 financial year				
2014 Final dividend	2.7¢	28.4	**100%**	3 October 2014
2015 Interim dividend	2.7¢	28.5	**100%**	7 April 2015
Paid during the 2014 financial year				
2013 Final dividend	2.3¢	21.4	**100%**	4 October 2013
2014 Interim dividend	2.4¢	22.3	**100%**	4 April 2014
Dividends declared by the Company after year end:				
2015 Final dividend	**2.8¢**	**29.6**	100%	**7 October 2015**

Review of Operations

Overview

Qube delivered pleasing underlying revenue growth in the year ended 30 June 2015 of 18% to $1.43 billion and underlying EBITA growth of 14% to $172.4 million. Qube's underlying net profit after tax increased by approximately 19% to $105.2 million and underlying earnings per share increased by 8% to 10.0 cents. Underlying earnings per share pre-amortisation increased to 10.5 cents from 9.8 cents.

Review of Operations (continued)

Statutory revenue increased by 19% to approximately $1.46 billion and profit after tax attributable to shareholders, after the impact of the impairments noted below, fell by 2% to $85.9 million. Statutory diluted earnings per share were 8.1 cents (2014: 9.2 cents).

The statutory result was impacted by impairments included in the Ports & Bulk division relating to Qube's Utah Point and Dampier Transfer facilities. The impairment of the Utah Point facility reflects the outlook for lower iron ore prices which is likely to have an adverse impact on sustainable volumes and earnings at this facility. The impairment of the Dampier Transfer Facility is due to Qube's expectation of lower oil prices which is likely to reduce oil related activity in Dampier compared to the forecasts when the facility was initially approved. These impairments were partly offset by fair value gains in the Strategic Assets division reflecting the increased value of Qube's strategic investment properties at Minto and Moorebank.

The underlying financial information is based on the statutory information excluding certain non-recurring and non-cash items such as these impairments and fair value adjustments in order to more clearly reflect the underlying earnings of the business.

A reconciliation between statutory and underlying results is provided in note 4 to these financial statements.

Qube's two operating divisions grew underlying revenue and earnings despite challenging conditions in the period. This result reflects the success of Qube's strategy of diversification by customer, geography, service and product which helped mitigate the impact of the downturn in volumes and pricing pressure in certain areas of its business. The Company also continued to focus on reducing its costs whilst maintaining high service levels to offset the impact of the challenging environment.

A key achievement during the period was the conclusion of an agreement with the Moorebank Intermodal Company (MIC) for the future development of import-export and interstate rail terminals and extensive warehousing at Moorebank. This transformational project for Qube will create very substantial growth opportunities for Qube's Logistics division and will also create the platform for Qube to significantly expand its logistics related property development and management activities.

Qube also provided additional funding towards the completion of a new grain storage and handling facility at Port Kembla by the Quattro Grain joint venture in which Qube has a 37.5% interest alongside key international grain trading partners. This facility is expected to be fully operational in the second half of FY16.

Qube completed several acquisitions during the period and also invested in equipment and facilities to support its long term growth with total capital expenditure in the year of around $354 million. This investment continued to broaden Qube's geographic and service capabilities as well as its customer base.

In August 2015, Qube announced that it had entered into an agreement to form a joint venture with Japanese petroleum group TonenGeneral Sekiyu K.K. ('Tonen') to develop fuel storage facilities in Australia. Tonen is the second largest refiner and largest exporter of quality fuel in Japan, and also supplies around 12% of Australia's fuel market with high-quality fuel products. The joint venture's first project is a fuel storage facility to be developed at Port Kembla on land to be leased from NSW Ports. Development and planning approval for parts of the facility have been obtained and the process for the remaining assessment is well advanced. Subject to final approval, the storage facility has a potential capacity of 230 million litres with commissioning expected in mid to late 2017.

To provide additional funding capacity and flexibility and to improve its funding costs, Qube completed a refinancing of its two syndicated debt facilities in December 2014 into a single larger $750 million facility. This provided Qube with improved pricing and terms which will support continued growth. Qube's leverage ratio (net debt/net debt plus equity) increased from approximately 17% at 30 June 2014 to around 27% at 30 June 2015 which remains below the bottom end of Qube's target leverage range of 30-40%.

At 30 June 2015, Qube had net debt (being bank loans and finance lease liabilities less cash on hand) of approximately $519 million (2014: $279 million). Qube had available cash and undrawn debt facilities of over $260 million (2014: $415 million) providing Qube with substantial funding capacity to pursue further investment.

Qube has no near term debt maturities under its term facilities and retains substantial headroom under its covenants.

Qube continued to improve its safety record with its Lost Time Injury Frequency Rate (LTIFR) decreasing by around 30.4% to 3.2 Lost Time Injuries (LTIs) per million hours worked.

The full year dividend increased by approximately 8% to 5.5 cents per share, consistent with Qube's stated policy of paying out 50-60% of underlying earnings per share. The final dividend of 2.8 cents will be fully franked.

Logistics division

The Logistics division reported underlying revenue of $615.9 million, a 4% increase on the prior year's underlying results. Underlying earnings (EBITA) increased by 2% to $58.7 million.

Review of Operations (continued)

The growth achieved by the division was positive given the very competitive operating environment and reflects management's ability to retain and grow market share in key areas of the operations. The market conditions remained challenging with continued modest overall market container volume growth and lower rural volumes, particularly movement of cotton and grain in northern New South Wales and southern Queensland. Additionally, the revenue and earnings for Qube were impacted by the severe weather in New South Wales in April that affected rail activities, as well as rail disruptions at a Port Botany container terminal in the first half of FY15 which continued to have an impact in the second half of the financial year.

Qube has successfully integrated the CRT acquisition, which was completed in December 2014, and is already achieving the target cost synergies with additional benefits expected to flow into FY16.

The warehouse development at Victoria Dock was completed in June 2015, and volumes have been successfully transitioned from the Somerton facility (which Qube has now exited) to Victoria Dock as part of Qube's cost savings initiatives.

Qube's development of its increased footprint at Fremantle port is near completion. Once completed, the larger site will enable Qube to consolidate and expand its Fremantle operations providing scale and cost efficiencies to reinforce Qube's position as the largest port logistics operator in Fremantle.

The statutory result included an impairment of $2.5 million relating to a loan provided by Qube Logistics to the Mackenzie Hillebrand joint venture as this loan is not expected to be recoverable based on the current forecasts for the business. Qube did not recognise any earnings from the joint venture in FY15 and does not expect to do so in the future.

<u>Ports & Bulk division</u>

The Ports & Bulk division delivered very strong growth in the period. Underlying revenue and EBITA increased by 33% and 28% respectively to $785.1 million and $102.4 million compared to the prior year's underlying results.

The record result was achieved on continued growth in overall bulk commodity volumes despite weakness in iron ore volumes at the end of the period as well as weakness in project cargo.

The acquisition of Oztran in July 2014 provided Qube with a sizeable bulk haulage capability in Port Hedland, as well as suitable land to construct an employee accommodation camp that was recently opened and is expected to generate cost savings for Qube in FY16 and beyond.

Vehicle stevedoring volumes grew modestly and Qube maintained its high market share. Oil and gas activity was strong with an 11 month contribution from the Yara contract, which completed in May 2015, utilising the Dampier Transfer Facility. New oil and gas related business was also secured in both Dampier and Darwin. The weak oil price has impacted some oil and gas related activity in the second half of the financial year, and the reduced activity is expected to continue into FY16.

Qube expanded its forestry-related activities through the acquisition of the New Zealand based company ISO Limited in January 2015. This is expected to provide an increased contribution in FY16 although the financial performance will be dependent on economic activity in China, its key end market, and new housing construction activity in particular.

Several events towards the end of the financial year will collectively have an impact on the results for FY16 which are currently expected to be lower than the underlying earnings for FY15.

In January 2015, Arrium, one of Qube's largest customers, advised that it would be closing its uneconomic Peculiar Knob mine and as a result would terminate Qube's iron ore haulage contract from the mine to the rail head from May 2015.

Although it was disappointing for a major contract to terminate early, Qube negotiated a satisfactory outcome with Arrium which provided Qube with a financial payment to compensate Qube for some of its lost future earnings as well as to fully cover costs associated with the early end of the contract. Additionally, Qube retained all of the equipment that had been used for the contract and has already deployed a significant portion of these assets within its operations. Whilst this is already contributing to offset the earnings that had been generated by the Arrium contract, it is expected to take some time to fully mitigate the impact of the contract termination. Qube is actively working to fully utilise the remaining assets in order to generate additional earnings and is encouraged by the opportunities that it has identified and is pursuing.

In April 2015, another of Qube's larger customers, Atlas Iron, advised that it would be mothballing its mines due to the rapid decline in the iron ore price. Qube provides stockpile management and stevedoring services for Atlas through its Utah Point facility. Qube worked closely with Atlas and Atlas' other major contractors to develop an innovative contractual solution that has enabled Atlas to continue its mining operations with a much lower cost base for an interim period of up to two years. This arrangement required Qube to reduce its base charge to Atlas during this interim period, but provides potential for Qube to earn higher rates from Atlas linked to Atlas' free cash flow and achieved iron ore price. Pleasingly, Qube has been receiving rates above the base rates as the

Review of Operations (continued)

iron ore price and Australian dollar (compared to the US dollar) have recently been trading favourably to the levels required for Atlas to pay additional amounts to Qube.

Qube's revenue and earnings from Atlas will be significantly lower in FY16 compared to FY15 if Qube only receives the base charge for most of the financial year. However, the financial outcome is considerably better for Qube than if Atlas had mothballed its mines and ceased shipping its volumes through Utah Point. Also, as part of the contract negotiations, Qube secured a five year contract extension commencing at the end of the two year interim period.

As a result of Qube's expectations for lower long term volumes and earnings from its Utah Point facility compared to previous forecasts, the carrying value of Qube's Utah Point facility has been impaired by approximately $19.6 million at 30 June 2015.

Qube has also impaired the carrying value of its Dampier Transfer Facility by $18.9 million at 30 June 2015. This decision was a result of the rapid and significant decline in oil and gas related activities in the second half of the financial year following the drop in the oil price, combined with the expectation of limited major new capital projects that would use the facility in the medium term. As a result, Qube has revised the forecast activity across this facility compared to when the business case was prepared.

These non-cash impairments will reduce Qube's FY15 statutory earnings but have no impact on underlying earnings in FY15 or the cash flow generated by Qube.

Two of Qube's larger contracts, providing facility laydown and storage services for Yara at the Dampier Transfer Facility, and project work undertaken for the Roy Hill development in Port Hedland, were both completed during the second half of the financial year.

While it was disappointing to have two of Qube's largest customers experience financial difficulties at the same time, particularly in circumstances when these two other major contracts were being completed, Qube's strong market position and innovative logistics solutions leave Qube well positioned to replace and grow these earnings over time from new opportunities including organic growth, new contracts and accretive acquisitions.

Associates

Qube's three associates in the Ports & Bulk division delivered mixed underlying results in the financial year.

Australian Amalgamated Terminals ('AAT') increased its earnings from the prior year due to its management of Appleton Dock as a result of the closure of the Webb Dock East competing facility and growth in motor vehicle import volumes. However, project cargo and roll-on/roll-off equipment volumes were below expectations, particularly in Brisbane, due to a decline in major new projects which is not expected to improve significantly in the medium term.

Qube's share of NPAT increased by 15% to $7.6 million. Qube's share of AAT's earnings are expected to decline going forward as AAT progressively exits the Melbourne market by December 2017. The outcome of the tender for a new facility in Fremantle where AAT is one of two shortlisted parties could provide additional earnings growth for AAT.

Northern Stevedoring Services ('NSS') delivered a result ahead of expectations due to a positive contribution from its new bulk shed and a renewed focus on costs. While growth in this business will be limited in the absence of major new projects in North Queensland, NSS is focussed on maintaining its market position and improving its margins. Qube's share of NPAT decreased by 28% to $2.3 million.

Prixcar Services ('Prixcar') reported a lower contribution to Qube's earnings compared to the prior year. However, progress was made during the financial year in repositioning its transport business away from domestic distribution towards an integrated import supply chain, which was reflected in much stronger second half earnings compared to the first half. Qube's share of NPAT decreased from $1.4 million to $0.6 million.

<u>Strategic Assets</u>

The Strategic Assets division includes Qube's controlling ownership of its investment properties at Minto (100%) and Moorebank (66.7%) as well as Qube's investment in the Quattro Grain ('Quattro') joint venture (37.5%).

Underlying revenue in the Strategic Assets division was in line with the prior period and underlying EBITA was slightly lower due to additional expenses in relation to the Moorebank development and negotiations with MIC.

Qube's underlying result includes a net loss after tax from the Quattro joint venture of $0.1 million (2014: $0.2 million loss), relating to Qube's share of the costs associated with development of the new grain handling and storage facility. The facility is expected to be fully operational in the second half of FY16.

Review of Operations (continued)

The statutory result includes a pre-tax upward fair value adjustment of Minto Properties of $8.9 million (2014: $6.5 million) and of the Moorebank property of $18.0 million (2014: $4.7 million) based on independent valuations as at 30 June 2015.

The key highlight in the period was the successful conclusion of negotiations with the MIC regarding a whole of precinct solution at Moorebank covering both Qube's majority owned 83 ha parcel of land and the Commonwealth Government's much larger 160 ha of land. Under the agreement, Qube (66.7%) and its partner Aurizon (33.3%) will be granted multiple leases for approximately 99 years over the Government's land to enable the development of import-export and interstate rail terminals as well as around 850,000 sqm of warehousing, subject to final planning approvals.

This is a transformational project for Qube which is expected to provide substantial opportunities for Qube's Logistics division across rail operations, terminal operations and warehousing (both direct and for third parties). Additionally, the scale and nature of the property and warehousing development at Moorebank creates a unique opportunity for Qube to establish a new growth avenue for the Company covering property development, ownership and management focussed on tenants that will drive logistics demand for Qube's services.

Qube is presently assessing a range of ownership, funding and partnership alternatives to ensure it achieves the optimal outcome from the property related potential from Moorebank.

<u>Risk management</u>

Qube's framework for risk management involves an ongoing assessment of the key risks facing the business having regard to the following two key criteria:

1. The likelihood of a particular risk occurring; and
2. The impact on Qube if the risk did occur.

Qube's risk management plan is focussed on trying to reduce both the likelihood of risks occurring and mitigate the financial and operational impact on Qube if it does.

Major risks to Qube's earnings identified include:

- economic growth
- demand for commodities
- oil and gas activity (production and new projects)
- new vehicle sales
- container volumes
- agri volumes/weather
- interest rate
- Australian dollar

Qube seeks to reduce the likelihood of these risks occurring, and the impact on its operations and earnings if it does occur through its detailed operating and financial policies and systems as well as by diversifying its activities by product, customer and geography. Qube also maintains a broad range of insurance cover to mitigate the financial impact of key risks should they occur.

<u>Safety</u>

Zero harm continues to be a core value of Qube and forms a key element in the governance framework.

Qube's Safety, Health and Environment (SHE) approach begins with consistent values, standards and reporting. It is essential to Qube that SHE is part of the way it does business and its standards are clearly understood and adhered to across all divisions.

Our safety results again showed improvement. The Company's total recordable injury frequency rate (TRIFR) improved by 22% from 18.7 to 14.5, which means we are reducing the number of times that our people are exposed to the potential of a significant incident and injury. The lost time injury frequency rate (LTIFR) improved by 30%, a final result of 3.2.

Qube introduced several initiatives during the financial year to drive further improvements including:

Online Incident Reporting System

Review of Operations (continued)

- Introduction of Qube's web-based incident, hazard and corrective action management platform.
- This initiative allows increased efficiency in reporting through the ability for in-field reporting and recording by supervisors and managers, enhanced through the development of a mobile device application.
- The initiative also allows the real-time and efficient completion of workplace inspections, safety observations and other leading performance indicators.

Consistent Safety, Health and Environment Management System (SHEMS)

- A new integrated and consistent safety, health and environment management system has been implemented across the Group.
- The development of a national consolidated SHEMS provides clarity to Qube personnel as well as efficiencies in terms of implementation, monitoring, review and auditing processes.

Contractor Management – Rapid Induct

- Implementation of Qube's web-based contractor management platform that allows the following functions:
  - Contractor company pre-selection assessment
  - Contractor company performance tracking
  - Individual contractor employee licensing and competency management
- This initiative allows increased transparency and effectiveness in assessing contract companies' Safety, Health and Environmental processes and procedures and also allows the easy verification and prohibition of untrained contractor employees at Qube facilities and allows the Qube network of sites to review the performance of contractors and engage contractors with known high levels of performance in relation to SHE.

Auditing

- A specific corporate audit SHE tool has been developed to provide assurance that Qube's system and its related processes are being implemented at every level of the organisation.
- A sample of truck and trailer roadworthy audits/inspections was performed by experienced heavy vehicle mechanics. This included visual inspection and testing as well as the use of roller brake testing brake performance.

Chain of Responsibility

- Implementation of Chain of Responsibility Standard across divisions, supported by an on-line awareness program.

Summary and Outlook

The FY15 financial year was another successful year for Qube with good underlying earnings growth, an outstanding outcome from the negotiations in relation to the Moorebank project, and pleasing progress with the strategic Quattro grain joint venture. These and other projects being pursued will provide a platform for continued growth over the medium-long term.

Qube expects trading and economic conditions to remain challenging in FY16.

As previously announced, Qube expects that, excluding the contribution from any new contracts or acquisitions, the underlying earnings from the Ports & Bulk division will be lower in FY16 compared to FY15. This is a result of the conclusion of three significant contracts and the revised terms of the Atlas contract that occurred in the second half of FY15.

Qube's earnings in FY16 are expected to benefit from organic growth, the full year contribution from acquisitions made in FY15 and earnings contribution from Moorebank and Quattro.

Qube will continue to focus on driving efficiencies and reducing costs while delivering superior logistics solutions to maintain and grow its customer base.

Overall underlying earnings growth in FY16 will depend on a range of factors including general economic activity, the competitive environment, Qube's ability to secure new contracts and undertake accretive acquisitions, and earnings contributions from Moorebank and Quattro.

A key priority for the Company in FY16 will be to progress the existing and potential strategic projects across the Group that will drive sustainable, long term growth.

Review of Operations (continued)

This includes achieving financial close on the Moorebank arrangements, commencing construction and progressing discussions with target tenants for the warehousing. In parallel with this, Qube will progress its assessment of the optimal ownership and funding options for the warehousing to be developed at Moorebank.

Qube will work closely with its partners in the Quattro grain joint venture to ensure that the new facility and related logistics activities that Qube will provide deliver the efficiency, reliability and financial returns when the facility commences operations during FY16. Management will also assess other opportunities for further expansion in the rural commodities sector.

Qube will also work to finalise the arrangements for the recently announced joint venture with the TonenGroup which is expected to provide a new attractive growth segment for Qube in fuel terminal infrastructure initially at Port Kembla.

Qube will use its strong operating cash flow to invest in facilities and equipment to build scale, enhance Qube's competitive position, and will also assess suitable acquisitions that meet Qube's financial, strategic and risk criteria.

This will ensure that Qube is well placed to improve margins and earnings when external and economic conditions improve.

Strategically, Qube continues to assess a broad range of acquisition and investment opportunities to provide further scale and competitive advantage and support continued long term earnings growth.

Significant changes in state of affairs

During the period, no matter or circumstance has arisen that has significantly affected the Group's operations, results or state of affairs.

Matters subsequent to the end of the financial year

In August 2015, Qube announced that it had entered into an agreement to form a joint venture with Japanese petroleum group TonenGeneral Sekiyu K.K. ('Tonen') to develop fuel storage facilities in Australia. Tonen is the second largest refiner and largest exporter of quality fuel in Japan, and also supplies around 12% of Australia's fuel market with high-quality fuel products. The joint venture's first project is a fuel storage facility to be developed at Port Kembla on land to be leased from NSW Ports. Development and planning approval for parts of the facility have been obtained and the process for the remaining assessment is well advanced. Subject to final approval, the storage facility has a potential capacity of 230 million litres with commissioning expected in mid to late 2017.

Except as noted above no matter or circumstance has arisen since the end of the financial year that has significantly affected, or may significantly affect:

(a) the Group's operations in future financial years, or

(b) the results of those operations in future financial years, or

(c) the Group's state of affairs in future financial years.

Likely developments and expected results of operations

The Group will continue to pursue its policy of investing in and developing strategic logistics businesses focused on the import and export supply chains that can deliver a sustainable increase in earnings over the medium to long term.

Environmental regulation

The Group is subject to various state and federal environmental regulations in Australia and New Zealand.

The directors are not aware of any material non-compliance with environmental regulations pertaining to the operations or activities during the period covered by this report.

All Qube businesses continue to operate an integrated Safety, Health and Environment Management System ensuring that non-compliance risks and opportunities for environmental improvement are identified, managed and reported accordingly.

Information on directors

Christopher Corrigan *Chairman – Non-executive Director*

Experience and expertise

Mr Corrigan is the Chairman of Qube and has been involved in Qube's strategic direction since its formation.

Mr Corrigan was Managing Director of Patrick Corporation Limited, Australia's largest stevedore company with interests in rail transportation and aviation through Virgin Blue, from March 1990 to May 2006. Prior to that, Mr Corrigan had a career with Bankers Trust spanning 20 years, including periods as Managing Director of Bankers Trust in Australia and for the Asia-Pacific region.

In 1990, Mr Corrigan sponsored the formation of a development capital business, Jamison Equity, which in December 1996 became a wholly owned subsidiary of the then publicly listed company Patrick Corporation Limited.

Mr Corrigan was appointed as a director of Qube on 23 March 2011.

Directorships of listed companies held during the last three years:

- Consolidated Media Holdings Limited – from 8 March 2006 to 19 November 2012
- Crown Limited – from 6 July 2007 to 29 November 2013
- Webster Limited – previously and from 15 October 2012 to current

Special responsibilities

Chairman of the Board

Member of the Nomination and Remuneration Committee

Sam Kaplan *Deputy Chairman – Non-executive Director*

Experience and expertise

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

Mr Kaplan is an alternate director and member of the Investment Committee of Maritime Super.

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

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

Directorships of listed companies held during the last three years:

None

Special responsibilities

Chair of Nomination and Remuneration Committee

Chair of Audit and Risk Management Committee

Maurice James *Managing Director*

Experience and expertise

Mr James has over 30 years' extensive experience in engineering, ports and logistics industries.

Information on directors (continued)

His early career was spent at the Port of Melbourne Corporation commencing as a civil engineer and subsequently moving through various roles to Manager Commercial Operations.

Mr James was an integral part of the executive team of Patrick Corporation between 1994 and 2006. His last position at Patrick was that of Executive Director Ports which included responsibility for Patrick's container terminals and port logistics businesses.

Since 2007 Mr James has had various roles in the Qube related group of companies and, upon corporatisation of Qube on 1 September 2011, became Managing Director.

Mr James is also a Non-executive Director of the Coates Hire group and sits on the NSW Freight Advisory Council.

He holds a Bachelor of Engineering (Civil) and a Master of Business Administration.

Mr James was appointed as a director of Qube on 23 March 2011.

Directorships of listed companies held during the last three years:

None

Special responsibilities

Managing Director

Ross Burney *Non-executive Director*

Experience and expertise

Mr Burney is the Chief Executive of Hume Partners. He has over 20 years' experience as an accountant and investment manager previously having worked for BDO Chartered Accountants, Brierley Investments Limited, Guinness Peat Group and Taverners Group.

Mr Burney is a director of Ruralco Holdings Limited.

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

Directorships of listed companies held during the last three years:

- Customers Limited – from November 2010 to July 2012
- Oncard International Limited – from May 2010 to June 2015
- Ruralco Holdings Limited – from September 2014 to current

Special responsibilities

Member of Audit and Risk Management Committee

Allan Davies *Non-executive Director*

Experience and expertise

Mr Davies has over 40 years' mining experience in the Australian and international coal and metalliferous mining industries having worked in operational roles up to executive director.

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

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

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

Information on directors (continued)

Mr Davies was appointed as a director of Qube on 26 August 2011.

Directorships of listed companies held during the last three years:

- Executive Director of Whitehaven Coal Limited – from 25 February 2009 to 1 November 2012
- Non-executive Director of King Island Scheelite Limited from 30 September 2013 to current

Special responsibilities

Chair of Safety, Health and Environment Committee

Member of the Audit and Risk Management Committee

Peter Dexter *AM, FAICD Non-executive Director*

Experience and expertise

Mr Dexter has over 40 years' experience in the maritime and logistics industries in Australia and internationally.

Mr Dexter is a Non-executive Director of the ASX listed Royal Wolf Holdings Limited, Chairman of the Australian National Maritime Museum, and a director of Wilh. Wilhelmsen Investments Pty Ltd.

Prior to his non-executive roles, Mr Dexter was Regional Director and a member of the global management team of Wallenius Wilhelmsen Logistics.

Mr Dexter was appointed as a director of Qube on 1 September 2011.

Directorships of listed companies held during the last three years:

- Non-executive Director of Royal Wolf Holdings Limited – from April 2011 to current

Special responsibilities

Member of Safety, Health and Environment Committee

Robert Dove *Non-executive Director*

Experience and expertise

Mr Dove is a Managing Director with The Carlyle Group in Washington DC and is head of Carlyle Infrastructure Partners, a $1.2 billion infrastructure fund that was raised in 2007.

Prior to joining Carlyle in 2006, Mr Dove was a Senior Vice President of Bechtel Group where he had responsibility for aspects of its project development and financing activities.

Mr Dove currently sits on the boards of a number of Carlyle's infrastructure investments.

Mr Dove was appointed as a director of Qube on 26 August 2011.

Directorships of listed companies held during the last three years:

None

Special responsibilities

Member of Nomination and Remuneration Committee

Information on directors (continued)

Alan Miles *Non-executive Director*

Experience and expertise

Mr Miles is Managing Director of "K" Line (Australia) Pty Limited. Mr Miles has more than 35 years' experience in the Australian shipping industry, including management roles of Bulk, Liner and PCC Shipping.

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

Mr Miles was appointed as a director of Qube on 7 November 2011.

Directorships of listed companies held during the last three years:

None

Special responsibilities

Member of Safety, Health and Environment Committee

Åge Holm *Alternate Non-executive Director*

Experience and expertise

Mr Holm is Vice President Finance and Investor Relations at Wilh. Wilhelmsen Holding ASA.

Mr Holm has 30 years' experience from shipping and automotive logistics, including serving as CFO of Wallenius Wilhelmsen Logistics AS and as non-executive director of Group CAT and other European based vehicle logistics companies.

Mr Holm was appointed as a director of Qube on 7 November 2011.

Directorships of listed companies held during the last three years:

None

Special responsibilities

Alternate Director to Peter Dexter

Yoshiaki Kato *Alternate Non-executive Director*

Mr Kato has more than 28 years' experience in the shipping industry. Mr Kato has been with Kawasaki Kisen Kaisha, Ltd ("K"Line) since April 1985 and with "K"Line (Australia) Pty Limited since April 2013.

Mr Kato was appointed as an alternate director of Qube on 23 April 2013 and resigned on 31 March 2015.

Directorships of listed companies held during the last three years:

None

Special responsibilities:

Alternate Director to Alan Miles

Information on directors (continued)

Simon Moore *Alternate Non-executive Director*

Experience and expertise

Mr Moore is a Managing Director with The Carlyle Group based in Sydney, Australia.

Prior to joining The Carlyle Group, Mr Moore was a Managing Director and Investment Committee Member of Investcorp International, Inc. based in New York. Prior to that, Mr Moore worked in private equity investments and investment banking at J.P. Morgan & Co. in New York, Hong Kong and Melbourne.

Mr Moore was appointed as an alternate director of Qube on 7 November 2011.

Other current directorships

- Non-executive Director of Coates Group Holdings Pty Limited

Directorships of listed companies held during the last three years:

- Non-executive Director of Healthscope Limited

Special responsibilities

Alternate Director to Robert Dove

Information on directors (continued)

Interest in shares

The relevant interests of each director in the shares of the Company are disclosed in the Remuneration Report on page 43.

Chief Financial Officer

The Chief Financial Officer is Mr Paul Lewis. He has been involved with Qube since its establishment in 2006, responsible for managing the commercial and financial aspects of Qube's interests. Prior to Qube, Mr Lewis was a senior executive at Patrick Corporation Limited where he was responsible for investments and acquisitions.

Company Secretary

The Company Secretary and General Counsel is Mr William Hara. Prior to joining Qube, Mr Hara worked as General Counsel and Company Secretary at Lend Lease from 2007 to 2012.

Meetings of directors

The number of meetings of the Company's board of directors and of each board committee held during the year and the numbers of meetings each director was present were:

	Full meetings of directors		Meetings of committees: Audit and Risk Management		Meetings of committees: Nomination and Remuneration		Meetings of committees: Safety, Health and Environment	
	A	B	A	B	A	B	A	B
Chris Corrigan	8	7			3	3		
Sam Kaplan	8	8	4	4	3	3		
Maurice James*	8	8					3	3
Ross Burney	8	7	4	4				
Allan Davies	8	8	4	4			3	3
Peter Dexter	8	8					3	3
Robert Dove	8	7			3	2		
Alan Miles	8	8					3	3
Åge Holm	-	-						
Yoshiaki Kato	-	-						
Simon Moore	1	1			1	1		

A = Number of meetings held during the time the director held office or was a member of the committee during the year

B = Number of meetings attended

* = Not a non-executive director

Remuneration Report

Contents

1. Message from the Nomination and Remuneration Committee

The Nomination and Remuneration Committee presents the Qube Remuneration Report for the year ended 30 June 2015 (FY15).

The Committee's objective is to ensure Qube's remuneration framework provides the foundation for retaining and incentivising talented employees to deliver the Group's strategy and that it is aligned with shareholder wealth creation.

Qube's reward strategy is unchanged and is to maintain comparatively low fixed remuneration and increase the proportion of remuneration at-risk principally through the short-term and long-term incentive plans. The reward strategy is closely aligned with Qube's growth-orientated strategy.

During the financial year, the Group implemented the ability for executives to elect to take any short-term incentive payment for the financial year as Qube shares further aligning the interests of executives and shareholders. A number of executives including the Managing Director and other key management personnel (KMP) referred to in this report elected to take Qube shares.

This year's remuneration report includes a new table that sets out the take-home pay of the Managing Director and other KMP to better illustrate the amounts that they received or were entitled to receive during the year as opposed to the accounting expense.

Moorebank Intermodal Terminal Project

During the financial year, the Group introduced a specific short-term incentive tied to the outcome of negotiations with the Commonwealth Government for the development of the Moorebank Intermodal Terminal. In June 2015, the Group announced that it had entered into contracts with the Commonwealth for the integrated development of both the Qube (66.7%) and Aurizon (33.3%) owned land and the Commonwealth land.

The executives who negotiated the contracts achieved an outstanding outcome for Qube as described in this report. Those executives received a once-off bonus, in addition to the regular STI. To ensure these executives are retained during the next phase of the Moorebank project, payment of half the bonus is deferred for one year.

2. Remuneration summary

This remuneration report sets out remuneration information for Qube's non-executive directors, the Managing Director and other key management personnel (KMP) for FY15.

Directors and executives disclosed in this report

Name	Position
Non-executive Directors	
Chris Corrigan	Chairman, Non-executive Director
Sam Kaplan	Deputy Chairman, Non-executive Director
Ross Burney	Non-executive Director
Allan Davies	Non-executive Director
Peter Dexter	Non-executive Director
Robert Dove	Non-executive Director
Alan Miles	Non-executive Director
Åge Holm	Alternate Director to Peter Dexter
Yoshiaki Kato	Alternate Director to Alan Miles
Simon Moore	Alternate Director to Robert Dove
Executive Directors	
Maurice James	Managing Director
Other key management personnel	
Paul Digney	Managing Director Logistics division
William Hara	General Counsel and Company Secretary
Paul Lewis	Chief Financial Officer
Don Smithwick	Managing Director Ports & Bulk division

Principles used to determine the nature and amount of executive remuneration

Qube's guiding principle for remuneration is based on a fixed component at the lower end of comparable executive pay levels and an at-risk performance based component that increases overall remuneration towards the upper end if the relevant performance hurdles are achieved. This is intended to align executive remuneration with strong financial performance and long term value creation for Qube shareholders.

For FY15 the executive remuneration framework consisted of total fixed remuneration, cash short-term incentives (with a deferral component) and long-term incentives.

Component	Objective	Performance condition
Fixed remuneration	Reflects the market value of the role and the executive's skills and experience.	Reviewed annually following individual performance review.
Short-term incentive – at risk (STI)	Incentive for achievement of financial and non-financial objectives for the financial year.	Executives participate in an STI plan which assesses performance against financial and non-financial KPI's over the financial year. 50% of any STI payment is deferred for 1 year.
Long-term incentive – at risk (LTI)	Incentive for long-term shareholder value creation and to assist in retention of key executives.	LTIs are in the form of performance rights that do not vest earlier than 3 years. The key performance conditions are as follows: ● 25% of performance rights are subject to a relative total (share price and dividends) shareholder return (TSR) performance condition over the vesting period. ● 75% of performance rights are subject to a compound annual growth in earnings per share (CAGR EPS) performance condition over a minimum of 3 financial years.

3. Governance

Role of the Nomination and Remuneration Committee

The objective of the Committee is to assist the Board in fulfilling its responsibilities in regard to remuneration matters, including:

- the remuneration framework for non-executive directors;
- the remuneration framework, including any proposed equity incentive awards for the Managing Director and all executives that report directly to the Managing Director (Senior Executives);
- recommendations and decisions (as relevant) on remuneration including incentive awards for the Managing Director and other Senior Executives; and
- strategic human resources policies.

Use of remuneration advisers

During the financial year, the Committee did not use remuneration advisers.

4. Take home pay of Managing Director and other KMP

The following table sets out details of the take home pay of Qube's Managing Director and other KMP i.e. the gross salary package and actual incentives earned in the 2015 financial year. This table has been included to give shareholders a better understanding of the amounts the Managing Director and other KMP actually received (or were entitled to receive) for each component of remuneration during the 2015 financial year. This information is not compliant with International Financial Reporting Standards ("IFRS") and is unaudited. The full statutory remuneration table (which is prepared in accordance with the accounting standards) can be found on page 44.

Accounting standards require that the expense relating to equity instruments granted in relation to remuneration arrangements be reflected over the 'vesting period', notwithstanding that the Managing Director and other executives may never receive any actual value from such a grant. For example, under Qube's LTI arrangements, the value ultimately received will depend on the achievement of performance hurdles and the share price at the time the LTI vests. This disclosure, which shows only the total value of incentives that vested in the financial year, is in addition to that contained on page 44, section 10 of the Remuneration Report, which shows the full accounting expense for the financial year in accordance with the accounting standards.

2015 Name	Fixed annual remuneration ($)	Total STI ($)	Moorebank STI ($)	Vested long-term incentives ($)	Total take home pay ($)	Performance related remuneration (%)
Executive Directors						
Maurice James	800,000	587,500	300,000	288,333	1,975,833	60%
Other key management personnel						
Paul Digney	483,512	230,000	-	1,144,820	1,858,332	74%
William Hara	415,411	280,000	155,000	78,833	929,244	56%
Paul Lewis	415,411	275,000	70,000	75,889	836,300	51%
Don Smithwick	625,183	397,500	-	414,242	1,436,925	57%
Total key management personnel (Group)	**2,739,517**	**1,770,000**	**525,000**	**2,002,117**	**7,036,634**	**61%**

1. Fixed annual remuneration is based on current gross salary package, which includes base salary, superannuation contributions and the value of non-monetary benefits provided to the executive (inclusive of all taxes) but excludes accrued leave.
2. STI amount represents the actual STI to be paid in September 2015 (being 50% of the FY14 and 50% of the FY15 STI's achieved). The remaining 50% of the FY15 STI achieved will be paid around September 2016 subject to certain conditions being met.
3. Vested long-term incentives (except for the Legacy incentives which were cash settled) represents the value of long-term incentives (i.e. ELTIP) which have vested in the year based on the value of the equity instruments at the date of the grant. The value of the Legacy incentive is the amount of the total cash payment made to the employee in the period.

4. Take home pay of Managing Director and other KMP (continued)

2014 Name	Fixed annual remuneration ($)	Total STI ($)	Moorebank STI ($)	Vested long-term incentives ($)	Total take home pay ($)	Performance related remuneration (%)
Executive Directors						
Maurice James	728,000	287,500	-	288,333	1,303,833	44%
Other key management personnel						
Paul Digney	446,366	95,000	-	689,417	1,230,783	64%
William Hara	403,183	145,000	-	78,833	627,016	36%
Paul Lewis	389,756	137,500	-	75,889	603,145	36%
Don Smithwick	606,363	210,000	-	689,417	1,505,780	60%
Total key management personnel (Group)	**2,573,668**	**875,000**	**-**	**1,821,889**	**5,270,557**	**51%**

5. Executive remuneration framework

The executive pay and reward framework has three components:

- fixed remuneration comprising base pay and benefits including superannuation
- short-term incentives; and
- long-term incentives.

Senior Executives have a higher proportion of 'at risk' rewards. The combination of these comprises an executive's total remuneration and is set out below.

Remuneration mix

For FY15, the relative proportions of remuneration (excluding legacy arrangements and excluding Moorebank STI) that are fixed and those that are linked to performance (at target) are as follows:

Name	Fixed remuneration	At risk – STI	At risk – LTI
Managing Director			
Maurice James	26%	26%	48%
Other key management personnel			
Paul Digney	35%	28%	37%
William Hara	35%	28%	37%
Paul Lewis	36%	29%	35%
Don Smithwick	36%	29%	35%

Fixed remuneration

Structured as a total employment cost package which may be delivered as a combination of cash and non-financial benefits.

Executives receive base pay comprising the fixed component of pay including contributions to superannuation plans. Base pay for executives is reviewed annually following an individual performance review and having regard to Qube's remuneration principle based on a fixed component at the lower end of comparable executive pay levels.

Short-term incentives (STIs)

Eligible executives have a target STI opportunity depending on the accountabilities of the role and their ability to impact organisation or business unit performance.

5. Executive remuneration framework (continued)

Short-term incentives (STIs) (continued)

Each year, the Committee considers the appropriate targets and key performance indicators (KPIs) to link the STI plan and the level of payment if targets are met. This includes setting any targets for payment under the short-term incentive plan and minimum levels of performance for the payment of short-term incentives.

For FY15, enhancements were made to the STI arrangements for the Managing Director, the KMP and other senior executives. These included:

- the remuneration mix was re-weighted further to place an even greater proportion of remuneration at risk consistent with Qube's growth oriented strategy and to align executive's interests with those of our shareholders;
- executives could elect to take all or the deferred portion of any STI payment in Qube shares. Previously, any STI payment could only be made in cash. This change both incentivises employees to deliver the Group's strategy and is aligned with shareholder wealth creation; and
- a once-off STI incentive was introduced, linked to the outcome of negotiations with the Commonwealth and Aurizon on the Moorebank Intermodal Project.

Managing Director:			**Other key management personnel:**		
KPI	**Weighting**	**Measure**	**KPI**	**Weighting**	**Measure**
Financial Performance	50%	• Achieve and exceed Group underlying financial targets predominately NPAT but also including Return on average capital employed (ROACE).	Financial Performance (including divisional targets)	30-40%	• Achieve and exceed Group and divisional underlying financial targets, which include the following metrics: – EBIT – NPAT – ROACE
Strategy & Growth	35%	• Achievement of strategic objectives from major capital investment and acquisitions	Strategy & Growth	40-45%	• Achievement of strategic objectives from major capital investment and acquisitions. • Delivery on key divisional business projects including target growth in volumes and securing key contracts. • Provide an effective contribution to Group-wide projects.
Business & Operations	15%	• Operational targets such as driving improvements and delivery against key priorities for Board committees. • Effective stakeholder, Board and investor management.	Business & Operations	15-30%	• Role related operational targets such as driving improvements and delivery against key priorities from Board committees. • Effective management of role related legal and financial reporting obligations. • Effective stakeholder, Board and investor management.

Moorebank STI

In addition to Qube's existing STI plan, for FY15 the Managing Director and certain KMP participated in a special once-off STI which was tied to the outcome of negotiations with the Commonwealth and Aurizon on the Moorebank Intermodal project, having regard to the following KPI's:

- Overall future benefits to Qube
- Maximising Qube's interest in land ownership
- Maximising the warehousing land in the precinct
- Maximising the long term value creation for MIPT/Qube
- Minimising Qube's risk in the project

5. Executive remuneration framework (continued)

Short-term incentives (STIs) (continued)

- Qube maintaining or strengthening its existing management rights
- Qube being the nominated operator of port shuttle terminal
- Qube having rights to warehouse land to meet its objectives

The successful outcome of the negotiations resulted in Qube and Aurizon acquiring development rights over 160 hectares (in addition to its owned 83 hectare site) including rights to develop an interstate terminal (in addition to its original import/export terminal only proposal), the potential to develop an additional 500,000 square metres of warehousing (above its original 300,000 square metre proposal) and Commonwealth funding for the rail link to the South Sydney Freight Line.

Qube also agreed with Aurizon that Qube will be the development manager, property manager and asset manager for the entire site, Qube will manage the works that are to be funded by the Commonwealth and Qube will be the operator of both the interstate and import/export terminals.

The executives who negotiated the contracts achieved an outstanding outcome and the Moorebank Project is expected to deliver significant benefits to Qube.

The Managing Director and other KMP exceeded their KPI's and 100% of the Moorebank STI was awarded.

Consistent with Qube's existing STI plan, 50% of the STI will be paid in September 2015 and the other 50% will be paid in September 2016.

Determination of FY15 STI Awards

<u>Financial KPIs</u>

Qube's FY15 financial performance did not fully meet internal targets with 90% of the STI relating to Group financial performance awarded. The Managing Directors of both divisions did not meet all their respective divisional financial targets and an average 89% of the STI relating to financial performance measures was awarded.

<u>Non-Financial KPIs</u>

The Managing Director was awarded approximately 80% of the target STI relating to non-financial measures reflecting the effective management of growth projects, effective capital management and the management of various stakeholders.

The other KMP were awarded approximately 85% of target STI relating to non-financial measures largely reflecting effective management of growth projects and delivery of key priorities from Board committees.

Long-term incentives (LTIs)

During FY15 Qube continued to grant Long-Term Incentives (LTIs) in the form of Performance Rights to incentivise and retain key executives.

The key terms and conditions for the FY15 grant are described below:

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube.
Valuation Date	5 September 2014
Grant Date	5 September 2014
Instrument	Performance Right (representing an entitlement to one ordinary Qube share) on achievement of certain performance conditions.
Performance condition	25% of Performance Rights are subject to a Total Shareholder Return Hurdle (TSR Performance Rights) and 75% are subject to an Earnings Per Share Hurdle (EPS Performance Rights).
Exercise price	Nil
Performance period	3 years to 5 September 2017 (with retesting annually to 5 September 2019 for any EPS Performance Rights that have not vested and tested over the extended period).
Vesting date	5 September 2017 (with retesting annually to 5 September 2019 for EPS Performance Rights only).

5. Executive remuneration framework (continued)

Long-term incentives (LTIs) (continued)

Expiry date	TSR Performance Rights: 5 September 2017 EPS Performance Rights: 5 September 2019
Dividends	The holder is entitled to an amount equal to the dividends that would have been paid on the vested Performance Rights (as if they held Qube shares) for the period from the Grant Date to the Vesting Date. This amount is settled in Qube shares. No amount is payable for Performance Rights that do not vest.
TSR Hurdle	The TSR Performance Rights will vest depending upon Qube's underlying total shareholder return during the relevant performance period. The TSR Hurdle is based on Qube's relative TSR performance as compared to the other companies in the S&P ASX 200 Index. The vesting schedule is as follows: ● Nil – if Qube's TSR ranks less than the 50th percentile ● 50% – if Qube's TSR is equal to the 50th percentile ● Pro-rated between 50% and 100% – if Qube's TSR ranks greater than the 50th percentile but less than the 75th percentile ● 100% – if Qube's TSR ranks at the 75th percentile or higher
EPS Hurdle	The EPS Performance Rights will vest depending upon Qube's underlying EPS performance during the relevant performance period. For both the FY14 and FY15 grants under the plan the maximum vesting opportunity was a CAGR of 9% in EPS. If Qube's CAGR in EPS for the relevant performance period (based on the respective 30 June reported financial results) is: ● less than the minimum EPS target, no EPS Performance Rights will vest; ● equal to, or greater than, the EPS target, 100% of the EPS Performance Rights will vest; or ● greater than the minimum EPS target but less than the EPS target, the percentage of EPS Performance Rights that vest will be pro-rated on a straight line basis between 0% and 100%. If any of the EPS Performance Rights have not vested at the end of three years, they will be carried forward to the following year and retested based on a four year period. Any EPS Performance Rights that remain unvested then will be carried forward and retested on the basis of a five year period. Any unvested EPS Performance Rights will lapse at the end of the five years.

Legacy arrangements

Prior to the introduction of Performance Rights, Qube's LTI plan that applied up to and including FY13 was the ELTIP. The key terms and conditions of the ELTIP were described in the FY13 Remuneration Report and are unchanged.

A legacy plan known as the Shadow Equity Plan was in place until December 2014. The terms of the Shadow Equity Plan are also described in the FY13 Remuneration Report and are unchanged.

6. Linking rewards, performance and strategy

Performance of Qube

Qube's remuneration framework is intended to align rewards to management with the achievement of financial and non-financial performance that drives sustainable growth in shareholder value.

The following table highlights the key performance indicators for the Group now and their trajectory over the last five years:

	30 June 2015 $'000	30 June 2014 $'000	30 June 2013 $'000	30 June 2012* $'000	30 June 2011* $'000
Revenue from sales and services	**1,393,348**	1,173,677	1,027,212	776,818	190,782
Profit for the year attributable to owners of Qube Holdings Limited	**85,853**	87,909	77,343	(2,525)	61,838
Underlying profit for the year attributable to owners of Qube Holdings Limited	**105,212**	88,590	73,989	N/A	N/A

* – Qube was a managed investment scheme until 30 August 2011.

	30 June 2015	30 June 2014	30 June 2013	30 June 2012	30 June 2011
Dividend/Distribution per share/unit (cents)	**5.5¢**	5.1¢	4.5¢	4.1¢	3.8¢
Dividend payout ratio (%)	**55%**	55%	56%	58%	N/A
Total KMP incentives as a percentage of underlying/adjusted EBITDA for the year (%)	**1.6%**	1.2%	1.2%	3.6%	N/A

7. Employment conditions

Service agreements

The terms of employment for the Managing Director and the other key management personnel are formalised in service agreements. Each of these agreements provide for participation, when eligible, in the Qube Group's STI and LTI plans. Other key provisions of the agreements relating to remuneration are set out below.

The service agreements for the MD of the Logistics Division, Chief Financial Officer and General Counsel may be terminated by either party with 6 months' notice subject to termination payments as detailed below. The service agreements for the Managing Director and the MD of the Ports & Bulk Division's provide for 6 months' notice by the executive and 12 months' notice by the Company.

Name	Term of agreement	Fixed remuneration including superannuation*	Termination benefit **
Maurice James, Managing Director	On-going commencing 1 September 2011	$800,000 per annum	12 months base salary
Paul Digney, Managing Director Logistics division	On-going commencing 1 September 2011	$483,512 per annum	6 months base salary
William Hara, Company Secretary and General Counsel	On-going commencing 21 January 2013	$412,000 per annum	6 months base salary
Paul Lewis, Chief Financial Officer	On-going commencing 1 September 2011	$412,000 per annum	6 months base salary
Don Smithwick, Managing Director Ports & Bulk division	On-going commencing 1 September 2011	$622,000 per annum	12 months base salary

* – Base salaries quoted are for FY15; they are reviewed annually by the Committee.

** – Termination benefits are payable on early termination by the Company, other than for gross misconduct; unless otherwise indicated, they are equal to the base as at the date of termination.

8. Non-executive directors

On appointment to the Board, all non-executive directors enter into a service agreement with the Company in the form of a letter of appointment. The letter summarises the Board policies and terms, including compensation, relevant to the office of director.

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

Directors' fees

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

Non-executive directors' fees are determined within an aggregate directors' fee pool limit, which is periodically recommended for approval by shareholders. At the 2012 AGM, shareholders approved the fee pool of $1,200,000 per annum.

The allocation of fees for FY15 based on responsibility per non-executive director are as follows:

				Board Committee Fees						
	Board Fees			Audit and Risk Management		Safety, Health and Environment		Nomination and Remuneration		
Name	Chair $	Deputy Chair $	Base Director $	Chair $	Member $	Chair $	Member $	Chair $	Member $	Total $
Chris Corrigan	203,500	-	-	-	-	-	-	-	12,500	216,000
Sam Kaplan	-	154,000	-	35,000	-	-	-	25,000	-	214,000
Ross Burney	-	-	93,500	-	17,500	-	-	-	-	111,000
Allan Davies	-	-	93,500	-	17,500	25,000	-	-	-	136,000
Peter Dexter	-	-	93,500	-	-	-	12,500	-	-	106,000
Robert Dove	-	-	93,500	-	-	-	-	-	12,500	106,000
Alan Miles	-	-	93,500	-	-	-	12,500	-	-	106,000
Åge Holm	-	-	-	-	-	-	-	-	-	-
Yoshiaki Kato*	-	-	-	-	-	-	-	-	-	-
Simon Moore	-	-	-	-	-	-	-	-	-	-
	203,500	**154,000**	**467,500**	**35,000**	**35,000**	**25,000**	**25,000**	**25,000**	**25,000**	**995,000**

* – Mr Kato resigned on 31 March 2015.

Retirement allowances for non-executive directors

Where appropriate, superannuation contributions required under the Australian Superannuation Guarantee Legislation are included in the directors' overall fee entitlements.

9. Director's interests

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

Name	Opening balance as at 1 July 2014	Held at time of becoming a director	Dividend reinvestment	Disposed	Other changes	Balance as at 30 June 2015	Balance as at date of report
Chris Corrigan	10,993,553	-	-	(4,993,553)	-	6,000,000	6,000,000
Sam Kaplan	* 11,431,696	-	-	(1,766,780)	-	9,664,916	9,664,916
Maurice James	5,877,931	-	-	(400,000)	-	5,477,931	5,477,931
Ross Burney	-	-	-	-	-	-	-
Allan Davies	2,609,947	-	-	-	-	2,609,947	2,609,947
Peter Dexter	186,793	-	-	-	-	186,793	186,793
Robert Dove	-	-	-	-	-	-	-
Alan Miles	5,600	-	-	-	-	5,600	5,600
Åge Holm	-	-	-	-	-	-	-
Yoshiaki Kato	-	-	-	-	-	-	-
Simon Moore	100,000	-	-	-	-	100,000	100,000

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

** – Includes shares in which Mr Kaplan has only deemed relevant interest under the* Corporations Act *from which Mr Kaplan may receive no economic benefit.*

To ensure independence and impartiality is maintained, non-executive directors are not eligible to participate in any of the Group's incentive arrangements including equity grants.

The Company has not issued any options to directors.

10. Statutory remuneration disclosures

Total amounts of remuneration

Details of the remuneration of the directors and the key management personnel of the Group are set out in the following tables:

2015	**Short-term employee benefits**				**Post-employment benefits**	**Long-term benefits**	**Equity-based payments**		
	Cash salary and fees	**Bonus (cash and shares) ***	**Moorebank STI**	**Non-monetary benefits**	**Super-annuation**	**Long service leave**	**LTI**	**Legacy schemes**	**Total**
Name	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors									
Chris Corrigan	162,557	-	-	38,000	15,443	-	-	-	216,000
Sam Kaplan	195,434	-	-	-	18,566	-	-	-	214,000
Ross Burney	101,370	-	-	-	9,630	-	-	-	111,000
Allan Davies	124,201	-	-	-	11,799	-	-	-	136,000
Peter Dexter	96,804	-	-	-	9,196	-	-	-	106,000
Robert Dove	106,000	-	-	-	-	-	-	-	106,000
Alan Miles	96,804	-	-	-	9,196	-	-	-	106,000
Åge Holm	-	-	-	-	-	-	-	-	-
Yoshiaki Kato	-	-	-	-	-	-	-	-	-
Simon Moore	-	-	-	-	-	-	-	-	-
Sub-total Non-executive Directors	**883,170**	**-**	**-**	**38,000**	**73,830**	**-**	**-**	**-**	**995,000**
Executive Directors									
Maurice James	776,480	593,750	450,000	-	23,520	-	593,893	-	2,437,643
Other key management personnel									
Paul Digney	456,322	250,000	-	-	27,190	10,165	215,223	205,172	1,164,072
William Hara	393,217	275,000	232,500	3,411	18,783	-	195,646	-	1,118,557
Paul Lewis	382,000	275,000	105,000	3,411	30,000	9,881	177,764	-	983,056
Don Smithwick	622,000	386,250	-	3,183	-	-	260,407	115,359	1,387,199
Total key management personnel compensation (Group)	**3,513,189**	**1,780,000**	**787,500**	**48,005**	**173,323**	**20,046**	**1,442,933**	**320,531**	**8,085,527**

* – Bonus represents 25% of the FY14 bonus ($437,500), plus 75% of the approved FY15 STI; the remaining 25% of the FY15 bonus ($710,000) will be paid in FY16 subject to certain conditions being met.

10. Statutory remuneration disclosures (continued)

Total amounts of remuneration (continued)

2014	Short-term employee benefits			Post-employment benefits	Long-term benefits	Equity-based payments		
	Cash salary and fees	Bonus (cash) *	Non-monetary benefits	Super-annuation	Long service leave	LTI	Legacy schemes	Total
Name	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Non-executive Directors								
Chris Corrigan	145,995	-	25,000	26,505	-	-	-	197,500
Sam Kaplan	183,066	-	-	16,934	-	-	-	200,000
Ross Burney	93,822	-	-	8,678	-	-	-	102,500
Allan Davies	116,705	-	-	10,795	-	-	-	127,500
Peter Dexter	89,245	-	-	8,255	-	-	-	97,500
Robert Dove	97,500	-	-	-	-	-	-	97,500
Alan Miles	89,245	-	-	8,255	-	-	-	97,500
Åge Holm	-	-	-	-	-	-	-	-
Yoshiaki Kato	-	-	-	-	-	-	-	-
Simon Moore	-	-	-	-	-	-	-	-
Sub-total Non-executive Directors	**815,578**	**-**	**25,000**	**79,422**	**-**	**-**	**-**	**920,000**
Executive Directors								
Maurice James	710,225	431,250	-	17,775	-	387,140	-	1,546,390
Other key management personnel								
Paul Digney	430,290	142,500	-	16,076	4,132	109,449	354,078	1,056,525
William Hara	382,225	217,500	3,183	17,775	-	130,405	-	751,088
Paul Lewis	361,573	206,250	3,183	25,000	7,627	110,027	-	713,660
Don Smithwick	603,180	315,000	3,183	-	-	130,520	102,053	1,153,936
Total key management personnel compensation (Group)	**3,303,071**	**1,312,500**	**34,549**	**156,048**	**11,759**	**867,541**	**456,131**	**6,141,599**

* – Bonus represents 75% of the approved FY14 STI; a further $437,500 will be paid in FY15 subject to certain conditions being met.

Of the cash bonuses to KMP, 50% are to be paid in September in the financial year immediately following the financial year to which the bonus relates. The remaining 50% is deferred for one year.

For shares issued under the 2013 ELTIP, or payments made under the legacy scheme included in the table above, the percentage of the available bonus or grant that was paid, or that vested, in FY15 is set out in the following pages.

10. Statutory remuneration disclosures (continued)

Equity settled compensation

STI bonuses and rights to equity settled compensation

In FY15 Qube offered eligible senior executives the option to elect to take all or any portion of any STI payment in Qube shares. Eligible senior executives were required to make this election shortly after the offer was made.

To determine the maximum number of STI Shares Rights to be granted under the STI to eligible senior executives, the maximum value of the STI, subject to the election, was divided by $2.3889, being the volume weighted average price of Qube shares calculated over the 20 trading days prior to the final election date.

At the end of the financial year the actual STI to be awarded to the executive is calculated as a percentage of the maximum STI grant. Of the total STI Share Rights awarded 50% are subject to a service condition and the allocation is deferred until 12 months after the amount of the STI is determined.

Under the terms of the plan the eligible senior executives are also entitled to receive an amount equal to any dividends accrued on the vested shares over the period from election date to vesting date.

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

Name	Year granted	Total STI opportunity ($)	Forfeited %	Value of STI award ($)	Expensed during the year ($)	Award vested %	Value yet to vest ($)
Executive Directors							
Maurice James	2015	1,400,000	14%	1,200,000	900,000	50%	600,000
Other key management personnel							
Paul Digney	2015	396,000	32%	270,000	202,500	50%	135,000
William Hara	2015	639,000	9%	580,000	435,000	50%	290,000
Paul Lewis	2015	470,000	12%	415,000	311,250	50%	207,500
Don Smithwick	2015	498,000	25%	375,000	281,250	50%	187,500
		3,403,000		**2,840,000**	**2,130,000**		**1,420,000**

Details of STI Share Rights provided as remuneration to Qube directors and KMP are set out below.

Name	Financial years in which rights may vest	STI award taken as rights %	Value per right ($)	Total no. of rights taken as STI award	No. of rights vested during the year	Amount expensed during the year ($)
Executive Directors						
Maurice James	FY15-FY16	54%	2.3889	269,095	134,547	482,130
Other key management personnel						
Paul Digney	FY15-FY16	-	2.3889	-	-	-
William Hara	FY15-FY16	52%	2.3889	113,023	56,512	202,500
Paul Lewis	FY15-FY16	70%	2.3889	115,116	57,558	206,250
Don Smithwick	FY15-FY16	100%	2.3889	156,976	78,488	281,250
				654,210	**327,105**	**1,172,130**

Notes:

1. Figures exclude entitlement relating to dividends earned on shares over the vesting period.
2. Vesting of rights shown above are based on the anticipated position at the 5 September 2015 vesting date which is consistent with the STI accrual in the financial statements.

10. Statutory remuneration disclosures (continued)

Equity settled compensation (continued)

LTI Plans – Performance Rights

During FY15 Qube made a grant of Performance Rights to eligible senior executives. The terms and conditions of the FY15 grant of Performance Rights affecting remuneration in the current or a future reporting periods are as follows:

Grant date	Vesting date	Expiry date**	Issue price	Value per right at grant date	Target hurdle for 100% vesting*	Performance achieved	% Vested
FY15 Performance Rights issue							
TSR hurdle – 25% of issue							
5 Sept 2014	5 Sept 2017	5 Sept 2017	$2.3889	-	TSR ranking at or above the 75th percentile at the end of the vesting period.	-	-
EPS hurdle – 75% of issue							
5 Sept 2014	5 Sept 2017	9 Sept 2019	$2.3889	-	Compound Annual Growth Rate (CAGR) over the vesting period in EPS of 9%.	-	-

* – For the EPS hurdle it is for the financial year ended 30 June.

** – Last possible vesting date.

The assessed fair value at the date the Performance Rights were granted to the individual is allocated over the period from grant date to the vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined in accordance with AASB 2 *Share Based Payments* and are as follows:

<u>TSR Performance Rights</u>

For the TSR Performance Rights a Monte Carlo simulation based model has been used to test the likelihood of attaining the TSR hurdle against the comparator group of entities (that is the constituents of the S&P ASX 200 Index). The Monte Carlo simulation model incorporates the impact of this market condition on the value of the TSR Performance Rights.

<u>EPS Performance Rights</u>

For the EPS Performance Rights the Black-Scholes-Merton model has been used to estimate the value at the valuation date. Consistent with the requirements of AASB 2, the development or application of an estimate indicating the likelihood of achieving the EPS Hurdle has not been included.

10. Statutory remuneration disclosures (continued)

Equity settled compensation (continued)

LTI Plans – ELTIP

Qube made three grants under the ELTIP scheme, one on 1 September 2011, and another on 29 June 2012 for senior executives other than the Managing Director, and another to the Managing Director on 14 November 2012 following approval by shareholders.

The terms and conditions of each grant of ELTIP affecting remuneration in the current or a future reporting period are as follows:

Grant date	Vesting date	Expiry date**	Issue price	Value per share at grant date	Target hurdle*	Performance achieved	% Vested
FY12 ELTIP issue							
ASR increase > 10% compound							
1 Sept 2011	31 Aug 2014	30 Nov 2014	$1.3575	$0.27	$1.8068	Y	100
EPS increase > 11% compound							
1 Sept 2011	31 Aug 2014	30 Nov 2014	$1.3575	$0.17	$0.0875	Y	100
FY13 ELTIP issue							
ASR increase > 10% compound							
29 June 2012	29 June 2015	28 Sept 2015	$1.5135	$0.29	$2.0145	Y	100
14 Nov 2012	29 June 2015	28 Sept 2015	$1.5448	$0.28	$2.0145	Y	100
EPS increase > 11% compound							
29 June 2012	29 June 2015	28 Sept 2015	$1.5135	$0.18	$0.0972	Y	#
14 Nov 2012	29 June 2015	28 Sept 2015	$1.5448	$0.17	$0.0972	Y	#

* – For the ASR hurdle it is prior to adjustment for dividends. For the EPS hurdle, the target is based on the financial year ended 30 June.

** – Last possible vesting date.

– As performance has been achieved the ELTIP's will fully vest in September 2015.

The plan rules contain a restriction on removing the 'at risk' aspect of the instruments granted to executives. Plan participants may not enter into any transaction designed to remove the 'at risk' aspect of an instrument before it vests.

The assessed fair value at grant date of Plan Shares granted to the individual is allocated over the period from grant date to vesting date, and the amount is included in the remuneration tables above. Fair values at grant date are independently determined using a Monte Carlo simulation pricing model that takes into account the loan value, the term, the share price at grant date and expected price volatility of the underlying share, the expected dividend yield and the risk-free interest rate for the term.

10. Statutory remuneration disclosures (continued)

Equity settled compensation (continued)

LTI Plans – Shadow Equity

A legacy plan known as the Shadow Equity Plan was in place until December 2014. The assessed fair value at grant date under the Shadow Equity Plan, granted to the individual is allocated equally over the period from grant date to vesting date, and the amount is included in the remuneration tables below. Fair values at grant date are determined using a valuation methodology approved by the Committee that takes into account the share price at grant date, expected price volatility of the underlying shares and the expected dividend yield over the term.

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

Name	Financial year granted	LTI Plan	Total LTI's granted	Total value of grant ($)	Value per right ($)	LTI's vested during year
Executive Directors						
Maurice James	2015	Performance Rights	627,904	1,182,500	1.8833	-
	2014	Performance Rights	388,536	569,283	1.4652	-
	2014	ELTIP	2,000,000	427,333	0.2137	666,666
	2012	ELTIP	2,000,000	437,667	0.2188	666,667
			5,016,440	2,616,783		1,333,333
Other key management personnel						
Paul Digney	2015	Performance Rights	213,487	402,049	1.8832	-
	2014	Performance Rights	192,133	281,513	1.4652	-
	2013	ELTIP	500,000	118,250	0.2365	166,666
	2012	Shadow Equity	444,444	600,000	1.3500	444,444
			1,350,064	1,401,812		611,110
William Hara	2015	Performance Rights	179,999	338,983	1.8832	-
	2014	Performance Rights	160,111	234,595	1.4652	-
	2013	ELTIP	1,000,000	236,500	0.2365	333,333
			1,340,110	810,078		333,333
Paul Lewis	2015	Performance Rights	171,627	323,216	1.8832	-
	2014	Performance Rights	154,774	226,775	1.4652	-
	2013	ELTIP	500,000	118,250	0.2365	166,666
	2012	ELTIP	500,000	109,417	0.2188	166,667
			1,326,401	777,658		333,333
Don Smithwick	2015	Performance Rights	251,162	473,001	1.8833	-
	2014	Performance Rights	245,504	359,712	1.4652	-
	2013	ELTIP	500,000	118,250	0.2365	166,666
	2012	Shadow Equity	150,704	203,450	1.3500	150,704
			1,147,370	1,154,413		317,370

10. Statutory remuneration disclosures (continued)

Equity settled compensation (continued)

Name	Financial year granted	Vested (%)	Vested number	Forfeited (%)	Financial years in which rights may vest*	Value yet to vest ($)	Amount expensed during the year ($)
Executive Directors							
Maurice James	2015	0%	-	0%	FY19	1,182,500	318,618
	2014	0%	-	0%	FY18	569,283	189,761
	2014	83%	1,666,667	0%	FY13-FY16	71,222	77,403
	2012	100%	2,000,000	0%	FY12-FY15	-	8,111
			3,666,667			1,823,005	593,893
Other key management personnel							
Paul Digney	2015	0%	-	0%	FY19	402,049	108,330
	2014	0%	-	0%	FY18	281,513	93,838
	2013	83%	416,667	0%	FY13-FY16	19,708	13,055
	2012	100%	444,444	0%	FY13-FY16	-	205,172
			861,111			703,270	420,395
William Hara	2015	0%	-	0%	FY19	338,983	91,337
	2014	0%	-	0%	FY18	234,595	78,198
	2013	83%	833,333	0%	FY13-FY16	39,417	26,111
			833,333			612,995	195,646
Paul Lewis	2015	0%	-	0%	FY19	323,216	87,089
	2014	0%	-	0%	FY18	226,775	75,592
	2013	83%	416,667	0%	FY13-FY16	19,708	13,056
	2012	100%	500,000	0%	FY12-FY15	-	2,028
			916,667			569,699	177,765
Don Smithwick	2015	0%	-	0%	FY19	473,001	127,447
	2014	0%	-	0%	FY18	359,712	119,904
	2013	83%	416,667	0%	FY13-FY16	19,708	13,056
	2012	100%	150,704	0%	FY13-FY17	-	115,359
			567,371			852,421	375,766

* – Rights with EPS hurdle are able to be retested for two years post vesting date.

10. Statutory remuneration disclosures (continued)

Equity instruments held by key management personnel

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

(a) options and rights over ordinary shares in the Company, and

(b) shares in the Company

that were held during the financial year by key management personnel of the Group, including their close family members and entities related to them.

(a) Options and rights

2015 Name	Balance at the start of the year	Granted as compensation	Lapsed	Other changes	Balance at the end of the year	Vested and exercisable	Unvested
Maurice James	388,536	941,848	(44,849)	-	1,285,535	134,547	1,150,988
Paul Digney	192,133	213,487	-	-	405,620	-	405,620
William Hara	160,111	318,138	(25,116)	-	453,133	56,512	396,621
Paul Lewis	154,774	309,766	(23,023)	-	441,517	57,558	383,959
Don Smithwick	245,504	459,626	(51,488)	-	653,642	78,488	575,154

All vested options are exercisable at the end of the year.

(b) Ordinary share holdings

2015 Name	Balance at the start of the year	Received during the year as part of an LTI scheme	Other changes during the year	Balance at the end of the year
Maurice James	5,877,931	-	(400,000)	5,477,931
Paul Digney	721,416	-	(221,211)	500,205
William Hara	1,000,000	-	-	1,000,000
Paul Lewis	1,000,000	-	(550,000)	450,000
Don Smithwick	2,332,109	-	(390,306)	1,941,803

Loans to key management personnel

Details of loans made to directors of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

(i) *Aggregates for key management personnel*

	Balance at the start of the year	Loans granted during the year	Loans repaid during the year	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Number in Group at the end of the year
	$	$	$	$	$	$	
2015	10,467,502	-	(954,827)	368,076	-	9,512,675	5

10. Statutory remuneration disclosures (continued)

Loans to key management personnel (continued)

(ii) *Key management personnel with loans above $100,000 during the financial year*

2015	Balance at the start of the year	Loans granted during the year	Loans repaid during the year	Interest paid/payable for the year	Interest not charged	Balance at the end of the year	Highest indebtedness during the year
Name	**$**	**$**	**$**	**$**	**$**	**$**	**$**
Maurice James	5,804,600	-	-	216,000	-	5,804,600	5,804,600
Paul Digney*	957,152	-	(200,402)	30,576	-	756,750	974,228
William Hara	1,513,500	-	-	54,000	-	1,513,500	1,513,500
Paul Lewis	1,435,500	-	(754,425)	40,500	-	681,075	1,435,500
Don Smithwick	756,750	-	-	27,000	-	756,750	756,750

ELTIP Loans

- Interest rate: The loan bears interest in an amount equal to the dividend paid on Plan Shares acquired with that loan, excluding any dividend characterised as a special dividend by the Board. Interest is payable within 3 business days of the date of payment of each dividend.
- Maturity date: No loan in relation to the Plan Shares is repayable until the earlier of: (a) 2 years after the final vesting date for the relevant ELTIP issue, (b) settlement of the sale of the ELTIP shares, and (c) 3 months after written notice by the Company to repay the loan (in respect of vested shares).The loan is a limited recourse loan with the amount to be repaid limited to the lesser of the principal advanced and the price realised on sale of the Plan Shares.

* – Mr Digney's opening loan balance includes $200,402 in employee loans provided by Qube Logistics (Aust) Pty Limited.

No write-downs or allowances for doubtful receivables have been recognised in relation to any loans made to key management personnel.

Other transactions with key management personnel

Aggregate amounts of assets at the end of each reporting period relating to the above types of other transactions with key management personnel of the Group:

	2015	2014
	$	$
Non-current assets	-	200,402

This concludes the Remuneration Report.

Loans to directors and executives

Information on loans to directors and executives, including amounts, interest rates and repayment terms are set out on page 52.

Insurance of officers

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

Indemnity of auditors

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

Proceedings on behalf of the Company

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

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

Non-audit services

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

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

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

- all non-audit services have been reviewed by the Audit and Risk Management Committee to ensure they do not impact the impartiality and objectivity of the auditor
- none of the services undermine the general principles relating to auditor independence as set out in APES 110 *Code of Ethics for Professional Accountants.*

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

Non-audit services	**2015** **$**	2014 $
Taxation services		
PwC Australian firm:		
Tax compliance services	**219,984**	135,810
Tax consulting services	**324,701**	21,190
Total remuneration for taxation services	**544,685**	157,000
Other services		
Other services	**130,000**	9,173
Total remuneration for non-audit services	**674,685**	166,173

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 55.

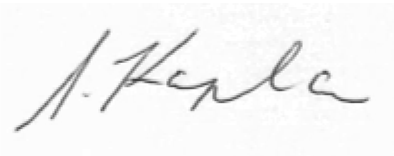
Rounding of amounts

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

Auditor

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

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



Sam Kaplan
Director

SYDNEY
19 August 2015

Auditor's Independence Declaration

As lead auditor for the audit of Qube Holdings Limited for the year ended 30 June 2015, I declare that to the best of my knowledge and belief, there have been:

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

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

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

N R McConnell
Partner
PricewaterhouseCoopers

Sydney
19 August 2015

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T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

Consolidated statement of comprehensive income

	Notes	**2015 $'000**	2014 $'000
Revenue from continuing operations			
Revenue from sales and services	5	**1,393,348**	1,173,677
Other income	6	**65,905**	49,515
		1,459,253	1,223,192
Direct transport and logistics costs		**(376,488)**	(305,040)
Repairs and maintenance costs		**(82,987)**	(77,591)
Employee benefits expense	7	**(506,959)**	(427,643)
Fuel, oil and electricity costs		**(106,073)**	(104,726)
Occupancy and property costs		**(66,203)**	(62,641)
Depreciation and amortisation expense	7	**(103,530)**	(69,914)
Professional fees		**(10,778)**	(10,450)
Impairment of property, plant and equipment	16	**(42,360)**	-
Other expenses		**(21,609)**	(21,634)
Total expenses		**(1,316,987)**	(1,079,639)
Finance income		**1,746**	1,963
Finance costs	7	**(26,955)**	(29,186)
Net finance costs		**(25,209)**	(27,223)
Share of net profit of associates accounted for using the equity method		**10,445**	10,336
Profit before income tax		**127,502**	126,666
Income tax expense	8	**31,621**	33,335
Profit for the year		**95,881**	93,331
Other comprehensive income net of tax:			
Exchange differences on translation of foreign operations	27(a)	**(3,960)**	-
Total comprehensive income for the year		**91,921**	93,331
Profit for the year is attributable to:			
Owners of Qube Holdings Limited		**85,853**	87,909
Non-controlling interests		**10,028**	5,422
		95,881	93,331
Total comprehensive income for the year is attributable to:			
Owners of Qube Holdings Limited		**81,893**	87,909
Non-controlling interests		**10,028**	5,422
		91,921	93,331
Earnings per share for profit attributable to the ordinary equity holders of the Company:		**Cents**	Cents
Basic earnings per share	41	**8.2**	9.2
Diluted earnings per share	41	**8.1**	9.2

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

Consolidated balance sheet

	Notes	**2015 $'000**	2014 $'000
ASSETS			
Current assets			
Cash and cash equivalents	9	**88,233**	111,671
Trade and other receivables	10	**221,088**	196,250
Inventories	11	**2,177**	2,716
Total current assets		**311,498**	310,637
Non-current assets			
Trade and other receivables	14	**148**	948
Financial assets at fair value through profit or loss	12	**965**	828
Investments accounted for using the equity method	15	**216,913**	194,430
Property, plant and equipment	16	**789,294**	639,887
Investment properties	17	**342,000**	308,500
Intangible assets	19	**635,255**	606,740
Deferred tax assets	18	**5,597**	-
Other assets		**728**	728
Total non-current assets		**1,990,900**	1,752,061
Total assets		**2,302,398**	2,062,698
LIABILITIES			
Current liabilities			
Trade and other payables	20	**114,770**	111,174
Borrowings	21	**12,337**	16,969
Derivative financial instruments	13	**785**	19
Current tax payable		**6,254**	21,947
Provisions	22	**67,157**	57,322
Deferred revenue		**510**	21,161
Total current liabilities		**201,813**	228,592
Non-current liabilities			
Trade and other payables	20	**5,471**	6,781
Borrowings	23	**589,723**	372,350
Derivative financial instruments	13	**2,292**	1,880
Deferred tax liabilities	24	**-**	199
Provisions	25	**14,769**	7,550
Total non-current liabilities		**612,255**	388,760
Total liabilities		**814,068**	617,352
Net assets		**1,488,330**	1,445,346
EQUITY			
Contributed equity	26	**1,284,714**	1,281,335
Reserves	27(a)	**(28,651)**	(30,898)
Retained earnings	27(c)	**141,474**	111,296
Capital and reserves attributable to owners of Qube		**1,397,537**	1,361,733
Non-controlling interests	28	**90,793**	83,613
Total equity		**1,488,330**	1,445,346

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

Consolidated statement of changes in equity

		Attributable to owners of Qube					
	Notes	Contributed equity $'000	Reserves $'000	Retained earnings $'000	Total $'000	Non-controlling interests $'000	Total equity $'000
Balance at 30 June 2013		1,031,260	(34,843)	66,240	1,062,657	79,426	1,142,083
Profit for the year		-	-	87,909	87,909	5,422	93,331
Other comprehensive income		-	-	-	-	-	-
Total comprehensive income for the year		-	-	87,909	87,909	5,422	93,331
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	26(b)	256,151	-	-	256,151	2,544	258,695
Acquisition of treasury shares	26(c)	(6,076)	-	-	(6,076)	-	(6,076)
Transactions with non-controlling interests		-	-	-	-	(3,779)	(3,779)
Dividends provided for or paid	29(a)	-	-	(42,853)	(42,853)	-	(42,853)
Employee share scheme	27(a)	-	3,945	-	3,945	-	3,945
		250,075	3,945	(42,853)	211,167	(1,235)	209,932
Balance at 30 June 2014		1,281,335	(30,898)	111,296	1,361,733	83,613	1,445,346
Profit for the year		**-**	**-**	**85,853**	**85,853**	**10,028**	**95,881**
Other comprehensive income		**-**	**(3,960)**	**-**	**(3,960)**	**-**	**(3,960)**
Total comprehensive income for the year		**-**	**(3,960)**	**85,853**	**81,893**	**10,028**	**91,921**
Transactions with owners in their capacity as owners:							
Contributions of equity, net of transaction costs and tax	26(b)	**14,569**	**-**	**-**	**14,569**	**1,000**	**15,569**
Acquisition of treasury shares	26(c)	**(11,190)**	**-**	**-**	**(11,190)**	**-**	**(11,190)**
Transactions with non-controlling interests		**-**	**-**	**-**	**-**	**(3,848)**	**(3,848)**
Dividends provided for or paid	29(a)	**-**	**-**	**(55,675)**	**(55,675)**	**-**	**(55,675)**
Employee share scheme	27(a)	**-**	**6,207**	**-**	**6,207**	**-**	**6,207**
		3,379	**6,207**	**(55,675)**	**(46,089)**	**(2,848)**	**(48,937)**
Balance at 30 June 2015		**1,284,714**	**(28,651)**	**141,474**	**1,397,537**	**90,793**	**1,488,330**

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

Consolidated statement of cash flows

	Notes	2015 $'000	2014 $'000
Cash flows from operating activities			
Receipts from customers (inclusive of goods and services tax)		**1,575,180**	1,324,404
Payments to suppliers and employees (inclusive of goods and services tax)		**(1,336,286)**	(1,107,658)
		238,894	216,746
Dividends and distributions received		**8,407**	6,031
Interest received		**1,746**	1,963
Other revenue		**1,861**	1,346
Interest paid		**(28,296)**	(29,645)
Income taxes paid		**(53,013)**	(23,289)
Net cash inflow from operating activities	40	**169,599**	173,152
Cash flows from investing activities			
Payment for acquisition of subsidiaries, net of cash acquired	35	**(109,282)**	(42,012)
Payments for property, plant and equipment		**(199,632)**	(138,902)
Payments for investment property development expenditure		**(6,139)**	(2,729)
Payments for additional investment in associates		**(20,437)**	(2,250)
Payments for settlement of contingent consideration on acquisitions		**-**	(4,635)
Loans to related entities		**(1,700)**	(800)
Loan repayments from related entities		**2,499**	1,100
Proceeds from sale of property, plant and equipment		**5,637**	6,155
Net cash outflow from investing activities		**(329,054)**	(184,073)
Cash flows from financing activities			
Proceeds from issues of shares and other equity securities		**-**	247,953
Proceeds from the issue of units to non-controlling interests		**1,000**	2,544
Share issue transaction costs		**-**	(3,505)
Payments for Treasury Shares		**(11,190)**	(6,076)
Proceeds from borrowings		**729,815**	112,500
Repayment of borrowings		**(520,905)**	(229,000)
Finance lease payments		**(15,031)**	(21,467)
Dividends paid to Company's shareholders		**(41,106)**	(32,202)
Distributions paid to non-controlling interests		**(5,661)**	(5,884)
Net cash inflow from financing activities		**136,922**	64,863
Net (decrease)/increase in cash and cash equivalents		**(22,533)**	53,942
Cash and cash equivalents at the beginning of the financial year		**111,671**	57,729
Effects of exchange rate changes on cash and cash equivalents		**(905)**	-
Cash and cash equivalents at end of year	9	**88,233**	111,671
Non-cash investing and financing activities	40(a)	**14,569**	10,650

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

Notes to the consolidated financial statements

1. Corporate information

The consolidated financial statements of Qube Holdings Limited and its subsidiaries (collectively, the 'Group' or 'Qube') for the year ended 30 June 2015 were authorised for issue in accordance with a resolution of the directors on 19 August 2015.

Qube Holdings Limited is a company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange. The directors have the power to amend and reissue the financial statements.

The nature of the operations and principal activities of the Group are described in the Directors' Report.

2. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

(a) Basis of preparation

These general purpose financial statements have been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the *Corporations Act 2001*. Qube is a for-profit entity for the purpose of preparing the financial statements.

(i) Compliance with IFRS

The consolidated financial statements of Qube also comply with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

(ii) New and amended standards adopted by the Group

The Group has applied the following standards and amendments for first time for their annual reporting period commencing 1 July 2014:

- AASB 2013-3 *Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets*
- AASB 2013-4 *Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting*
- Interpretation 21 *Accounting for Levies*
- AASB 2014-1 *Amendments to Australian Accounting Standards*

The adoption of these standards did not have a material impact on the current period or any prior period and is not likely to affect future periods.

(iii) Early adoption of standards

The Group has not elected to apply any pronouncements before their operative date in the annual reporting period beginning 1 July 2014.

(iv) Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and liabilities (including derivative instruments) at fair value through profit or loss and investment property.

(v) Critical accounting estimates

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

2. Summary of significant accounting policies (continued)

(b) Principles of consolidation

(i) Subsidiaries

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Qube Holdings Limited ('Company' or 'parent entity') as at 30 June 2015 and the results of all subsidiaries for the year then ended. Qube Holdings Limited and its subsidiaries together are referred to in these financial statements as the 'Group' or the 'consolidated entity'.

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

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

The acquisition method of accounting is used to account for business combinations by the Group (refer to note 2(i)).

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

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

(ii) Associates

Associates are all entities over which the Group has significant influence but not control or joint control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting, after initially being recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition (refer to note 38).

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

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

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

(iii) Changes in ownership interests

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

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

If the ownership interest in an associate is reduced, but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss where appropriate.

2. Summary of significant accounting policies (continued)

(c) Segment reporting

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

(d) Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which it operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, which is Qube's functional and presentation currency.

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss, except when they are deferred in equity as qualifying cash flow hedges and qualifying net investment hedges or are attributable to part of the net investment in a foreign operation.

(iii) Group companies

The results and financial position of foreign operations (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- Income and expenses for each income statement and statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
- All resulting exchange differences are recognised in other comprehensive income.

On consolidation, exchange differences arising from the translation of any net investment in foreign entities, and of borrowings and other financial instruments designated as hedges of such investments, are recognised in other comprehensive income. When a foreign operation is sold or any borrowings forming part of the net investment are repaid, the associated exchange differences are reclassified to profit or loss, as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the closing rate.

(e) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and is recognised (net of discounts, allowances and disbursements) as follows:

(i) Provision of services

Revenue earned from the provision of services is recognised on delivery of those services.

(ii) Storage

Revenue earned from provision of storage is recognised either on a per day or per week stored basis.

2. Summary of significant accounting policies (continued)

(f) Other income

Significant classes of other income and their measurement criteria are as follows:

(i) Asset sales

The gain or loss on disposal of assets is recognised when title has transferred on the assets.

(ii) Interest income

Interest income is recognised in the statement of comprehensive income for all debt instruments using the effective interest method. Interest income on assets held at fair value through profit or loss is included in the statement of comprehensive income. Other changes in fair value for such instruments are recorded in accordance with the policies described in note 2(n).

The effective interest rate method is a method of calculating the amortised cost of a financial asset or financial liability and of allocating the interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or liability. When calculating the effective interest rate, Qube estimates cash flows considering all contractual terms of the financial instrument (for example, prepayment options) but does not consider future credit losses. The calculation includes all fees paid or received between the parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(iii) Rental Income

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

(iv) Dividends

Dividend income is recognised on the ex-dividend date with any related foreign withholding tax recorded as an expense.

(g) Income tax

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

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(g) Income tax (continued)

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

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

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

(i) Investment allowances and similar tax incentives

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

(h) Leases

Leases of property, plant and equipment where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the lower of the fair value of the leased property and the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the asset's useful life and the lease term.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases (note 33). Payments made under operating leases (net of any incentives received from the lessor) are charged to the profit or loss on a straight-line basis over the period of the lease.

Lease income from operating leases, where the Group is the lessor is recognised in other income on a straight-line basis over the lease term (note 17(c)).

(i) Business combinations

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

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

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

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

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

2. Summary of significant accounting policies (continued)

(j) Impairment of assets

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

(k) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(l) Trade receivables

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

Receivables may include amounts for dividends, interest and trust distributions. Dividends and trust distributions are accrued when the right to receive payment is established. Interest is accrued at the reporting date from the time of last payment in accordance with the policy set out in note 2(f). Trade receivables are generally due for settlement within 30 days. They are presented as current assets unless collection is not expected for more than 12 months after the reporting date.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing their carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Group will not be able to collect all amounts due. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

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

(m) Inventories

Inventories on hand

Inventories are stated at the lower of cost and net realisable value. Costs of purchased inventory are determined after deducting rebates and discounts. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Costs are assigned to individual items of inventory on the basis of weighted average costs.

(n) Investments and other financial assets or financial instruments at fair value through profit or loss

Classification

Financial assets at fair value through profit or loss are financial assets held for trading. Assets in this category are classified as current assets if they are expected to settle within 12 months; otherwise they are classified as non-current. The Group’s investments comprise of financial instruments designated at fair value through profit or loss upon initial recognition.

Financial assets designated at fair value through profit or loss at inception are those that are managed and their performance evaluated on a fair value basis in accordance with Qube's documented investment strategy.

Recognition and derecognition

Regular purchases and sales of financial assets are recognised on trade-date, the date on which Qube commits to purchase or sell the asset.

2. Summary of significant accounting policies (continued)

(n) Investments and other financial assets or financial instruments at fair value through profit or loss (continued)

Financial assets not carried at fair value through profit or loss are initially recognised at fair value plus transaction costs.

Financial assets carried at fair value through profit or loss are initially brought to account at fair value and transaction costs expensed through profit and loss.

Subsequent to initial recognition, the financial assets at fair value through profit or loss are measured at fair value with changes in their fair value recognised in profit or loss.

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Investments that have been brought to account by the Group include interests in listed securities of companies and trusts.

The fair value of financial assets traded in active markets is based on the quoted market price at balance date. The quoted market price used for financial assets held by the Group is the closing bid price. Dividends and other distributions are recognised in profit or loss when entitled.

Measurement

Qube has designated its investments in financial assets and liabilities at fair value (excluding borrowings) through profit or loss. Investments in financial assets and liabilities are revalued at each reporting date, or when there is a change in the nature of the investments or to their fair values in accordance with AASB 139 Financial Instruments: Recognition and Measurement. Changes in the fair values of investments in financial assets and liabilities, both positive and negative, have been recognised in profit or loss for the financial year.

(o) Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

The Group does not look to designate its derivatives as hedging instruments for accounting purposes. Therefore changes in the fair value of these derivative instruments are recognised immediately in profit or loss and are included in other income or other expenses.

(p) Property, plant and equipment

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

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

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

● Buildings	2.5% to 20.0%
● Leasehold improvements	2.5% to 10.0%
● Furniture, fittings and equipment	10.0% to 20.0%
● Plant and equipment	5.0% to 33.3%

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss.

2. Summary of significant accounting policies (continued)

(q) Investment properties

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

(r) Intangible assets

(i) Goodwill

Goodwill is measured as described in note 2(i). Goodwill on acquisitions of businesses is included in intangible assets. Goodwill is not amortised. Instead, goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that it might be impaired, and is carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or group of cash generating units that are expected to benefit from the business combination in which the goodwill arose, identified according to operating segments (note 4).

(ii) Operating rights

Operating rights are carried at cost less accumulated amortisation and impairment losses. Amortisation is calculated using the straight-line method to allocate the cost of the operating rights over a 20 year period from 2008, when the rights were initially recognised.

(iii) Customer contracts

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

(s) Trade and other payables

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

(t) Borrowings

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

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

Where the terms of a financial liability are renegotiated and the entity issues equity instruments to a creditor to extinguish all or part of the liability (debt for equity swap), a gain or loss is recognised in profit or loss, which is measured as the difference between the carrying amount of the financial liability and the fair value of the equity instruments issued.

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

2. Summary of significant accounting policies (continued)

(u) Borrowing costs

Borrowing costs are expensed over the life of the borrowing facility.

(v) Provisions

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

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

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

(w) Employee benefits

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

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

(ii) Long service leave

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

(iii) Superannuation

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

(iv) Bonus plans

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

(v) Employee benefit on-costs

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

(vi) Share-based payments

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

The Shadow Equity Plan (a legacy scheme which terminated in December 2014) included a service based hurdle only. The fair value of the incentives under this scheme is expensed to the profit or loss over the period for which the employee incentive is applicable. The STI plan includes both performance and service based hurdles and, like the Shadow Equity Plan, is expensed through the profit or loss over the relevant vesting period.

2. Summary of significant accounting policies (continued)

(x) Contributed equity

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

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

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

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

(y) Dividends

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

(z) Earnings per share

(i) Basic earnings per share

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

(ii) Diluted earnings per share

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

(aa) Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of associated GST unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(ab) Rounding of amounts

The Company is of a kind referred to in Class Order 98/100, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in financial statements. Amounts in the consolidated financial statements have been rounded off in accordance with that Class Order to the nearest thousand dollars, or in certain cases, the nearest dollar.

(ac) New accounting standards and interpretations

Certain new accounting standards and interpretations have been published that are not mandatory for the 30 June 2015 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.

(i) 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).

2. Summary of significant accounting policies (continued)

(ac) New accounting standards and interpretations (continued)

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.

(ii) AASB 15 *Revenue from contracts with customers*, which replaces AASB 18 which covers contracts for goods and services and AASB 11 which covers construction contracts, addresses the recognition of revenue. The standard is applicable for annual reporting periods beginning on or after 1 January 2018.

These standard are not expected to have a material impact on the Group's financial statements.

(ad) Parent entity financial information

The financial information for the parent entity disclosed in note 45 has been prepared on the same basis as the consolidated financial statements, except as set out below.

(i) Investments in subsidiaries, associates and joint venture entities

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the financial statements of the parent entity. Dividends received from associates are recognised in the parent entity's profit or loss, rather than being deducted from the carrying amount of these investments.

(ii) Tax consolidation legislation

The parent entity and its wholly-owned Australian controlled entities have implemented the tax consolidation legislation.

The parent entity and the controlled entities in the tax consolidated group account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidated group continues to be a standalone taxpayer in its own right.

In addition to its own current and deferred tax amounts, the parent also recognises the current tax liabilities (or assets) and the deferred tax assets arising from unused tax losses and unused tax credits assumed from controlled entities in the tax consolidated group.

The entities have also entered into a tax funding agreement under which the wholly-owned entities fully compensate the parent entity for any current tax payable assumed and are compensated by parent entity for any current tax receivable and deferred tax assets relating to unused tax losses or unused tax credits that are transferred to the parent entity under the tax consolidation legislation. The funding amounts are determined by reference to the amounts recognised in the wholly-owned entities' financial statements.

The amounts receivable/payable under the tax funding agreement are due upon receipt of the funding advice from the parent entity, which is issued as soon as practicable after the end of each financial year. The head entity may also require payment of interim funding amounts to assist with its obligations to pay tax instalments.

Assets or liabilities arising under tax funding agreements with the tax consolidated entities are recognised as current amounts receivable from or payable to other entities in the Group.

Any difference between the amounts assumed and amounts receivable or payable under the tax funding agreement are recognised as a contribution to (or distribution from) wholly-owned tax consolidated entities.

(iii) Share-based payments

The grant by the Company of shares to employees of subsidiary undertakings in the Group is treated as a capital contribution to that subsidiary undertaking. The fair value of employee services rendered, measured by reference to the grant date fair value, is recognised over the vesting period as an increase to investment in subsidiary undertakings, with a corresponding credit to equity.

3. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

(a) Critical accounting estimates and assumptions

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Estimated impairment of goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in note 2(j). The recoverable amounts of cash generating units have been determined based on value-in-use calculations. These calculations require the use of assumptions. Refer to note 19 for details of these assumptions and the potential impact of changes to the assumptions.

(ii) Income taxes

The Group has recognised deferred tax assets in relation to timing differences on the basis that they can be utilised in the future. The utilisation of these assets depends on the Group's ability to satisfy certain tests at the time of recoupment.

(iii) Estimated fair values of investment properties

The Group carries its investment properties at fair value with changes in the fair values recognised in profit or loss. It obtains independent valuations at least annually or as otherwise required. At the end of each reporting period, the directors update their assessment of the fair value of each property, taking into account the most recent independent valuations. The key assumptions used in this determination are set out in note 44.

(iv) Estimated impairment of investments accounted for using the equity method

The Group has undertaken a valuation of its investments accounted for using the equity method based on its proportionate ownership of these businesses. The recoverable amount of each investment is determined using a discounted cash flow model which requires the use of assumptions that maybe subject to change. The general valuation assumptions include an average post tax discount rate of 9.4%.

(v) Estimated impairment of property, plant and equipment

In accordance with the accounting policy stated in note 2(p), the Group reviews the carrying values and remaining useful lives of items of property, plant and equipment to confirm they remain appropriate. These assessments are based on value-in-use calculations which require the use of assumptions. These assumptions can include: a suitable discount rate, cash flows expected to be generated from the use of these assets and the requirement for any contribution from capex.

4. 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 its recently expanded activities into 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 is focused on the provision of 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, manganese, nickel concentrate and mineral sands. The main operations are located in Western Australia and Queensland.

Strategic Assets

This division currently comprises Qube's interest in the Moorebank Industrial Property Trust (66.7%), a strategically located property at Minto in Sydney's south west (100%) and Qube's 37.5% interest in the Quattro Grain joint venture.

Both of Qube's properties are located adjacent to the dedicated Southern Sydney Freight Line (SSFL). These assets are being leased to quality third party tenants to generate income while Qube undertakes the necessary analysis and planning with a view to obtaining the required development approvals to transform these assets into operating logistics properties predominantly involving inland rail terminals and related logistics activities.

The Quattro Grain joint venture has started construction of a new grain storage and handling facility at Port Kembla in New South Wales, expected to be fully operational in in the second half of FY16.

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.

4. 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 and EBITA which is allocated into segments as follows:

2015	Logistics	Ports & Bulk	Strategic Assets	Corporate and Other	Total
	$'000	$'000	$'000	$'000	$'000
Revenue and other income	**615,877**	**785,096**	**56,945**	**1,335**	**1,459,253**
Fair value adjustments	-	-	(26,964)	(137)	(27,101)
Other adjustments	-	-	-	(184)	(184)
Underlying revenue	**615,877**	**785,096**	**29,981**	**1,014**	**1,431,968**
A reconciliation of net profit/(loss) before income tax to underlying net profit attributable after tax to members is as follows:					
Net profit/(loss) before income tax	**51,764**	**62,781**	**46,363**	**(33,406)**	**127,502**
Share of (profit)/loss of associates	-	(10,532)	87	-	(10,445)
Net finance cost	(46)	1,988	3,076	20,191	25,209
Depreciation & amortisation	30,966	72,141	410	13	103,530
EBITDA	**82,684**	**126,378**	**49,936**	**(13,202)**	**245,796**
Impairment of loan receivable from associate	2,500	-	-	-	2,500
Impairment of property, plant and equipment	-	42,360	-	-	42,360
Cost of legacy incentive schemes	1,629	579	-	-	2,208
Fair value gains (net)	-	-	(26,964)	(137)	(27,101)
Moorebank STI	-	-	-	1,689	1,689
Underlying EBITDA	**86,813**	**169,317**	**22,972**	**(11,650)**	**267,452**
Depreciation	(28,119)	(66,949)	-	(13)	(95,081)
Underlying EBITA	**58,694**	**102,368**	**22,972**	**(11,663)**	**172,371**
Amortisation	(2,847)	(5,192)	(410)	-	(8,449)
Underlying EBIT	**55,847**	**97,176**	**22,562**	**(11,663)**	**163,922**
Underlying net Interest income/(expense)	46	(1,989)	(2,737)	(18,055)	(22,735)
Underlying share of profit/(loss) of associates	-	10,532	(87)	-	10,445
Underlying net profit/(loss) before income tax	**55,893**	**105,719**	**19,738**	**(29,718)**	**151,632**
Underlying income tax expense	(16,768)	(28,556)	(5,948)	8,914	(42,358)
Underlying net profit/(loss)	**39,125**	**77,163**	**13,790**	**(20,804)**	**109,274**
Underlying non-controlling interests	-	-	(4,062)	-	(4,062)
Underlying net profit/(loss) after tax attributable to members	**39,125**	**77,163**	**9,728**	**(20,804)**	**105,212**
Underlying diluted earnings per share (cents per share)					**10.0**
Total segment assets	**749,602**	**1,177,744**	**371,053**	**3,999**	**2,302,398**
Total assets include:					
Investments in associates	-	194,536	22,377	-	216,913
Additions to non-current assets (other than financial assets and deferred tax)	97,395	236,224	26,516	29	360,164
NCI share of total assets	-	-	91,582	-	91,582
Total segment liabilities	**95,546**	**157,474**	**2,331**	**558,717**	**814,068**

4. Segment information (continued)

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

2014	Logistics $'000	Ports & Bulk $'000	Strategic Assets $'000	Corporate and Other $'000	Total $'000
Revenue and other income	**592,793**	**588,398**	**41,517**	**484**	**1,223,192**
Fair value adjustments	-	-	(11,235)	12	(11,223)
Other adjustments	-	-	-	(224)	(224)
Underlying revenue	**592,793**	**588,398**	**30,282**	**272**	**1,211,745**

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

	Logistics $'000	Ports & Bulk $'000	Strategic Assets $'000	Corporate and Other $'000	Total $'000
Net profit/(loss) before income tax	**49,907**	**77,167**	**28,808**	**(29,216)**	**126,666**
Share of (profit)/loss of associates	460	(11,020)	224	-	(10,336)
Net finance cost	400	2,246	5,566	19,011	27,223
Depreciation & amortisation	26,020	43,477	410	7	69,914
EBITDA	**76,787**	**111,870**	**35,008**	**(10,198)**	**213,467**
Impairment losses on investments in associates	1,846	7,234	-	-	9,080
Cost of legacy incentive schemes	2,482	452	-	-	2,934
Fair value gains (net)	-	-	(11,235)	100	(11,135)
Underlying EBITDA	**81,115**	**119,556**	**23,773**	**(10,098)**	**214,346**
Depreciation	(23,625)	(39,444)	-	(7)	(63,076)
Underlying EBITA	**57,490**	**80,112**	**23,773**	**(10,105)**	**151,270**
Amortisation	(2,395)	(4,033)	(410)	-	(6,838)
Underlying EBIT	**55,095**	**76,079**	**23,363**	**(10,105)**	**144,432**
Interest expense (net)	(400)	(2,246)	(6,002)	(18,399)	(27,047)
Underlying share of profit/(loss) of associates	(460)	11,417	(224)	-	10,733
Underlying net profit/(loss) before income tax	**54,235**	**85,250**	**17,137**	**(28,504)**	**128,118**
Underlying income tax expense	(16,408)	(22,150)	(5,208)	8,551	(35,215)
Underlying net profit/(loss)	**37,827**	**63,100**	**11,929**	**(19,953)**	**92,903**
Underlying non-controlling interests	-	-	(4,313)	-	(4,313)
Underlying net profit/(loss) after tax attributable to members	**37,827**	**63,100**	**7,616**	**(19,953)**	**88,590**
Underlying diluted earnings per share (cents per share)					**9.3**
Total segment assets	**671,778**	**1,036,772**	**326,999**	**27,149**	**2,062,698**
Total assets include:					
Investments in associates	-	192,404	2,026	-	194,430
Additions to non-current assets (other than financial assets and deferred tax)	57,277	146,324	5,040	22	208,663
NCI share of total assets	-	-	84,554	-	84,554
Total segment liabilities	**91,135**	**177,554**	**123,552**	**225,111**	**617,352**

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 such as fair value adjustments on investment properties, cost of legacy incentive schemes and impairments to reflect core earnings. Income tax expense is based on a prima-facie 30% tax charge on profit before tax and associates.

4. Segment information (continued)

(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 and the location of the asset.

(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 finance leases) are not considered to be segment liabilities but rather managed centrally by the treasury function.

5. Revenue

	2015	2014
	$'000	$'000
From continuing operations		
Sales revenue		
Transport and logistics services rendered	**1,393,348**	1,173,677
	1,393,348	1,173,677

6. Other income

Rental and property related income	**34,177**	33,863
Fair value gains on investment property	**26,964**	11,235
Net foreign exchange gains	**1,435**	-
Net gain on disposal of property, plant and equipment	**456**	314
Management fees	**176**	146
Fair value gains/(losses) on financial assets and liabilities at fair value through profit or loss	**137**	(12)
Dividend income	**8**	31
Gain from de-recognition of contingent consideration payable	**-**	955
Other	**2,552**	2,983
	65,905	49,515

7. Expenses

	2015 $'000	2014 $'000
Profit before income tax includes the following specific expenses:		
Depreciation		
Buildings	**1,116**	891
Plant and equipment	**72,687**	56,950
Leasehold improvements	**21,278**	5,235
Total depreciation	**95,081**	63,076
Amortisation		
Customer contracts	**8,039**	6,428
Operating rights	**410**	410
Total amortisation	**8,449**	6,838
Total depreciation and amortisation expense	**103,530**	69,914
Finance expenses		
Interest and finance charges paid/payable	**22,220**	25,649
Finance lease charges expensed	**2,261**	3,361
Syndicated debt facilities establishment fees written off	**1,297**	-
Total interest and finance charges expense	**25,778**	29,010
Fair value adjustments – derivative instruments	**1,177**	176
Total finance costs expense	**26,955**	29,186
Rental expense relating to operating leases		
Property	**50,995**	49,397
Motor vehicles	**3,040**	3,470
Plant and equipment	**35,810**	39,805
Total rental expense relating to operating leases	**89,845**	92,672
Employee benefits expense		
Defined contribution superannuation expenses	**29,230**	24,957
Share-based payment expenses *(note 42(d))*	**6,082**	5,117
Other employee benefits expense	**471,647**	397,569
Total employee benefits expenses	**506,959**	427,643
Other expenses includes:		
Impairment of investment in associates		
Mackenzie Hillebrand	**-**	1,846
Northern Stevedoring Services Pty Ltd *(note 38(f))*	**-**	7,234
	-	9,080
Impairment of loan receivable from associate *(note 34(f))*		
Mackenzie Hillebrand	**2,500**	-

8. Income tax expense

	2015	2014
	$'000	$'000
(a) Income tax expense:		
Current tax	**37,256**	36,735
Deferred tax assets	**(7,477)**	(5,789)
Deferred tax liabilities	**1,948**	1,673
Adjustments for current tax of prior periods	**(106)**	716
	31,621	33,335
Deferred income tax expense included in income tax expense comprises:		
Increase in deferred tax assets (note 18)	**(7,477)**	(5,789)
Increase in deferred tax liabilities (note 24)	**1,948**	1,673
	(5,529)	(4,116)
(b) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit before income tax expense	**127,502**	126,666
Tax at the Australian tax rate of 30% (2014 – 30%)	**38,251**	38,000
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Non assessable equity accounted profit	**(3,134)**	(3,101)
Deferred tax recognised in respect of investment properties	**(3,831)**	(3,370)
De-recognition of contingent consideration	**-**	(286)
Fair value loss on impairment of an associate	**-**	2,724
Utilisation of previously unrecognised capital losses	**-**	(1,578)
Share-based payments	**381**	-
Sundry items	**(46)**	946
Income tax expense	**31,621**	33,335
(c) Amounts recognised directly in equity		
Aggregate current and deferred tax arising in the reporting period and not recognised in net profit or loss or other comprehensive income but directly debited or credited to equity:		
Current tax – credited directly to equity	**-**	-
Net deferred tax – credited directly to equity (note 18)	**-**	(1,051)
	-	(1,051)

9. Current assets – Cash and cash equivalents

	2015 $'000	2014 $'000
Cash at bank and on hand	**88,233**	111,671
	88,233	111,671

(a) Reconciliation to cash at the end of the year

The above figures are reconciled to cash at the end of the financial year as shown in the consolidated statement of cash flows as follows:

	2015 $'000	2014 $'000
Balances as above	**88,233**	111,671
Balances per consolidated statement of cash flows	**88,233**	111,671

(b) Risk exposure

The Group's exposure to interest rate risk is discussed in note 43. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of cash and cash equivalents mentioned above.

10. Current assets – Trade and other receivables

	2015 $'000	2014 $'000
Trade receivables	**188,737**	168,283
Provision for impairment of receivables (a)	**(9,285)**	(4,289)
	179,452	163,994
Prepayments	**13,395**	13,447
Accrued revenue	**20,171**	12,939
Other	**8,070**	5,870
	221,088	196,250

(a) Impaired trade receivables

As at 30 June 2015 current trade receivables of the Group with a nominal value of $9,285,000 (2014 – $4,289,000) were impaired. The amount of the provision was $9,285,000 (2014 – $4,289,000). The Group expects that a portion of the receivables may be recovered. The individually impaired receivables are mainly the result of a difficult global and domestic economic environment that has impacted Qube's customers.

The ageing of these receivables is as follows:

	2015 $'000	2014 $'000
Up to 3 months	**3,186**	190
3 months and greater	**6,099**	4,099
	9,285	4,289

10. Current assets – Trade and other receivables (continued)

(a) Impaired trade receivables (continued)

Movements in the provision for impairment of receivables are as follows:

	2015 $'000	2014 $'000
Carrying amount at start of year	**(4,289)**	(2,952)
Provision for impairment recognised during the year	**(6,728)**	(1,995)
Receivables written off during the year as uncollectible	**1,790**	664
Provisions acquired as part of an acquisition	**(58)**	(6)
Carrying amount at end of year	**(9,285)**	(4,289)

The creation and release of the provision for impaired receivables has been included in 'other expenses' in profit or loss. Amounts charged to the allowance account are generally written off when there is no expectation of recovering additional cash.

(b) Past due but not impaired

As at 30 June 2015, trade receivables of $18,623,000 (2014 – $14,488,000) were past due but not impaired. These relate to a number of customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 $'000	2014 $'000
Up to 3 months	**10,530**	12,008
3 months and greater	**8,093**	2,480
	18,623	14,488

The other classes within trade and other receivables do not contain impaired assets and are not past due. Based on the credit history of these other classes, it is expected that these amounts will be received when due. The Group does not hold any collateral in relation to these receivables.

(c) Fair value and credit risk

Due to the short-term nature of these receivables, their carrying amount is assumed to approximate their fair value.

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above. Refer to note 43 for more information on the risk management policy of the Group and the credit quality of the entity's trade receivables.

11. Current assets – Inventories

	2015	2014
	$'000	$'000
At cost		
Fuel	**882**	985
Containers	**1,295**	1,731
	2,177	2,716

(a) Inventory expense

Inventories recognised as an expense during the year ended 30 June 2015 amounted to $50,248,000 (2014 – $61,996,000).

Write-downs of inventories to net realisable value recognised as an expense during the year ended 30 June 2015 amounted to $524,000 (2014 – $783,000).

12. Financial assets at fair value through profit or loss

The following table presents the Group's financial assets measured and recognised at fair value:

	2015	2014
	$'000	$'000
Non-current assets		
Listed investments	**965**	828

(a) Risk exposure and fair value measurements

Information about the Group's exposure to price risk and about the methods and assumptions used in determining fair value is provided in note 44.

13. Derivative financial instruments

	2015	2014
	$'000	$'000
Current liabilities		
Interest rate hedging contracts	**785**	19
Non-current liabilities		
Interest rate hedging contracts	**2,292**	1,880

(a) Instruments used by the Group

The Group is party to derivative financial instruments in the normal course of business in order to hedge exposure to fluctuations in interest rates in accordance with the Group's financial risk management policies (refer to note 43).

Information about the Group's methods and assumptions used in determining fair value is provided in note 44.

Interest rate hedging instruments

Bank loans of the Group currently bear an average variable interest rate of 3.9% including margin and commitment fees. It is Group policy to protect part of the loans from exposure to increasing interest rates. Accordingly, the Group has entered into interest rate hedging instruments under which depending on the level of floating interest rates, it is obliged to pay interest at fixed rates. Instruments in place cover approximately 39.4% (2014 – 62.0%) of the variable loan principal outstanding and have a weighted average minimum and maximum base rate of 3.0% and 4.6% respectively. The current weighted average base rate of the hedges is 3.0%.

(b) Risk exposures and fair value measurements

The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of derivative mentioned above.

14. Non-current assets – Trade and other receivables

	2015	2014
	$'000	$'000
Loans to employees	**-**	800
Other receivables	**148**	148
	148	948

(a) Impaired receivables and receivables past due

None of the non-current receivables are impaired or past due but not impaired.

(b) Fair values

The fair values approximate carrying values and are based on cash flows discounted using a current lending rate based on the ATO benchmark for loans to employees.

(c) Risk exposure

Information about the Group's exposure to credit risk, foreign exchange and interest rate risk is provided in note 43. The maximum exposure to credit risk at the end of each reporting period is the carrying amount of each class of receivables mentioned above.

15. Non-current assets – Investments accounted for using the equity method

	2015	2014
	$'000	$'000
Investments in associates (note 38)	**216,913**	194,430

16. Non-current assets – Property, plant and equipment

	Land and buildings $'000	Plant and equipment $'000	Leasehold improvements $'000	Total $'000
Year ended 30 June 2014				
Opening net book amount	84,596	349,449	79,577	513,622
Acquisition of subsidiary	-	44,314	1,180	45,494
Additions	6,978	78,770	63,939	149,687
Disposals	-	(5,424)	(416)	(5,840)
Reclassifications	(5,306)	5,447	(141)	-
Depreciation charge	(885)	(52,767)	(9,424)	(63,076)
Closing net book amount	85,383	419,789	134,715	639,887
At 30 June 2014				
Cost	87,045	546,458	153,332	786,835
Accumulated depreciation	(1,662)	(126,669)	(18,617)	(146,948)
Net book amount	85,383	419,789	134,715	639,887
Year ended 30 June 2015				
Opening net book amount	**85,383**	**419,789**	**134,715**	**639,887**
Acquisition of subsidiaries	**-**	**105,759**	**704**	**106,463**
Additions	**41,850**	**111,257**	**35,743**	**188,850**
Disposals	**(114)**	**(5,067)**	**-**	**(5,181)**
Exchange differences	**-**	**(3,230)**	**(54)**	**(3,284)**
Reclassifications	**270**	**(2)**	**(268)**	**-**
Impairment loss	**-**	**(23,480)**	**(18,880)**	**(42,360)**
Depreciation charge	**(1,116)**	**(72,687)**	**(21,278)**	**(95,081)**
Closing net book amount	**126,273**	**532,339**	**130,682**	**789,294**
At 30 June 2015				
Cost	**140,547**	**781,137**	**170,577**	**1,092,261**
Accumulated depreciation	**(14,274)**	**(248,798)**	**(39,895)**	**(302,967)**
Net book amount	**126,273**	**532,339**	**130,682**	**789,294**

(a) Leased assets

Plant and equipment includes the following amounts where the Group is a lessee under a finance lease:

	2015 $'000	2014 $'000
Leased equipment		
Cost	**54,948**	79,949
Accumulated depreciation	**(21,942)**	(23,578)
Net book amount	**33,006**	56,371

(b) Non-current assets pledged as security

Refer to note 23 for information on non-current assets pledged as security by the Group.

(c) Impairment loss

The impairment loss of $42,360,000 recognised by the Group on certain iron ore and oil and gas related assets is due to the deterioration in the medium-long term outlook for iron ore prices and oil prices. The whole amount was recognised as impairment expense in profit or loss in the current year.

17. Non-current assets – Investment properties

	2015	2014
	$'000	$'000
At fair value		
Opening balance at 1 July	**308,500**	293,431
Capitalised subsequent expenditure	**6,078**	2,790
Net gain from fair value adjustments	**26,964**	11,235
Straight-lining of operating lease rental income	**458**	1,044
Closing balance at 30 June	**342,000**	308,500

(a) Amounts recognised in profit or loss for investment properties

Rental income	**29,984**	30,282
Direct operating expenses from property that generated rental income	**(4,576)**	(5,070)
Direct operating expenses from property that did not generate rental income	**(35)**	(82)

(b) Measuring investment property at fair value

Investment properties, principally industrial assets held at strategic locations in Moorebank and Minto are currently held for rental yields and are not occupied by the Group. They are carried at fair value. Changes in fair value are presented in profit or loss as part of other income.

(c) Leasing arrangements

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

	2015	2014
	$'000	$'000
Minimum lease payments under non-cancellable operating leases of investment properties not recognised in the financial statements are receivable as follows:		
Within one year	**25,650**	25,340
Later than one year but not later than 5 years	**42,068**	61,724
Later than 5 years	**-**	-
	67,718	87,064

(d) Fair value estimates

Information about the valuation of investment properties is provided in note 44.

18. Non-current assets – Deferred tax assets

The balance comprises temporary differences attributable to:	2015 $'000	2014 $'000
Employee benefits	**21,904**	20,943
Plant and equipment	**9,938**	638
Other	**10,965**	8,181
Total deferred tax assets	**42,807**	29,762
Set-off of deferred tax liabilities pursuant to set-off provisions (note 24)	**(37,210)**	(29,762)
Net deferred tax assets	**5,597**	-
Deferred tax assets expected to be recovered within 12 months	**27,823**	25,025
Deferred tax assets expected to be recovered after more than 12 months	**14,984**	4,737
	42,807	29,762

Movements in deferred tax assets:	**Employee benefits $'000**	**Plant and equipment $'000**	**Other $'000**	**Total $'000**
At 1 July 2013	17,691	-	4,931	22,622
Credited/(Charged)				
• to profit or loss	2,952	638	2,199	5,789
• directly to equity	-	-	1,051	1,051
Acquisition of subsidiary	300	-	-	300
At 30 June 2014	20,943	638	8,181	29,762
Credited/(Charged)				
• to profit or loss	**(141)**	**9,300**	**(1,682)**	**7,477**
• directly to equity	**-**	**-**	**-**	**-**
Foreign exchange differences	**(11)**	**-**	**(16)**	**(27)**
Acquisition of subsidiary	**1,113**	**-**	**4,482**	**5,595**
At 30 June 2015	**21,904**	**9,938**	**10,965**	**42,807**

19. Non-current assets – Intangible assets

	Goodwill	Operating rights	Customer contracts	Total
	$'000	$'000	$'000	$'000
Year ended 30 June 2014				
Opening net book amount	561,272	5,931	37,934	605,137
Acquisition of business	4,101	-	4,340	8,441
Amortisation charge	-	(410)	(6,428)	(6,838)
Closing net book amount	565,373	5,521	35,846	606,740
At 30 June 2014				
Cost	565,373	7,609	53,940	626,922
Accumulated amortisation and impairment	-	(2,088)	(18,094)	(20,182)
Net book amount	565,373	5,521	35,846	606,740
Year ended 30 June 2015				
Opening net book amount	**565,373**	**5,521**	**35,846**	**606,740**
Finalisation of acquisition accounting	**265**	**-**	**-**	**265**
Acquisition of business	**24,421**	**-**	**13,913**	**38,334**
Exchange differences	**(1,131)**	**-**	**(504)**	**(1,635)**
Amortisation charge	**-**	**(410)**	**(8,039)**	**(8,449)**
Closing net book amount	**588,928**	**5,111**	**41,216**	**635,255**
At 30 June 2015				
Cost	**588,928**	**7,609**	**67,349**	**663,886**
Accumulated amortisation and impairment	**-**	**(2,498)**	**(26,133)**	**(28,631)**
Net book amount	**588,928**	**5,111**	**41,216**	**635,255**

Amortisation of $8,449,000 (2014 – $6,838,000) is included in depreciation and amortisation expense in profit or loss.

(a) Impairment tests for goodwill

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

	2015	2014
	$'000	$'000
Logistics	**222,558**	222,558
Ports & Bulk	**366,370**	342,815
	588,928	565,373

(b) Impairment tests for goodwill

The recoverable amount of a CGU is determined based on value-in-use calculations, using cash flow projections based on financial budgets and forecasts prepared by management typically covering a three year period. Cash flows beyond a three year period are extrapolated using the estimated growth rates stated below. The growth rate does not exceed the long-term average growth rate for the business for which the CGU operates.

19. Non current assets – Intangible assets (continued)

(c) Key assumptions used for value-in-use calculations

The CGU cash flow projections used for impairment testing assume no material adverse change to economic conditions for the 2016 to 2018 period. No significant changes to the methodology of the underlying models and assumptions have been made.

Terminal values after year three have been determined using a stable growth model, having regard to a post-tax discount rates and long-term growth rates. The equivalent pre-tax discount rate has been disclosed below. Management determined budgeted EBITDA margin based on past performance and its expectations for the future.

	Long-term growth rate		Discount rate	
CGU	**2015 %**	2014 %	**2015 %**	2014 %
Logistics	**2.5**	2.5	**12.3**	12.3
Ports & Bulk	**2.5**	2.5	**12.1**	12.1

(d) Impact of possible changes in key assumptions

The base case long-term growth and discount rates used in the impairment testing of goodwill for each CGU where goodwill has been identified have been disclosed above.

If the discount rate increased by 0.5% or the EBITDA margin decreased by 5% in each year of the valuation for the Logistics division it would not result in an impairment of goodwill.

If the discount rate increased by 0.5% or the EBITDA margin decreased by 5% in each year of the valuation for the Ports & Bulk division it would not result in an impairment of goodwill.

20. Trade and other payables

	2015	2014
Current	**$'000**	$'000
Trade payables and accruals	**111,677**	101,426
Share-based compensation payable	**-**	5,465
GST payable	**3,093**	4,283
	114,770	111,174
Non-current		
Trade payables and accruals	**89**	89
Contingent consideration	**5,382**	6,692
	5,471	6,781

21. Current liabilities – Borrowings

Secured		
Finance lease liabilities (note 33)	**12,337**	16,969
Total secured current borrowings	**12,337**	16,969

(a) Security and fair value disclosures

Information about the security relating to each of the secured liabilities and the fair value of each of the borrowings is provided in note 23.

(b) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 43.

22. Current liabilities – Provisions

	2015	2014
	$'000	$'000
Employee benefits	**61,513**	54,909
Onerous contract (property lease)	**5,154**	1,956
Provision for distribution	**490**	457
	67,157	57,322

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2015	**Onerous contract $'000**	**Provision for distribution $'000**	**Total $'000**
Current			
Carrying amount at beginning of year	**1,956**	**457**	**2,413**
Charged/(credited) to profit or loss			
● additional provisions recognised	**-**	**5,695**	**5,695**
Acquisition of subsidiary	**9,048**	**-**	**9,048**
Amounts used during the year	**(5,850)**	**(5,662)**	**(11,512)**
Carrying amount at end of year	**5,154**	**490**	**5,644**

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

The current provision for employee benefits includes accrued annual leave, vesting sick leave and long service leave. For long service leave it covers all unconditional entitlements where employees have completed the required period of service and also those where employees are entitled to pro-rata payments in certain circumstances. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. However, based on past experience, the Group does not expect all employees to take the full amount of accrued leave or require payment within the next 12 months. The following amounts reflect leave that is not expected to be taken or paid within the next 12 months.

	2015	2014
	$'000	$'000
Leave obligations expected to be settled after 12 months	**15,274**	24,848

23. Non-current liabilities – Borrowings

	2015 $'000	2014 $'000
Bank loans	**581,121**	350,000
Less capitalised establishment costs	**(4,951)**	(1,602)
	576,170	348,398
Unsecured		
Bank loans	**576,170**	228,852
Secured		
Bank loans	**-**	119,546
Finance lease liabilities (note 33)	**13,553**	23,952
Total non-current borrowings	**589,723**	372,350

(a) Secured liabilities and assets pledged as security

The total secured liabilities (current and non-current) are as follows:

Bank loan	**-**	119,546
Finance lease liabilities	**25,890**	40,921
Total secured liabilities	**25,890**	160,467

In December 2014, the Group refinanced its existing syndicated debt facilities totalling $670 million ($120 million Strategic Assets and $550 million Corporate) through a $750 million syndicated multi-currency revolving debt facility. The $750 million facility is unsecured, non-amortising and has a 5 year term expiring in December 2019. The facility requires certain ratios such as fixed charges cover, gearing and equity to be maintained.

Unamortised establishment fees, totalling $1.3 million relating to the refinanced facilities were written off through the profit or loss in FY15.

In addition, the Group put in place a NZD$25 million debt facility in March 2015 on terms matching those of the $750 million syndicated facility above.

Finance lease liabilities are effectively secured as the rights to the leased assets recognised in the financial statements revert to the lessor in the event of default.

The carrying amounts of assets pledged as security for current and non-current borrowings are:

	2015 $'000	2014 $'000
Current		
Floating charge		
Cash and cash equivalents	**-**	4,225
Total current assets pledged as security	**-**	4,225
Non-current		
First mortgage		
Investment in Moorebank Industrial Property Trust	**-**	163,968
Investment properties	**-**	61,000
	-	224,968
Finance lease		
Plant and equipment (note 16(a))	**33,006**	56,371
Total non-current assets pledged as security	**33,006**	281,339
Total assets pledged as security	**33,006**	285,564

23. Non-current liabilities – Borrowings (continued)

(b) Compliance with loan covenants

The Group has complied with the financial covenants of its borrowing facilities during the 2015 and 2014 reporting periods.

(c) Fair value

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

	2015		2014	
	Carrying amount	**Fair value**	Carrying amount	Fair value
	$'000	**$'000**	$'000	$'000
On-balance sheet				
Non-traded financial liabilities				
Bank loans	**576,170**	**576,170**	348,398	348,398
Finance lease liabilities	**25,890**	**25,890**	40,921	40,921
Traded financial liabilities				
Interest rate hedging instruments	**3,077**	**3,077**	1,899	1,899
	605,137	**605,137**	391,218	391,218

(d) Risk exposures

Details of the Group's exposure to risks arising from current and non-current borrowings are set out in note 43.

24. Non-current liabilities – Deferred tax liabilities

	2015	2014
	$'000	$'000
The balance comprises temporary differences attributable to:		
Plant and equipment	**16,969**	17,650
Intangible assets	**12,063**	10,558
Investment property	**4,218**	-
Other provisions	**3,960**	1,753
	37,210	29,961
Set-off of deferred tax liabilities pursuant to set-off provisions (note 18)	**(37,210)**	(29,762)
Net deferred tax liabilities	**-**	199
Deferred tax liabilities expected to be settled within 12 months	**4,608**	3,944
Deferred tax liabilities expected to be settled after more than 12 months	**32,602**	26,017
	37,210	29,961

Movements in deferred tax liabilities:	**Plant and equipment**	**Intangible assets**	**Investment property**	**Other provisions**	**Total**
	$'000	**$'000**	**$'000**	**$'000**	**$'000**
At 1 July 2013	12,943	11,160	-	664	24,767
Charged/(Credited)					
• to profit or loss	4,348	(1,904)	-	(771)	1,673
• directly to equity	-	-	-	-	-
Acquisition of subsidiary	359	1,302	-	1,860	3,521
At 30 June 2014	17,650	10,558	-	1,753	29,961
Charged/(Credited)					
• to profit or loss	**(2,109)**	**(2,368)**	**4,218**	**2,207**	**1,948**
• directly to equity	**-**	**-**	**-**	**-**	**-**
Foreign exchange differences	**(111)**	**(151)**	**-**	**-**	**(262)**
Acquisition of subsidiaries	**1,539**	**4,024**	**-**	**-**	**5,563**
At 30 June 2015	**16,969**	**12,063**	**4,218**	**3,960**	**37,210**

25. Non-current liabilities – Provisions

	2015 $'000	2014 $'000
Employee benefits	**9,815**	7,550
Onerous contract (property lease)	**4,954**	-
	14,769	7,550

(a) Movements in provisions

Movements in each class of provision during the financial year, other than employee benefits, are set out below:

2015	Onerous contract $'000	Total $'000
Carrying amount at start of year	**-**	**-**
Acquisition of subsidiary	**4,954**	**4,954**
Carrying amount at end of year	**4,954**	**4,954**

26. Contributed equity

	Notes	2015 Shares	2014 Shares	2015 $'000	2014 $'000
(a) Share capital					
Ordinary shares					
Fully paid	(b)	**1,056,700,287**	1,051,172,929	**1,301,980**	1,287,411
Less: Treasury shares	(c)	**(7,367,178)**	(2,961,418)	**(17,266)**	(6,076)
Total contributed equity		**1,049,333,109**	1,048,211,511	**1,284,714**	1,281,335

(b) Movements in ordinary shares:

Date	Details	Number of shares	Issue price	$'000
1 July 2013	Opening balance	928,965,547		1,031,260
4 October 2013	Dividend reinvestment plan	2,467,952	$1.9208	4,740
3 April 2014	Placement	94,339,623	$2.1200	200,000
4 April 2014	Dividend reinvestment plan	2,778,034	$2.1272	5,908
16 May 2014	Share purchase plan	22,621,773	$2.1200	47,957
	Less: Transaction costs arising on share issues			(3,505)
	Deferred tax credit recognised directly in equity			1,051
30 June 2014	Balance	1,051,172,929		1,287,411
3 October 2014	Dividend reinvestment plan	**3,255,147**	**$2.4939**	**8,118**
7 April 2015	Dividend reinvestment plan	**2,272,211**	**$2.8390**	**6,451**
30 June 2015	Closing balance	**1,056,700,287**		**1,301,980**

26. Contributed equity (continued)

(c) Movements in treasury shares:

Date	Details	Number of shares	Average purchase price	$'000
1 July 2014	Opening balance	(2,961,418)	$2.0517	(6,076)
	Treasury shares purchased	**(4,405,760)**	**$2.5399**	**(11,190)**
30 June 2015	Closing Balance	**(7,367,178)**	**$2.3437**	**(17,266)**

(d) Ordinary shares

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

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

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

(e) Dividend reinvestment plan

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

(f) Employee share scheme

Information relating to the employee share schemes, including details of shares issued under these schemes is set out in note 42.

(g) Treasury shares

Treasury shares are shares in Qube Holdings Limited held by the Qube Employee Share Trust for the purpose of allocating shares that vest under the Performance Rights scheme. Details of the plan are set out in note 42.

(h) Capital risk management

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

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

- optimise the capital structure to reduce the cost of capital;
- provide sufficient financial flexibility to enable Qube to develop its businesses;
- maintain access to a broad range of funding sources; and
- subject to the above, raise funds in the most cost effective manner possible.

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

Qube monitors its net debt and available funding capacity through a range of measures including interest cover ratio and other gearing ratios. Compliance with external imposed covenants has been outlined in note 23.

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

27. Reserves and retained earnings

	2015 $'000	2014 $'000
(a) Reserves		
Business combination reserve	**28,436**	28,436
Share-based payments reserve	**(13,579)**	(19,786)
Transactions with non-controlling interests reserve	**(39,548)**	(39,548)
Foreign currency translation reserve	**(3,960)**	-
	(28,651)	(30,898)
Movements in reserves:		
Business combination reserve		
Balance 1 July	**28,436**	28,436
Revaluation – subsidiary	**-**	-
Balance 30 June	**28,436**	28,436
Share-based payments reserve		
Balance 1 July	**(19,786)**	(23,731)
Loans repaid	**2,298**	1,763
Employee share plan expense	**3,909**	2,182
Balance 30 June	**(13,579)**	(19,786)
Transactions with non-controlling interests reserve		
Balance 1 July	**(39,548)**	(39,548)
Acquisition of additional ownership in subsidiary	**-**	-
Balance 30 June	**(39,548)**	(39,548)
Foreign currency translation reserve		
Balance 1 July	**-**	-
Currency translation differences, net of tax	**(3,960)**	-
Balance 30 June	**(3,960)**	-

(b) Nature and purpose of reserves

(i) Business combination reserve

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

(ii) Share-based payments reserve

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

(iii) Transactions with non-controlling interests reserve

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

(iv) Foreign currency translation reserve

Exchange differences arising on translation of the foreign controlled entity are recognised in other comprehensive income as described in note 2(d) and accumulated in a separate reserve within equity. The cumulative amount is reclassified to profit or loss when the net investment is disposed of.

27. Reserves and retained earnings (continued)

(c) Retained earnings

Movements in retained earnings were as follows:	**2015 $'000**	2014 $'000
Balance 1 July	**111,296**	66,240
Net profit for the year	**85,853**	87,909
Dividends paid (note 29)	**(55,675)**	(42,853)
Balance 30 June	**141,474**	111,296

28. Non-controlling interests

(a) Transactions with non-controlling interests ('NCI')

Interest in:		
Share capital	**107,834**	106,834
Reserves	**-**	-
Retained losses	**(17,041)**	(23,221)
	90,793	83,613

(b) Summarised financial information

Set out below is summarised financial information for each subsidiary that has non-controlling interests that are material to the Group. The amounts disclosed for each subsidiary are before intercompany eliminations.

Moorebank Industrial Property Trust	**2015 $'000**	2014 $'000
Summarised balance sheet		
Current assets	**2,746**	6,162
Current liabilities	**(1,481)**	(1,753)
Current net assets	**1,265**	4,409
Non-current assets	**272,001**	247,501
Non-current liabilities	**-**	-
Non-current net assets	**272,001**	247,501
Net assets	**273,266**	251,910
Accumulated NCI	**90,793**	83,613
Summarised statement of comprehensive income		
Revenue and other income	**42,239**	29,723
Profit for the period	**35,440**	23,336
Other comprehensive income	**-**	-
Total comprehensive income	**35,440**	23,336
Profit allocated to NCI	**10,028**	5,442
Distributions paid to NCI	**5,695**	5,885
Summarised cash flows		
Cash flows from operating activities	**16,918**	17,652
Cash flows from investing activities	**(6,144)**	(2,827)
Cash flows from financing activities	**(13,985)**	(10,020)
Net (decrease)/increase in cash and cash equivalents	**(3,211)**	4,805

29. Dividends

	2015 $'000	2014 $'000
(a) Ordinary shares		
Final dividend for the year ended 30 June 2014 of 2.7 cents per fully paid share paid on 3 October 2014 (2013 – 2.3 cents per share paid on 4 October 2013)		
Fully franked based on tax paid at 30%	**27,843**	20,958
Interim dividend for the year ended 30 June 2015 of 2.7 cents per fully paid share paid 7 April 2015 (2014 – 2.4 cents per share paid on 4 April 2014)		
Fully franked based on tax paid at 30%	**27,832**	21,895
	55,675	42,853

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

	2015 $'000	2014 $'000
In addition to the above dividends, since the financial year-end the directors have recommended the payment of a final dividend of 2.8 cents per fully paid ordinary share, (2014 – 2.7 cents) fully franked based on tax paid at 30%. The aggregate amount of the proposed dividend expected to be paid on 7 October 2015 (2014 – 3 October 2014) out of retained earnings at 30 June 2015 (2014 – 30 June 2014), but not recognised as a liability at the end of the year, is	**29,588**	28,382

(c) Franked dividends

The franked portions of the final dividends recommended after the financial year-end will be franked out of existing franking credits or out of franking credits arising from the payment of income tax for the year ended 30 June 2015.

	Consolidated		Parent entity	
	2015 $'000	2014 $'000	**2015 $'000**	2014 $'000
Franking credits available for subsequent financial years based on a tax rate of 30% (2014 – 30%)	**89,151**	72,715	**89,151**	72,715

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

(i) franking credits that will arise from the payment of the amount of the provision for income tax;

(ii) franking debits that will arise from the payment of dividends recognised as a liability at the reporting date; and

(iii) franking credits that will arise from the receipt of dividends recognised as receivables at the reporting date.

The consolidated amounts include franking credits that would be available to the parent entity if distributable profits of non-wholly owned subsidiaries were paid as dividends.

The impact on the franking account of the dividend recommended by the directors since the end of the reporting period, but not recognised as a liability at the end of each reporting period, will be a reduction in the franking account.

30. Key management personnel disclosures

(a) Key management personnel compensation

	2015	2014
	$	$
Short-term employee benefits	**6,128,694**	4,650,120
Post-employment benefits	**173,323**	156,048
Long-term benefits	**20,046**	11,759
Share-based payments	**1,763,464**	1,323,672
	8,085,527	6,141,599

Detailed remuneration disclosures are provided in the Remuneration Report on pages 34 to 52.

(b) Equity instrument disclosures relating to key management personnel

Shareholdings

The numbers of shares in the Company held during the financial year by each director of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

2015	**Balance at the beginning of the year**	**Received during the year as part of ELTIP**	**Other changes during the year**	**Balance at the end of the year**
Directors of Qube Holdings Limited				
Ordinary shares	**31,205,520**	**-**	**(7,160,333)**	**24,045,187**
Other key management personnel of the Group				
Ordinary shares	**5,053,525**	**-**	**(1,161,517)**	**3,892,008**
2014				
Directors of Qube Holdings Limited				
Ordinary shares	36,172,499	-	(4,966,979)	31,205,520
Other key management personnel of the Group				
Ordinary shares	7,814,427	-	(2,760,902)	5,053,525

(c) Loans to key management personnel

Details of loans made to directors of Qube Holdings Limited and other key management personnel of the Group, including their personally related parties, are set out below.

(i) Aggregates for key management personnel

	Balance at the beginning of the year	Loans granted to new KMP	Loans granted during the year	Loans repaid during the year	Interest paid and payable for the year	Interest not charged	Balance at the end of the year	Number in Group at the end of the year
	$	$	$	$	$	$	$	
2015	**10,467,502**	**-**	**-**	**(954,827)**	**368,076**	**-**	**9,512,675**	**5**
2014	11,067,502	-	-	(600,000)	359,279	-	10,467,502	5

31. Remuneration of auditors

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

	2015	2014
	$	$
(a) PwC Australia		
(i) Audit and other assurance services		
Audit and review of financial statements	**581,700**	516,750
Other assurance services		
Audit of other subsidiary financial statements	**30,200**	29,300
Total remuneration for audit and other assurance services	**611,900**	546,050
(ii) Taxation services		
Tax compliance services	**219,984**	135,810
Tax advisory services	**324,701**	21,190
Total remuneration for taxation services	**544,685**	157,000
(iii) Other services		
Other services	**130,000**	9,173
Total remuneration of PwC Australia	**1,286,585**	712,223
(b) Non-PwC audit firms		
(i) Audit and other assurance services		
Audit and review of financial statements	**36,002**	-
(ii) Other services		
Other services	**151,571**	-
(iii) Taxation services		
Tax compliance services	**43,396**	-
Total remuneration of non-PwC audit firms	**230,969**	-
Total auditors' remuneration	**1,517,554**	712,223

32. Contingencies

Contingent liabilities

The Group had contingent liabilities at 30 June 2015 in respect of:

Guarantees

The parent entity has provided unsecured bank guarantees amounting to $38,737,000 (2014: $15,632,000).

Qube has provided a guarantee on behalf of Northern Stevedoring Services for the lower of $6 million or 50% (2014: $6 million or 50%) of the funds advanced to NSS.

33. Commitments

(a) Capital commitments

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

	2015	2014
	$'000	$'000
Payable:		
Within one year	**29,896**	40,303
Later than one year but not later than five years	**-**	-
Later than five years	**-**	-
	29,896	40,303

The above balance comprises $16,990,000 in capital expenditure mainly for rolling stock by Qube Logistics and $12,906,000 in capital expenditure required for contracted works by Qube Ports & Bulk.

(b) Lease commitments – Group as lessee

(i) Non-cancellable operating leases

The Group has non-cancellable operating leases in relation to plant, equipment and motor vehicles expiring within one to five years. The leases have varying terms including fully-maintained or non-maintained, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated.

It also has non-cancellable operating leases in relation to land, warehouses, rail terminals and offices expiring within one to twenty five years. The leases have varying terms, escalation clauses and renewal rights. Limited excess occupancy spaces are sub-let to third parties also under non-cancellable operating leases or on a casual rental basis.

	2015	2014
	$'000	$'000
Commitments for minimum lease payments in relation to non-cancellable operating leases are payable as follows:		
Within one year	**61,085**	72,309
Later than one year but not later than five years	**133,999**	126,541
Later than five years	**134,497**	119,065
	329,581	317,915
Sub-lease payments		
Future minimum lease payments expected to be received in relation to non-cancellable sub-leases of operating leases	**2,603**	4,201

There are no other outstanding contingent assets and liabilities or commitments as at 30 June 2015 (2014: Nil).

33. **Commitments** (continued)

(b) **Lease commitments – Group as lessee** (continued)

(ii) Finance leases

The Group leases various plant and equipment with a carrying amount of $33,006,000 (2014: $56,371,000) under finance leases expiring within three to five years. Under the terms of the leases, the Group has the option to acquire the leased assets for an agreed residual value on expiry of the leases.

	2015	2014
	$'000	$'000
Commitments in relation to finance leases are payable as follows:		
Within one year	**3,321**	9,906
Later than one year but not later than five years	**24,300**	34,989
Later than five years	**-**	-
Minimum lease payments	**27,621**	44,895
Future finance charges	**(1,731)**	(3,974)
Total lease liabilities	**25,890**	40,921
Representing lease liabilities:		
Current (note 21)	**12,337**	16,969
Non-current (note 23)	**13,553**	23,952
	25,890	40,921
The present value of finance lease liabilities is as follows:		
Within one year	**12,337**	16,969
Later than one year but not later than five years	**13,553**	23,952
Later than five years	**-**	-
Present value of minimum lease payments	**25,890**	40,921

34. Related party transactions

(a) Parent entities

The ultimate parent entity and ultimate controlling party of the Group is Qube Holdings Limited.

(b) Subsidiaries

Interests in subsidiaries are set out in note 36.

(c) Key management personnel

Disclosure relating to key management personnel are set out in note 30.

(d) Transactions with other related parties

The following transactions occurred with related parties:

	2015	2014
	$'000	$'000
Stevedoring services		
● received from associates	**-**	1,414
● received from other related entities	**42,100**	66,017
● paid to associates	**40,623**	40,740
Logistics services		
● received from other related entities	**1,617**	277
Management fees earned		
● from associates	**176**	146
Management fees paid		
● to the trustee of a related trust	**-**	25
Rental income		
● from associates	**5,639**	5,420
● from other related entities	**455**	-
Consulting fees earned		
● from other related entities	**6**	-
Dividend income		
● from associates	**8,400**	6,000

(e) Outstanding balances arising from sales/purchases of goods and services

The following balances are outstanding at the end of each reporting period in relation to transactions with related parties:

	2015	2014
	$'000	$'000
Current receivables (provision of services)		
● Associates and other related parties	**6,408**	6,144
Current payables (payment for services)		
● Associates and other related parties	**9,029**	7,315

34. Related party transactions (continued)

(f) Loans to/from related parties

	2015 $'000	2014 $'000
Loans from Qube Holdings Limited (ultimate Australian parent entity)		
Beginning of the year	**10,267**	10,267
Loans advanced	**-**	-
Loans repaid	**(754)**	-
Interest charged	**365**	329
Interest paid	**(365)**	(329)
End of year	**9,513**	10,267
Loans from Qube Logistics (Aust) Pty Limited		
Beginning of the year	**1,000**	800
Loans advanced	**1,700**	800
Loans repaid	**(200)**	(600)
Loan impaired	**(2,500)**	-
Interest charged	**3**	30
Interest paid	**(3)**	(30)
End of year	**-**	1,000

A loan receivable from an associated entity, Mackenzie Hillebrand, was impaired by $2,500,000 (2014: $nil) during the year.

Loans to other associated entities are considered part of the Group's investment in associates.

No loan repayments (2014: $500,000) were received from associated entities during the year.

There is no allowance account for impaired receivables in relation to any outstanding balances.

(g) Terms and conditions

Transactions relating to dividends and subscription for new ordinary shares were on the same terms and conditions that applied to other shareholders.

All other transactions were made on normal commercial terms and conditions and at market rates.

35. Business combinations

(a) Qube acquired 100% of the issued share capital of Oztran Aust. Pty Ltd, Oztran Assets Pty Ltd and Stanton Oztran Pty Ltd ('Oztran'), together with certain equipment assets on 1 July 2014, Australian Heavy Logistics Pty Ltd ('AHL') on 11 September 2014, and the business and assets of Chameleon Resources Pty Ltd on 20 February 2015, for a total purchase price of $39.8 million.

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

	$'000
Purchase consideration	
Cash paid	39,787
Contingent consideration	640
Total purchase consideration	40,427

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

	Fair value $'000
Cash and cash equivalents	298
Trade and other receivables	4,490
Plant and equipment	27,145
Customer contracts and other contract intangibles	6,420
Tax receivable	408
Deferred tax asset	50
Trade and other payables	(4,218)
Deferred tax liability	(1,926)
Provision for employee benefits	(166)
Net identified assets acquired	32,501
Add: goodwill	7,926
Net assets acquired	40,427

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

(i) Contingent consideration

Actual consideration payable is contingent on the finalisation of a new customer contract and certain future conditions including financial results and working capital targets.

(ii) Acquisition related costs

Acquisition related costs of $397,000 are included in professional fees in the consolidated statement of comprehensive income.

(iii) Acquired receivables

The trade and other receivables of $4,490,000 have all been recovered.

(iv) Revenue and profit contribution

The acquired businesses contributed revenues of $54,224,000 and net profit after tax of $4,011,000 to the Group for the period from acquisition dates to 30 June 2015. It is impracticable and unreliable to report separate revenue and profit contributions from the commencement of the financial year for these acquisitions due to the structure and nature of the businesses at the date of acquisition.

Purchase consideration – cash outflow

	$'000
Outflow of cash to acquire subsidiaries, net of cash acquired	
Cash consideration	39,787
Less: Cash balances acquired	298
Outflow of cash – investing activities	39,489

35. Business combinations (continued)

(b) Qube acquired 100% of the issued share capital of CRT Group Pty Ltd ('CRT') on 1 December 2014 for a total purchase price of $21.2 million.

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

	$'000
Purchase consideration	
Cash paid	**21,189**
Contingent consideration	**-**
Total purchase consideration	**21,189**

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

	Fair value $'000
Inventories	**9**
Trade and other receivables	**12,392**
Plant and equipment	**26,412**
Deferred tax asset	**5,095**
Trade and other payables	**(5,735)**
Provision for employee benefits	**(2,982)**
Provision for onerous lease	**(14,002)**
Net identified assets acquired	**21,189**
Add: goodwill	**-**
Net assets acquired	**21,189**

(i) Acquired land

In addition to the purchase of the CRT business as noted above, Qube purchased freehold land and improvements for $23,000,000. Stamp duty costs of $1,268,000 have also been capitalised into the value of the land in accordance with AASB116, Property, Plant and Equipment.

(ii) Acquisition related costs

Acquisition related costs of $345,000 are included in professional fees in the consolidated statement of comprehensive income.

(iii) Acquired receivables

The trade and other receivables of $12,392,000 have all been recovered.

(iv) Revenue and profit contribution

The acquired business contributed revenues of $48,102,000 and net profit after tax of $4,429,000 to the Group for the period from 1 December 2014 to 30 June 2015. If the acquisition had occurred on 1 July 2014, consolidated revenue for the year ended 30 June 2015 would have been $86,382,000. Qube expects to achieve substantial cost synergies and other financial benefits from integrating the acquired business into Qube's existing operations, and these cost savings formed a key element of the rationale for the acquisition.

Purchase consideration – cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**21,189**
Less: Cash balances acquired	**-**
Outflow of cash – investing activities	**21,189**

35. Business combinations (continued)

(c) Qube acquired a 100% interest in ISO Limited (incorporated in New Zealand) and its wholly owned subsidiaries and associates together with a 100% interest in ISO Marshalling (Australia) LP ('ISO') on 7 January 2015 for a total purchase price of $54.7 million (NZD $57.4 million) plus net debt assumed by Qube on acquisition of NZD $17.8 million.

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

	$'000
Purchase consideration	
Cash paid	**54,719**
Contingent consideration	**-**
Total purchase consideration	**54,719**

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

	Fair value $'000
Cash	**6,115**
Trade receivables	**10,660**
Inventories	**130**
Plant and equipment	**52,906**
Customer contracts	**7,493**
Deferred tax asset	**449**
Deferred tax liability	**(3,637)**
Tax payable	**(1,997)**
Trade payables	**(8,464)**
Provision for employee benefits	**(1,500)**
Bank loans	**(23,931)**
Net identified assets acquired	**38,224**
Add: goodwill	**16,495**
Net assets acquired	**54,719**

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

(i) Acquisition related costs

Acquisition related costs of $469,000 are included in professional fees in the consolidated statement of comprehensive income.

(ii) Acquired receivables

The trade and other receivables of $10,660,000 have all been recovered.

(iii) Revenue and profit contribution

The acquired business contributed revenues of $40,922,000 and net profit after tax of $3,719,000 to the Group for the period from 7 January 2015 to 30 June 2015. If the acquisition had occurred on 1 July 2014, consolidated revenue for the year ended 30 June 2015 would have been $80,487,000. Operationally the business assets acquired have been integrated within Qube Ports & Bulk's existing business almost immediately.

Purchase consideration – cash outflow

	$'000
Outflow of cash to acquire subsidiary, net of cash acquired	
Cash consideration	**54,719**
Less: Cash balances acquired	**6,115**
Outflow of cash – investing activities	**48,604**

36. Significant investments in subsidiaries

The consolidated financial statements incorporate the assets, liabilities and results of the following subsidiaries in accordance with the accounting policy described in note 2(b).

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2015 (%)	Equity holding 2014 (%)
Qube Holdings Limited *	Australia	Ordinary		
Qube Terminals Pty Ltd*	Australia	Ordinary	**100**	100
Qube Employee Share Accumulation Plan Pty Ltd	Australia	Ordinary	**100**	100
Qube Terminals Investments Pty Ltd	Australia	Ordinary	**100**	100
Qube Property Management Services Pty Ltd*1	Australia	Ordinary	**100**	100
Qube RE Services Pty Ltd	Australia	Ordinary	**100**	100
Qube Properties Pty Ltd*1	Australia	Ordinary	**100**	100
Qube Logistics Trust*	Australia	Ordinary	**100**	100
Qube Equity Ltd*	Australia	Ordinary	**100**	100
Qube Agri Investments Pty Ltd (formerly known as KFM Asian Logistics 1 Pty Ltd)*	Australia	Ordinary	**100**	100
Qube Bulk Liquids Pty Ltd (formerly known as KFM Europe Logistics Pty Ltd)*	Australia	Ordinary	**100**	100
KIL Property Investments Pty Ltd*1	Australia	Ordinary	**100**	100
KFM Property Logistics 1 Pty Ltd*1	Australia	Ordinary	**100**	100
Minto Properties Pty Ltd*1	Australia	Ordinary	**100**	100
Moorebank Industrial Property Trust	Australia	Ordinary	**66.67**	66.67
KW Auto Logistics Pty Ltd*	Australia	Ordinary	**100**	100
K-NSS Pty Ltd*	Australia	Ordinary	**100**	100
Oversea & General Stevedoring Co Pty Ltd*	Australia	Ordinary	**100**	100
K-AA Terminals Pty Ltd*	Australia	Ordinary	**100**	100
P&O Wharf Management Pty Ltd*	Australia	Ordinary	**100**	100
Qube Ports& Bulk:				
K-POAGS Pty Ltd*	Australia	Ordinary	**100**	100
KFM Logistics Investments 2 Pty Ltd*	Australia	Ordinary	**100**	100
Qube Ports Pty Ltd*	Australia	Ordinary	**100**	100
Qube Ports & Bulk subsidiaries:				
Qube Ports (No 1) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Bulk Pty Ltd*	Australia	Ordinary	**100**	100
Qube Energy Pty Ltd (formerly known as Continental Freight Services (Aust.) Pty. Ltd)*	Australia	Ordinary	**100**	100
Markhaven Pty. Ltd*	Australia	Ordinary	**100**	100
Qube Defence Logistics Pty Ltd*	Australia	Ordinary	**100**	100
Stonecrest Enterprises Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Holdings Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Port Services Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Limestone Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Group Operations Pty Ltd*	Australia	Ordinary	**100**	100
Giacci SA Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Bros. Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Management Services Pty Ltd*	Australia	Ordinary	**100**	100
Giacci NT Pty Ltd*	Australia	Ordinary	**100**	100
Giacci Contracting Pty Ltd*	Australia	Ordinary	**100**	100

36. Significant investments in subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2015 (%)	2014 (%)
Jamlewin Enterprises Pty Ltd*	Australia	Ordinary	**100**	100
Qube Learning Pty Ltd	Australia	Ordinary	**100**	100
W Qube Port of Dampier Pty Ltd*	Australia	Ordinary	**100**	100
Beaumont Transport Pty Ltd*	Australia	Ordinary	**100**	100
BBH Services Pty Ltd*	Australia	Ordinary	**100**	100
Latot Pty Ltd*	Australia	Ordinary	**100**	100
Norsea Qube Logistics Pty Ltd	Australia	Ordinary	**100**	-
Oztran Aust Pty Ltd*1	Australia	Ordinary	**100**	-
Oztran Assets Pty Ltd*1	Australia	Ordinary	**100**	-
Stanton Oztran Pty Ltd*1	Australia	Ordinary	**100**	-
Australian Heavy Logistics Pty Ltd*1	Australia	Ordinary	**100**	-
ISO Marshalling (Australia) LP	Australia	Ordinary	**100**	-
NZ Bidco Ltd	New Zealand	Ordinary	**100**	-
ISO Ltd	New Zealand	Ordinary	**100**	-
Cargo Marshalling Solutions Pty Ltd	Australia	Ordinary	**100**	-
New Zealand Associates Limited	New Zealand	Ordinary	**100**	-
Marshalling Associates Pty Ltd	Australia	Ordinary	**100**	-
Bulk Solutions Limited	New Zealand	Ordinary	**50**	-
Marshalling Solutions LLC	United States	Ordinary	**100**	-
International Stevedoring Operations Limited	New Zealand	Ordinary	**100**	-
ISO Marshalling Limited	New Zealand	Ordinary	**100**	-
ISO Solutions Limited	New Zealand	Ordinary	**100**	-
ISO Transport Limited	New Zealand	Ordinary	**100**	-
Cargo Marshalling Solutions Ltd	New Zealand	Ordinary	**100**	-
Marshalling Solutions Ltd	New Zealand	Ordinary	**100**	-
ISO Logistics Limited	New Zealand	Ordinary	**100**	-
ISO New Zealand Limited	New Zealand	Ordinary	**100**	-
ISO Stevedoring Limited	New Zealand	Ordinary	**100**	-
ISO Warehousing Limited	New Zealand	Ordinary	**100**	-
Qube Logistics:				
K-POTA Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (Aust) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics subsidiaries:				
Qube Logistics (Qld) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (Global) Pty Ltd *	Australia	Ordinary	**100**	100
POTA Global Management (NZ) Limited	New Zealand	Ordinary	**100**	100
Qube Logistics (SB) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (NSW) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT1) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT2) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT3) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT4) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (QldT5) Pty Ltd*	Australia	Ordinary	**100**	100

36. Significant investments in subsidiaries (continued)

Name of entity	Country of incorporation	Class of shares/units	Equity holding 2015 (%)	2014 (%)
Qube Logistics (QldT6) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (Vic) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (WA) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (WA1) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (H&S) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (Rail) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (SA) Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (SA1) Pty Ltd *	Australia	Ordinary	**100**	100
Macarthur Intermodal Shipping Terminal Pty Ltd *	Australia	Ordinary	**100**	100
Independent Railways of Australia Pty Ltd *	Australia	Ordinary	**100**	100
Independent Railroad of Australia Pty Ltd *	Australia	Ordinary	**100**	100
Rail Equipment Leasing Pty Ltd *	Australia	Ordinary	**100**	100
Bowport All Roads Transport Pty Ltd *	Australia	Ordinary	**100**	100
Indy Equipment Pty Ltd *	Australia	Ordinary	**100**	100
Qube Logistics (WA2) Pty Ltd*	Australia	Ordinary	**100**	100
Qube Logistics (SL)Pty Ltd (formerly CRT Group Pty Ltd)*1	Australia	Ordinary	**100**	-

* – These subsidiaries have taken advantage of relief from the necessity to prepare financial reports in accordance with Class Order 98/1418 issued by the Australian Securities and Investments Commission. For further information refer to note 37.

1 – These entities have been added to the Class Order during the financial year.

37. Deed of cross guarantee

The parent entity and the companies noted in note 36 are parties to a deed of cross guarantee under which each company guarantees the debts of the others. By entering into the deed, the wholly-owned entities have been relieved from the requirement to prepare a financial report and director's report under Class Order 98/1418 (as amended) issued by the Australian Securities and Investments Commission.

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings

The above companies represent a ‘closed group' for the purposes of the Class Order, and as there are no other parties to the deed of cross guarantee that are controlled by the parent entity, they also represent the ‘extended closed group'.

37. Deed of cross guarantee (continued)

(a) Consolidated income statement, statement of comprehensive income and summary of movements in consolidated retained earnings (continued)

Set out below is a consolidated income statement, a consolidated statement of comprehensive income and a summary of movements in consolidated retained earnings for the year ended 30 June 2015 of the closed group consisting of the parent entity and the entities listed in note 36.

	2015 $'000	2014 $'000
Consolidated income statement		
	1,335,182	1,173,194
Revenue from continuing operations		
Other income	**44,622**	14,255
Direct transport and logistics costs	**(352,473)**	(304,954)
Repairs and maintenance costs	**(86,103)**	(77,591)
Employee benefits expense	**(490,058)**	(427,482)
Fuel, oil and electricity costs	**(104,553)**	(104,726)
Occupancy and property costs	**(61,959)**	(58,824)
Depreciation and amortisation expense	**(99,457)**	(69,503)
Professional fees	**(9,870)**	(10,331)
Other expenses	**(61,496)**	(20,232)
Total expenses	**(1,265,969)**	(1,073,643)
Finance income	**3,740**	1,749
Finance costs	**(28,484)**	(23,408)
Net finance costs	**(24,744)**	(21,659)
Share of net profit of associates accounted for using the equity method	**10,445**	10,336
Profit before income tax	**99,536**	102,483
Income tax expense	**28,969**	27,730
Profit for the year	**70,567**	74,753
Other comprehensive income net of tax:		
Items that may be reclassified to profit or loss	**-**	-
Items that will not be reclassified to profit or loss	**-**	-
Total comprehensive income for the year	**70,567**	74,753
Total comprehensive income attributable to:		
Owners of Qube	**70,567**	74,753
Non-controlling interests	**-**	-
	70,567	74,753
Summary of movements in consolidated retained earnings		
Retained earnings at the beginning of the financial year	**105,611**	73,711
Profit for the year	**70,567**	74,753
Dividends provided for or paid	**(55,965)**	(42,853)
Entities joining the closed group	**430**	-
Retained earnings at the end of the financial year	**120,643**	105,611

37. Deed of cross guarantee (continued)

(b) Consolidated balance sheet

Set out below is a consolidated balance sheet as at 30 June 2015 of the closed group consisting of the parent entity and the entities listed in note 36.

	2015 $'000	2014 $'000
ASSETS		
Current assets		
Cash and cash equivalents	**80,252**	100,739
Trade and other receivables	**210,028**	195,211
Inventories	**2,177**	2,717
Total current assets	**292,457**	298,667
Non-current assets		
Trade and other receivables	**148**	948
Financial assets at fair value through profit or loss	**965**	828
Investments accounted for using the equity method	**216,913**	194,430
Property, plant and equipment	**739,830**	639,886
Investment properties	**70,000**	-
Intangible assets	**614,176**	601,219
Other financial assets	**54,769**	112,737
Investment	**165,968**	-
Deferred tax asset	**8,507**	-
Other	**728**	728
Total non-current assets	**1,872,004**	1,550,776
Total assets	**2,164,461**	1,849,443
LIABILITIES		
Current liabilities		
Trade and other payables	**108,046**	130,573
Borrowings	**12,337**	16,969
Derivative financial instruments	**785**	19
Current tax payable	**5,816**	19,771
Provisions	**64,999**	56,843
Deferred revenue	**510**	-
Total current liabilities	**192,493**	224,175
Non-current liabilities		
Trade and other payables	**5,471**	6,781
Borrowings	**568,394**	252,804
Derivative financial instruments	**2,292**	1,880
Deferred tax liabilities	**-**	204
Provisions	**14,769**	7,550
Total non-current liabilities	**590,926**	269,219
Total liabilities	**783,419**	493,394
Net assets	**1,381,042**	1,356,049
EQUITY		
Contributed equity	**1,284,714**	1,281,335
Reserves	**(24,315)**	(30,897)
Retained earnings	**120,643**	105,611
Capital and reserves attributable to owners of Qube Holdings Limited	**1,381,042**	1,356,049
Non-controlling interests	**-**	-
Total equity	**1,381,042**	1,356,049

38. Investments in associates

(a) Movements in carrying amounts

Set out below are the associates of the Group as at 30 June 2015. The entities listed below have share capital consisting solely of ordinary shares, which are held directly by the Group. The country of incorporation or registration is also their principal place of business, and the proportion of ownership interest is the same as the proportion of voting rights held. All entities are accounted for using the equity method.

		% ownership interest		Carrying amount	
	Place of business/country of	**2015**	2014	**2015**	2014
Name of entity	**incorporation**	**%**	%	**$'000**	$'000
Australian Amalgamated Terminals Pty Ltd[1]	Australia	**50**	50	**115,566**	116,342
Northern Stevedoring Services Pty Ltd	Australia	**50**	50	**45,662**	43,344
Prixcar Services Pty Ltd[2]	Australia	**25**	25	**33,308**	32,718
Quattro Grain Trust[3]	Australia	**37.5**	37.5	**22,377**	2,026
Mackenzie Hillebrand	Australia	**50**	50	**-**	-
				216,913	194,430

1. Included within Australian Amalgamated Terminal's liabilities is $52.5 million (2014: $52.5 million) in shareholder loans owed to Qube.
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 is considered individually immaterial and is discussed in part (c) below.

38. Investments in associates (continued)

(b) 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'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)	
	2015	2014	**2015**	2014	**2015**	2014
	$'000	$'000	**$'000**	$'000	**$'000**	$'000
Summarised balance sheet						
Current assets	**28,943**	19,363	**17,812**	19,416	**87**	88
Non-current assets	**87,223**	93,723	**47,759**	39,320	**66,559**	65,390
Current liabilities	**(9,530)**	(5,038)	**(22,648)**	(24,521)	**(31)**	(43)
Non-current liabilities	**(105,923)**	(105,782)	**(13,352)**	(9,282)	**-**	-
Net assets	**713**	2,266	**29,571**	24,933	**66,615**	65,435
Reconciliation to carrying amounts						
Opening net assets 1 July	**2,266**	997	**24,933**	18,465	**65,435**	63,132
Additional investment	**-**	-	**-**	-	**-**	-
Profit for the period	**15,247**	13,269	**4,638**	6,468	**1,180**	2,303
Dividends paid	**(16,800)**	(12,000)	**-**	-	**-**	-
Closing net assets	**713**	2,266	**29,571**	24,933	**66,615**	65,435
Group's share in %	**50%**	50%	**50%**	50%	**50%**	50%
Group's share in $	**357**	1,133	**14,785**	12,467	**33,308**	32,718
Impairment charge	**-**	-	**-**	(7,234)	**-**	-
Loan to associates	**52,516**	52,516	**-**	-	**-**	-
Goodwill	**62,693**	62,693	**30,877**	38,111	**-**	-
Carrying amount	**115,566**	116,342	**45,662**	43,344	**33,308**	32,718
Summarised statement of comprehensive income						
Revenue	**85,612**	70,511	**68,644**	79,422	**171**	167
Profit for the period	**15,247**	13,269	**4,638**	6,468	**1,180**	2,303
Other comprehensive income	**-**	-	**-**	-	**-**	-
Total comprehensive income	**15,247**	13,269	**4,638**	6,468	**1,180**	2,303
Dividends received from associates	**8,400**	6,000	**-**	-	**-**	-

(c) Individually immaterial associates

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

	2015	2014
	$'000	$'000
Aggregate carrying amount of individually immaterial associates	**22,377**	2,026
Aggregate amounts of the Group's share of:		
Loss for the year	**(87)**	(684)
Other comprehensive income	**-**	-
Total comprehensive income	**(87)**	(684)

38. Investments in associates (continued)

(d) Contingent liabilities of associates

Qube's share of the contingent liabilities of its associates has been disclosed in note 32.

(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 Australian Amalgamated Terminals Pty 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.

39. Events occurring after the reporting period

In August 2015, Qube announced that it had entered into an agreement to form a joint venture with Japanese petroleum group TonenGeneral Sekiyo KK ('Tonen'), to develop fuel storage facilities in Australia. Tonen is the second largest refiner and largest exporter of quality fuel in Japan, and also supplies around 15% of Australia's fuel market with high-quality fuel products. The joint venture's first project is a fuel storage facility to be developed at Port Kembla on land to be leased from NSW Ports. Development and planning approval for parts of the facility have been obtained and the process for the remaining assessment is well advanced. Subject to final approval, the storage facility has a potential capacity of 230 million litres with commissioning expected in mid to late 2017.

Other than as noted above, there have been no events that have occurred subsequent to 30 June 2015 and up to the date of this report that have had a material impact on Qube's financial performance or position.

40. Reconciliation of profit after income tax to net cash inflow from operating activities

	2015 $'000	2014 $'000
Profit for the year	**95,881**	93,331
Depreciation and amortisation	**103,530**	69,914
Non-cash employee benefits expense – share-based payments	**3,834**	3,353
Fair value adjustment to investment property	**(26,964)**	(11,235)
Fair value (gains)/losses on financial assets at fair value through profit or loss	**(137)**	13
Impairment of investments in associates	**-**	9,080
Impairment of property, plant and equipment	**42,360**	-
Impairment of loan receivable from associated entity	**2,500**	-
Gain from de-recognition of contingent consideration payable	**-**	(955)
Profit on sale of property plant and equipment	**(456)**	(314)
Share of profits of associates (net of dividends received)	**(2,045)**	(4,336)
Write-off of borrowing costs due to change in loan facility	**1,297**	-
Change in operating assets and liabilities, net of effects from purchase of controlled entities		
Increase in trade debtors and other receivables	**(379)**	(25,641)
Decrease in inventories	**675**	174
Decrease in financial instruments at fair value through profit or loss	**1,177**	176
Increase in deferred tax assets	**(13,251)**	(6,089)
(Decrease)/Increase in trade creditors	**(1,480)**	3,500
(Decrease)/Increase in other operating liabilities	**(27,533)**	25,929
(Decrease)/Increase in provision for income taxes payable	**(6,178)**	12,536
(Decrease)/Increase in deferred tax liabilities	**(1,870)**	3,604
(Decrease)/Increase in other provisions	**(1,362)**	112
Net cash inflow from operating activities	**169,599**	173,152

(a) Non-cash investing and financing activities

The following items were financed through the issue of Qube shares:		
Dividend reinvestment plan	**14,569**	10,650
	14,569	10,650

41. Earnings per share

	2015 Cents	2014 Cents
(a) Basic earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**8.2**	9.2
Total basic earnings per share attributable to the ordinary equity holders of the Company	**8.2**	9.2
(b) Diluted earnings per share		
From continuing operations attributable to the ordinary equity holders of the Company	**8.1**	9.2
Total diluted earnings per share attributable to the ordinary equity holders of the Company	**8.1**	9.2

	2015 $'000	2014 $'000
(c) Reconciliations of earnings used in calculating earnings per share		
Basic and diluted earnings per share		
Profit attributable to the ordinary equity holders of the Company used in calculating basic earnings per share		
● From continuing operations	**85,853**	87,909

	2015 Number	2014 Number
(d) Weighted average number of shares used as the denominator		
Weighted average number of ordinary shares used as the denominator in calculating basic earnings per share	**1,047,718,320**	956,025,593
Weighted average number of ordinary shares used as the denominator in calculating diluted earnings per share	**1,054,103,766**	957,238,901

42. Share-based payments

(a) Performance Rights

Qube has granted Long-Term Incentives (LTIs) in the form of Performance Rights to incentivise and retain key executives to achieve share value based objectives that are subject to performance conditions tied directly to shareholder wealth creation.

The key terms and conditions for the LTI's are described below:

Participation	The Managing Director, other KMP and other executives who can directly influence the performance of Qube.
Instrument	Performance Right (representing an entitlement to one ordinary Qube share) on achievement of certain performance conditions.
Performance condition	25% of Performance Rights are subject to a Total Shareholder Return Hurdle (TSR Performance Rights) and 75% are subject to an Earnings Per Share Hurdle (EPS Performance Rights).
Exercise price	Nil
Performance period/vesting date	3 years after grant date (with retesting annually for another two years for any EPS Performance Rights that have not vested over the extended period).
Expiry date	TSR Performance Rights: 3 years after grant date. EPS Performance Rights: 3 years after grant date (with retesting for another 2 years).
Dividends	The holder is entitled to an amount equal to the dividends that would have been paid on the vested Performance Rights (as if they held Qube shares) for the period from the Grant Date to the Vesting Date. This amount is settled in Qube shares. No amount is payable for Performance Rights that do not vest.
TSR Hurdle	The TSR Performance Rights will vest depending upon Qube's total shareholder return (share price increase and dividend) during the relevant performance period. The TSR Hurdle is based on Qube's relative TSR performance as compared to the other companies in the S&P ASX 200 Index. The vesting schedule is as follows: ● Nil – if Qube's TSR ranks less than the 50th percentile ● 50% – if Qube's TSR is equal to the 50th percentile ● Pro-rated between 50% and 100% – if Qube's TSR ranks greater than the 50th percentile but less than the 75th percentile ● 100% – if Qube's TSR ranks at the 75th percentile or higher
EPS Hurdle	The EPS Performance Rights will vest depending upon Qube's underlying EPS performance during the relevant performance period. For both the FY14 and FY15 grants under the plan the maximum vesting opportunity was a CAGR of 9% in EPS. If Qube's CAGR in EPS for the relevant performance period (based on the respective 30 June reported financial results) is: ● less than the minimum EPS target, no EPS Performance Rights will vest; ● equal to, or greater than, the EPS target, 100% of the EPS Performance Rights will vest; or ● greater than the minimum EPS target but less than the EPS target, the percentage of EPS Performance Rights that vest will be pro-rated on a straight line basis between 0% and 100%. If any of the EPS Performance Rights have not vested at the end of three years, they will be carried forward to the following year and retested based on a four year period. Any EPS Performance Rights that remain unvested then will be carried forward and retested on the basis of a five year period. Any unvested EPS Performance Rights will lapse at the end of the five years.

42. Share-based payments (continued)

(a) Performance Rights (continued)

Set out below are summaries of Performance Rights granted under the scheme:

Grant date	Last possible vesting date	Issue price ($)	Balance at the start of the year (number)	Granted during the year (number)	Vested/ transferable during the year (number)	Forfeited during the year (number)	Balance at end of year (number)	Vested and transferable at the end of the year (number)
9 Sept 2013	9 Sept 2018	1.87	2,902,447	-	-	(5,337)	2,897,110	-
5 Sept 2014	5 Sept 2019	2.39	-	4,006,822	-	(50,000)	3,956,822	-

Fair value of Plan Shares granted

The fair value at grant date is independently determined taking into account the following:

TSR Performance Rights

For the TSR Performance Rights a Monte Carlo simulation based model has been used to test the likelihood of attaining the TSR hurdle against the comparator group of entities (that is the constituents of the S&P ASX 200 Index). The Monte Carlo simulation model incorporates the impact of this market condition on the value of the TSR Performance Rights.

EPS Performance Rights

For the EPS Performance Rights the Black-Scholes-Merton model has been used to estimate the value at the Valuation Date. Consistent with the requirements of AASB 2, the development or application of an estimate indicating the likelihood of Qube achieving the EPS Hurdle has not been included.

The model inputs for Performance Rights expensed during the year ended 30 June 2015 included:

	TSR condition Performance Rights	EPS condition Performance Rights	TSR condition Performance Rights	EPS condition Performance Rights
Vesting date	9 Sept 2016	9 Sept 2018	5 Sept 2017	5 Sept 2019
Grant date	9 Sept 2013	9 Sept 2013	5 Sept 2014	5 Sept 2014
VWAP at Grant Date ($)	$1.97	$1.97	$2.39	$2.39
Exercise Price ($)	$0.00	$0.00	$0.00	$0.00
Volatility of share (%)	30%	30%	27%	27%
Distribution yield (%)	3.36%	3.36%	2.50%	2.50%
Risk free rate (%)	2.87%	2.87%	2.70%	2.70%
Probability of achievement	90%	90%	90%	90%
Expected life (years)	3.0	3.0	3.0	3.0
Correlation matrix	*	N/A	*	N/A
Performance Right fair value at grant date ($)	$1.22	$1.96	$1.62	$2.50

* – Share prices are correlated and a correlation matrix is needed to describe that dependency. The correlation matrix has been derived taking into account historical share price correlation covering a period in line with the expected life of the Performance Rights.

42. Share-based payments (continued)

(b) Executive long-term incentive plan (ELTIP)

The key terms and conditions of the ELTIP are described below.

Qube does not intend to make further issuances under the ELTIP.

Participation	Only those executives invited by the Board to apply are eligible to participate.
Instrument	Plan Shares (ordinary shares with vesting subject to performance conditions).
Issue price	The issue price for Plan Shares acquired is the volume weighted average price (VWAP) at which shares trade on ASX over the 20 trading days prior to the date of issue of the shares.
Performance period	Maximum of 5 years and 3 months after issue date or any earlier date set by the Board at the time of offer of the Plan Shares.
Performance conditions	The performance conditions relate to financial performance and continued engagement with Qube. The financial performance criteria are based on improvements in the performance and profitability of the Company as measured by a combination of compound annual shareholder return and earnings per share growth. There is an additional condition requiring continued employment with Qube.
Method for assessing performance	Vesting of the Plan Shares is subject to Qube achieving performance conditions set by the Board linked to shareholder return. For the ELTIP award made for the year ended 30 June 2013 the performance hurdles comprise: (a) a compound annual shareholder return (ASR), including share price growth and dividends of 10%; and (b) a compound annual increase in the underlying earnings per share of 11%.
Vesting criteria	The Plan Shares vest in 3 tranches. Once vested, the Plan Shares may be traded subject only to the repayment of the loan referrable to those Plan Shares and Qube's Securities Trading Policy.
Lapsing and forfeiture	Plan Shares will be forfeited, or sold by the Company to repay the loan if performance hurdles are not achieved, or the executive is no longer employed by Qube.
Dividends	A participant in the ELTIP is entitled to receive any dividend or distribution paid in respect of Plan Shares.
Interest	The loan will bear interest in an amount equal to the dividend paid on Plan Shares acquired with that loan. Interest is payable within 3 business days of payment of dividends. Interest is not payable in respect of any dividend characterised as a special dividend by the Board being a dividend derived other than from the ordinary course of business.
Expiry date	No loan in relation to the Plan Shares is repayable until the earlier of: (a) 2 years after the final vesting date for the relevant ELTIP issue; (b) settlement of the sale of the ELTIP shares; and (c) 3 months after written notice by the Company to repay the loan (in respect of vested shares). The loan is a limited recourse loan with the amount to be repaid limited to the lesser of the principal advanced and the price realised on sale of the Plan Shares.

The making of limited recourse loans by Qube to participants to acquire shares under the ELTIP was approved by a resolution of the sole member of Qube for the purposes of section 260C of the *Corporations Act.*

42. Share-based payments (continued)

(b) Executive long-term incentive plan (ELTIP) (continued)

Set out below are summaries of Plan Shares granted under the scheme:

Grant date	Last possible vesting date	Issue price ($)	Balance at the start of the year (number)	Granted during the year (number)	Vested/ transferable during the year (number)	Forfeited during the year (number)	Sold during the year (number)	Balance at the end of the year (number)	Vested and transferable at the end of the year (number)
1 Sept 2011	30 Nov 2014	1.3575	3,900,000	-	1,300,000	-	(700,000)	3,200,000	3,200,000
29 Jun 2012	30 Nov 2015	1.5135	10,710,000	-	3,669,332	-	(889,998)	9,820,002	7,946,837
14 Nov 2012	30 Nov 2015	1.5448	2,000,000	-	666,667	-	-	2,000,000	1,666,666

Fair value of Plan Shares granted

The fair value at grant date was independently determined using a Monte Carlo simulation method that takes into account the likelihood of the Plan Shares attaining the performance hurdles, the term of the plan, the share price at grant date, expected price volatility, the expected dividend yield and the risk free rate over the term.

The model inputs for Plan Shares expensed during the year ended 30 June 2015 included:

	ASR condition Plan Shares (Tranche 3)	EPS condition Plan Shares (Tranche 3)	ASR condition Plan Shares (Tranche 3)	EPS condition Plan Shares (Tranche 3)	ASR condition Plan Shares (Tranche 3)	EPS condition Plan Shares (Tranche 3)
Vesting date	31 Aug 2014	31 Aug 2014	29 Jun 2015	29 Jun 2015	29 Jun 2015	29 Jun 2015
Grant date	1 Sept 2011	1 Sept 2011	29 Jun 2012	29 Jun 2012	14 Nov 2012	14 Nov 2012
ASR Measurement price ($)					1.51	1.51
VWAP at Grant date ($)	1.36	1.36	1.51	1.51	1.54	1.54
Exercise Price (Plan Loan) ($)	1.36	1.36	1.51	1.51	1.54	1.54
Volatility of share (%)	30%	30%	30%	30%	30%	30%
Dividend yield in year one	3.2%	3.2%	3.1%	3.1%	3.1%	3.1%
Dividend yield in year two	3.6%	3.6%	3.3%	3.3%	3.5%	3.5%
Dividend yield in year three	3.7%	3.7%	4.9%	4.9%	4.0%	4.0%
Risk free rate (%)	3.8%	3.8%	2.4%	2.4%	2.6%	2.6%
Probability of achievement	100%	60%	100%	60%	100%	60%
Expected life (years)	3.0	3.0	3.0	3.1	2.6	2.7
Plan Share value at grant date ($)	0.27	0.28	0.29	0.18	0.28	0.17

The expected volatility is based on the historic volatility (based on the remaining life of the Plan Shares), adjusted for any expected changes to future volatility due to publicly available information.

(c) Shadow Equity Plan

This scheme was offered in FY12 to certain senior executives of Qube's Logistics and Ports & Bulk divisions to encourage retention of senior employees and focus on growth in the value of Qube. The scheme was closed in the year ended 30 June 2012 to new participants and is being phased out.

Under the terms of the scheme, executives had been granted an economic interest in a total of 3,081,470 Qube shares. Subject to achieving the vesting hurdle (continue to be employed by the respective business till 31 December 2014 and/or not terminated due to adverse circumstances including serious misconduct), they were paid a cash bonus of $7,594,000 in January 2015 equal to the value of those Qube shares, adjusted for dividends paid (disregarding franking credits) from the commencement of the scheme to the payment date (Refer to note 20).

42. Share-based payments (continued)

(c) Shadow Equity Plan (continued)

Set out below is a summary of notional shares granted under the plan:

Grant date	Expiry date	Issue price ($)	Balance at the start of the year (number)	Notional shares granted during the year (number)	Notional shares vested/exercised during the year (number)	Notional shares forfeited during the year (number)	Balance at the end of the year (number)	Notional shares expensed at the end of the year (number)
15 Dec 2011	31 Dec 2014	1.35	3,057,470	-	(3,053,467)	(4,003)	-	3,053,467

(d) Expenses arising from share-based payment transactions

Total expenses arising from share-based payment transactions recognised during the period as part of employee benefit expense were as follows:

	2015 $'000	2014 $'000
Equity-based compensation – expensed		
Performance Rights	**3,526**	1,146
Executive long-term incentive plan (ELTIP)	**383**	1,037
Legacy schemes – Shadow Equity Plan	**2,173**	2,934
	6,082	5,117

43. Financial risk management

Qube is exposed to credit risk, market risk (interest rate risk, foreign exchange risk and price risk) and liquidity risk arising from the financial instruments it holds.

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

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

(a) Credit risk

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

Qube is exposed to credit risk as a result of its deposits with banks and money market securities. Qube mitigates credit risk arising from these investments by investing only in term deposits and money market securities issued by the major domestic banks. In relation to trade receivables, where possible, Qube only transacts with credit worthy customers and then continually reviews the outstanding amounts for impairment as set out in note 2(j).

Other than as set out in note 10 and 34(f) no financial assets are impaired nor past due but not impaired at 30 June 2015 (30 June 2014 – Nil).

There were no significant concentrations of credit risk to counterparties at 30 June 2015 or 30 June 2014.

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

	2015 $'000	2014 $'000
Cash and cash equivalents		
AA-	**88,233**	111,671

43. Financial risk management (continued)

(b) Market risk

(i) 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:

	2015	2014
	$'000	$'000
Bank loans	**581,121**	350,000
Cash	**(88,233)**	(111,671)
Net exposure to cash flow interest rate risk	**492,888**	238,329

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 a dynamic basis.

The sensitivities of Qube's monetary assets and liabilities to interest rate risk is summarised in (c) below. The analysis is based on the assumption that interest rates changed +/100 basis points (2014 – +/100 basis points) from the year end rates with all other variables held constant.

(ii) Foreign exchange risk

The Group may purchase assets internationally and as such is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar.

Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the entity's functional currency. The risk is measured using sensitivity analysis and cash flow forecasting.

The foreign exchange risk relating to non-monetary assets and liabilities is a component of price risk not foreign exchange risk. However, management monitors the exposure on all foreign currency denominated assets and liabilities. Qube's exposure to foreign exchange risk is minimal as it mainly purchases assets denominated in Australian dollars.

The sensitivities of the Group's monetary assets and liabilities to foreign exchange risk is summarised in (c). The analysis is based on the assumption that the Australian dollar weakened/strengthened by 5% (2014 – 5%) against the US dollar. The impact arises from Qube's purchase of US dollar assets mainly to fund equipment purchases.

43. Financial risk management (continued)

(b) Market risk (continued)

(iii) Sensitivity analysis

The following table summarises the sensitivity of Qube's after tax operating profit and net assets attributable to shareholders to interest rate risk and other price risk. The reasonably possible movements in the risk variables have been determined based on management's best estimate, having regard to a number of factors, including historical levels of changes in interest rates and foreign exchange rates, historical correlation of Qube's investments with the relevant benchmark and market volatility. However, actual movements in the risk variables may be greater or less than anticipated due to a number of factors, including unusually large market shocks resulting from changes in the performance of the economies, markets and securities in which Qube invests. As a result, historic variations in risk variables are not a definitive indicator of future variations in the risk variables.

	Foreign exchange risk (USD)			
	-5%		**+5%**	
	Profit	Equity	Profit	Equity
2015	$'000	$'000	$'000	$'000
Total increase/(decrease)	**123**	**123**	**(111)**	**(111)**
2014				
Total increase/(decrease)	455	455	(412)	(412)

	Interest rate risk			
	-100 bps		**+100 bps**	
	Profit	Equity	Profit	Equity
2015	$'000	$'000	$'000	$'000
Total increase/(decrease)	**1,932**	**1,932**	**(2,435)**	**(2,435)**
2014				
Total increase/(decrease)	569	569	(1,349)	(1,349)

43. Financial risk management (continued)

(c) Liquidity risk

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

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

Financing arrangements

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

	2015	2014
Floating rate	**$'000**	$'000
Expiring within one year	**-**	-
Expiring beyond one year*	**175,099**	304,368
	175,099	304,368

* – Undrawn facilities adjusted for $38,737,000 in bank guarantees (2014: $15,632,000) 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 4.5 years (2014: 3 years).

Maturity of financial liabilities

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

	Less than 1 month $'000	**1-6 months $'000**	**6-12 months $'000**	**Greater than 1 year $'000**
Consolidated As at 30 June 2015				
Trade and other payables	**112,852**	**-**	**-**	**-**
Provisions	**4,773**	**21,414**	**25,696**	**30,042**
Financial liabilities at fair value through profit or loss	**-**	**-**	**767**	**2,241**
Borrowings	**3,014**	**7,500**	**6,581**	**595,580**
Total financial liabilities	**120,639**	**28,914**	**33,044**	**627,863**
Consolidated As at 30 June 2014				
Trade and other payables	109,074	-	7,104	-
Provisions	3,125	13,340	16,009	32,398
Financial liabilities at fair value through profit or loss	-	19	-	1,609
Borrowings	3,651	10,733	9,308	376,278
Total financial liabilities	115,850	24,092	32,421	410,285

44. Fair value measurement

(a) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments and non-financial assets that are recognised and measured at fair value in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Group has classified its financial instruments and non-financial assets into the three levels prescribed under the Accounting Standards. An explanation of each level follows:

Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

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

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

The following table presents the Group's financial and non-financial assets and liabilities measured and recognised at their fair value at 30 June 2015 on a recurring basis:

	Level 1	Level 2	Level 3	Total
At 30 June 2015	**$'000**	**$'000**	**$'000**	**$'000**
Recurring fair value measurements				
Assets				
Investment properties	**-**	**-**	**342,000**	**342,000**
Financial assets at fair value through profit or loss	**965**	**-**	**-**	**965**
Total assets	**965**	**-**	**342,000**	**342,965**
Liabilities				
Contingent consideration payable	**-**	**-**	**5,382**	**5,382**
Derivatives used for hedging	**-**	**3,077**	**-**	**3,077**
Total liabilities	**-**	**3,077**	**5,382**	**8,459**
At 30 June 2014				
Recurring fair value measurements				
Assets				
Investment properties	-	-	308,500	308,500
Financial assets at fair value through profit or loss	828	-	-	828
Total assets	828	-	308,500	309,328
Liabilities				
Contingent consideration payable	-	-	6,692	6,692
Derivatives used for hedging	-	1,899	-	1,899
Total liabilities	-	1,899	6,692	8,591

There were no transfers between levels 1 and 2 for recurring fair value measurements during the financial year. For transfers in and out of level 3 measurements see (c) below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. The Group did not measure any assets or liabilities at fair value on a non-recurring basis as at 30 June 2015 or 30 June 2014.

44. Fair value measurement (continued)

(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.
- 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.

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 independent valuations. 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 both of the Group's investment properties was the term and reversion approach, which resulted in fair value estimates for properties 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 year ended 30 June 2015 (30 June 2014: Nil).

Further, in the current year there were also no changes made to any of the valuation techniques applied as of 30 June 2014.

(ii) Valuation inputs and relationships to fair value

<u>Contingent consideration</u>

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 $27.2 million over the relevant period at a rate of approximately 2.35% which is equivalent to Qube's weighted average deposit rate.

44. Fair value measurement (continued)

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

(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

The following table presents the changes in level 3 items for the period ended 30 June 2015 for recurring fair value measurements:

	Investment Properties $'000
Opening balance 1 July 2014	**308,500**
Depreciation and impairment	**-**
Development expenditure capitalised	**6,078**
Straight-lining of operating lease rental income	**458**
Gains recognised in other income*	**26,964**
Closing balance 30 June 2015	**342,000**

* – unrealised gains or (losses) recognised in profit or loss attributable to assets held at the end of the reporting period (included in gains/(losses) recognised in other income above).

(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 year ended 30 June 2015.

(v) Valuation inputs and relationships to fair value

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

Description	Fair value at 30 June 2015 $'000	Unobservable inputs	Range of inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Investment properties	342,000	Discount rate	**7.0% – 8.5%**	The higher the discount rate and terminal yield, the lower the fair value
		Terminal yield	**7.3% – 7.8%**	
		Capitalisation rate	**7.0% – 7.5%**	The higher the capitalisationrate and expected vacancy rate, the lower the fair value
		Expected vacancy rate	**-%**	
		Rental growth rate	**2.5% – 2.6%**	The higher the rental growth rate, the higher the fair value

44. Fair value measurement (continued)

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

(vi) Valuation processes

The Group engages external, independent and qualified valuers to determine the fair value of the Group's investment properties at least annually. As at 30 June 2015, the fair values of the investment properties have been determined by 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.

45. Parent entity financial information

(a) Summary financial information

The individual financial statements for the parent entity show the following aggregate amounts:

	2015	2014
	$'000	$'000
Balance sheet		
Current assets	**14,986**	33,820
Total assets	**2,103,697**	1,739,355
Current liabilities	**9,645**	4,739
Total liabilities	**566,884**	235,560
Shareholders' equity		
Issued capital	**1,445,277**	1,430,708
Reserves – share-based payments	**(35,795)**	(28,502)
Retained earnings	**127,331**	101,589
	1,536,813	1,503,795
Profit for the year	**82,592**	101,059
Total comprehensive income	**82,592**	101,059

(b) Guarantees entered into by the parent entity

There are cross guarantees given by the parent entity and the companies noted in note 36. No deficiencies of assets exist in any of these companies. No liability was recognised by the parent entity or the consolidated entity in relation to this guarantee given the low likelihood of it being called.

Directors' declaration

In the directors' opinion:

(a) the financial statements and notes set out on pages 56 to126 are in accordance with the Corporations Act 2001, including:

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

(ii) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the financial year ended on that date; and

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

(c) at the date of this declaration, there are reasonable grounds to believe that the members of the extended closed group identified in note 36 will be able to meet any obligations or liabilities to which they are, or may become, subject by virtue of the deed of cross guarantee described in note 37.

Note 2(a) confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The directors have been given the declarations by the chief executive officer and chief financial officer required by 295A of the *Corporations Act 2001*.

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

Sam Kaplan
Director
SYDNEY
19 August 2015

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

Report on the financial report

We have audited the accompanying financial report of Qube Holdings Limited (the company), which comprises the consolidated balance sheet as at 30 June 2015, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other 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 at year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. In Note 2(a), the directors also state, in accordance with Accounting Standard AASB 101 *Presentation of Financial Statements*, that the financial statements comply with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the consolidated entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

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

PricewaterhouseCoopers, ABN 52 780 433 757
Darling Park Tower 2, 201 Sussex Street, GPO BOX 2650, SYDNEY NSW 1171
T: +61 2 8266 0000, F: +61 2 8266 9999, www.pwc.com.au

pwc

Auditor's opinion

In our opinion:

(a) the financial report of Qube Holdings Limited is in accordance with the *Corporations Act 2001,* including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2015 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*.

(b) the financial report and notes also comply with International Financial Reporting Standards as disclosed in Note 2(a).

Report on the Remuneration Report

We have audited the remuneration report included in pages 34 to 52 of the directors' report for the year ended 30 June 2015. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion

In our opinion, the remuneration report of Qube Holdings Limited for the year ended 30 June 2015 complies with section 300A of the *Corporations Act 2001*.

PricewaterhouseCoopers

N R McConnell
Partner

Sydney
19 August 2015

SHAREHOLDER INFORMATION

TOP 20 SHAREHOLDERS

As at 24 September 2015, the top 20 Shareholders of Qube were as follows:

Rank	Name	Number of shares	% of capital
1	Citicorp Nominees Pty Limited	157,157,575	14.87
2	HSBC Custody Nominees (Australia) Limited	134,988,652	12.77
3	J P Morgan Nominees Australia Limited	97,387,516	9.22
4	National Nominees Limited	63,989,468	6.06
5	RBC Investor Services Australia Nominees Pty Limited <PI Pooled a/c>	57,772,382	5.47
6	Patterson Cheney Investments Pty Ltd	44,183,356	4.18
7	Taverners No. 10 Pty Ltd	37,211,750	3.52
8	BNP Paribas Noms Pty Ltd <DRP>	21,992,477	2.08
9	Taverners No. 10 Pty Ltd	20,057,943	1.90
10	Australian Foundation Investment Company Limited	18,451,003	1.75
11	Mr Peter Giacci <P L Giacci Family a/c>	13,254,599	1.25
12	Laddara Pty Limited	11,314,417	1.07
13	Kaplan Partners Pty Limited	9,664,916	0.91
14	Lutovi Investments Pty Ltd	7,723,381	0.73
15	Qube Employee Share Accumulation Plan Pty Ltd <Qube Employee Share a/c>	6,789,139	0.64
16	Liangrove Media Pty Limited	5,799,753	0.55
17	Citicorp Nominees Pty Limited <Colonial First State Inv a/c>	4,512,277	0.43
18	Warbont Nominees Pty Ltd <Unpaid Entrepot A/C>	4,502,931	0.43
19	Mirrabooka Investments Limited	4,447,636	0.42
20	Milton Corporation Limited	4,407,000	0.42
	Total	**725,608,171**	**68.67**

SUBSTANTIAL SHAREHOLDERS

As at 24 September 2015, Qube had received notification regarding the following substantial holders:

Substantial shareholder	Number of shares	Notice date	% of capital (as at notice date)
TC Group Infrastructure, L.L.C. and its controlled entities including but not limited to, CIP Investments (UK), L.P. (Limited Partnership No. LP 14315) by its general partner, Carlyle Infrastructure G.P., Ltd	121,453,446	9 October 2014	11.52%
Perpetual Limited and subsidiaries	90,256,235	11 August 2015	8.54%
Wilh. Wilhelmsen Holding Invest Malta Limited (WWHI Malta)	66,000,000	6 September 2013	7.10%
Taverners No. 10 Pty Ltd	57,638,637	17 September 2013	6.20%

UNMARKETABLE PARCELS

As at 24 September 2015, details of parcels of Qube shares with a value of less than $500 were as follows:

	Minimum parcel size	Holders	Shares
Minimum $500 parcel at $2.07 per share	242	473	27,142

Distribution Schedule

As at 24 September 2015, the distribution of holdings of Qube shares was as follows:

Range	Total holders	Shares	% of capital
1 – 1,000	1,508	730,130	0.07
1,001 – 5,000	4,698	14,537,605	1.38
5,001 – 10,000	3,349	26,358,774	2.49
10,001 – 100,000	5,348	144,708,905	13.69
100,001 and over	394	870,364,873	82.37
Total	**15,297**	**1,056,700,287**	**100.00**

Each ordinary share carries with it one vote.

Restricted Securities

Qube does not have any restricted securities.

Unquoted Securities

Qube has no unquoted securities.

Current On-Market Buy-Backs

There are no current on-market buy-backs of shares in Qube.

CORPORATE DIRECTORY

Directors

Chris Corrigan (Chairman)

Sam Kaplan (Deputy Chairman)

Maurice James (Managing Director)

Ross Burney

Allan Davies

Peter Dexter

Robert Dove

Alan Miles

Åge Holm
(Alternate Director to Peter Dexter)

Yoshiaki Kato
(Alternate Director to Alan Miles)

Simon Moore
(Alternate Director to Robert Dove)

Secretary

William Hara

Principal registered office in Australia

Level 22
44 Market Street
Sydney NSW 2000

T: (02) 9080 1900

Security exchange listing

Qube Holdings Limited shares are listed on the Australian Securities Exchange (ASX)

Website address

www.qube.com.au

Share registry

Computershare Investor Services Pty Limited
Level 4
60 Carrington Street
Sydney NSW 2000

T: (Australia) 1300 729 310
(Overseas) +61 3 9415 4608

www.qube.com.au

NOTICE OF ANNUAL GENERAL MEETING 2015

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of members of Qube Holdings Limited (**Company**) will be held in the Blaxland Ballroom, Level 8 The Swissôtel, 68 Market Street, Sydney on Tuesday 24 November 2015 at 10:00am.

ITEMS OF BUSINESS

Financial statements and reports

To receive and consider the financial report of the Company and the reports of the Directors and Auditor for the year ended 30 June 2015.

Note: there is no requirement for Shareholders to approve these reports.

1. Re-election of Chris Corrigan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Chris Corrigan be re-elected as a Director of the Company."

Note: the Chairman of the meeting intends to vote all available proxies in favour of this Resolution.

2. Re-election of Sam Kaplan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Sam Kaplan be re-elected as a Director of the Company."

Note: the Chairman of the meeting intends to vote all available proxies in favour of this Resolution.

3. Re-election of Ross Burney

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That Mr. Ross Burney be re-elected as a Director of the Company."

Note: the Chairman of the meeting intends to vote all available proxies in favour of this Resolution.

4. Remuneration Report

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the Remuneration Report for the year ended 30 June 2015 be adopted."

Notes:

(a) The vote on this Resolution is advisory only and does not bind the Directors or the Company.

(b) The Directors will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at the Meeting when reviewing the Company's remuneration policies.

(c) If 25% or more of votes cast are against the adoption of the Remuneration Report at two consecutive AGMs, Shareholders will be required to vote at the second of those AGMs on a resolution that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election.

(d) The Chairman of the meeting intends to vote all available proxies in favour of this Resolution.

5. Approval of award of Performance Rights and Options under the Qube Long Term Incentive (LTI) Plan to Maurice James

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the award of 233,936 Performance Rights and 3,563,348 Options to Maurice James in accordance with the terms of the Qube Long Term Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Note: the Chairman of the meeting intends to vote available proxies in favour of this Resolution.

6. Approval of award of rights to Shares under the Qube Short Term Incentive (STI) Plan to Maurice James

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the award of 356,474 rights to Shares to Maurice James in accordance with the terms of the Qube Short Term Incentive Plan and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Note: the Chairman of the meeting intends to vote available proxies in favour of this Resolution.

7. Approval of the Qube Long Term Incentive (LTI) Plan

To consider, and if thought fit, to pass the following resolution as an ordinary resolution:

"That the issue of securities under the Qube Long Term Incentive Plan under ASX Listing Rule 7.2 exception 9 and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Note: the Chairman of the meeting intends to vote available proxies in favour of this Resolution.

8. Approval of the Qube Short Term Incentive (STI) Plan

"That the issue of securities under the Qube Short Term Incentive Plan under ASX Listing Rule 7.2 exception 9 and otherwise on the terms and conditions set out in the Explanatory Memorandum be approved."

Note: the Chairman of the meeting intends to vote available proxies in favour of this Resolution.

Voting exclusions

The Company will disregard any votes cast on:

- Resolution 4 (Remuneration Report):
  - by or on behalf of a member of the Key Management Personnel (whose remuneration is disclosed in the Remuneration Report), and any of their Closely Related Parties; and
  - as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties;
- Resolution 5 (award of Performance Rights and Options under the LTI Plan to Maurice James):
  - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
  - as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties;

- Resolution 6 (award of rights to Shares under the STI Plan to Maurice James):
  - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
  - as a proxy by a member of the Key Management Personnel, and any of their Closely Related Parties;
- Resolution 7 (approval of the issue of securities under the Qube Long Term Incentive Plan):
  - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
  - as a proxy by a member of the Key Management Personnel, and any of their Closely Related Parties;
- Resolution 8 (approval of the issue of securities under the Qube Short Term Incentive Plan):
  - by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
  - as a proxy by a member of the Key Management Personnel, and any of their Closely Related Parties;

However, the Company need not disregard a vote if it is cast as a proxy for a person who is entitled to vote on the Resolution:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under authorisation on the proxy form.

Other information

Entitlement to vote

The Directors have decided that for the purpose of determining entitlements to attend and vote at the Meeting, Shares will be taken to be held by the persons who are the registered holders at 7.00pm (Sydney time) on 22 November 2015. Accordingly, Share transfers registered after that time will be disregarded in determining entitlements to attend and vote at the Meeting.

How to vote

Shareholders entitled to vote at the Meeting may vote:

- by attending the Meeting and voting in person; or
- by appointing an attorney to attend the Meeting and vote on their behalf or, in the case of corporate members or proxies, a corporate representative to attend the Meeting and vote on its behalf; or
- by appointing a proxy to attend and vote on their behalf, using the proxy form accompanying this Notice. A proxy may be an individual or a body corporate.

Exercising your right to vote

The vote on each resolution will be decided by a poll, subject to any requirements of the Corporations Act and the Constitution. Each Shareholder present in person or by proxy or attorney has one vote for each Share held.

Voting in person (or by attorney)

Shareholders or their proxies, attorneys or representatives (including representatives of corporate proxies) wishing to vote in person should attend the Meeting and bring a form of personal identification (such as their Driver Licence).

To vote by attorney at the Meeting, the original or a certified copy of the power of attorney or other authority (if any) under which the instrument is signed must be received by the Registry before 10:00am (Sydney time) on 23 November 2015 in any of the following ways:

By post to the Registry:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Registry on:

1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

To vote in person, you or your proxy, attorney, representative or corporate proxy representative must attend the Meeting to be held in the Blaxland Ballroom, Level 8 The Swissôtel, 68 Market Street, Sydney on Tuesday 24 November 2015 at 10:00am.

A vote cast in accordance with the appointment of a proxy or power of attorney is valid even if before the vote was cast the appointor:

- died;
- became mentally incapacitated;
- revoked the proxy or power; or
- transferred the Shares in respect of which the vote was cast,

unless the Company received written notification of the death, mental incapacity, revocation or transfer before the Meeting or adjourned meeting.

Voting by proxy

Shareholders wishing to vote by proxy at the Meeting must:

- complete and sign or validly authenticate the proxy form, which is enclosed with this Notice; and deliver the signed and completed proxy form to the Company by 10:00am (Sydney time) on 23 November 2015 in accordance with the instructions below; or
- lodge their proxy form online by 10.00am (Sydney time) on 23 November 2015 in accordance with the instructions below.

A person appointed as a proxy may be an individual or a body corporate.

Undirected and directed proxies

The Company encourages you to actively direct your proxy how to vote on each item of business by marking the appropriate boxes on the proxy form.

Voting restrictions that may affect your proxy appointment

Due to the voting exclusions that apply to Resolutions 4, 5, 6, 7 and 8, the Company's Key Management Personnel and their Closely Related Parties will not be able to vote your proxy on those Resolutions unless you have directed them how to vote on the proxy form. The Chairman of the Meeting can cast undirected votes on Resolutions 4, 5, 6, 7 and 8 under the authorisation to do so on the proxy form.

If you intend to appoint a member of the Key Management Personnel or one of their Closely Related Parties as your proxy, you are encouraged to direct them how to vote on Resolutions 4, 5, 6, 7 and 8 by marking the proxy form accordingly for those Resolutions.

If you appoint the Chairman of the Meeting as your proxy, you can direct him or her how to vote by marking the boxes for each item. Alternately, you can decide not to mark any of the boxes and he or she can cast your votes on each of the Resolutions. The Chairman of the Meeting will vote available proxies on, and in favour of, all of the proposed resolutions.

Default to Chairman

As the vote on each Resolution will be decided on a poll, if:

- a Shareholder has appointed a proxy (other than the Chairman of the Meeting); and
- that Shareholder's proxy is either not recorded as attending the Meeting or does not vote on the Resolution,

the Chairman of the Meeting will, before voting on each Resolution closes, be taken to have been appointed as the proxy for the member for the purposes of voting on that Resolution. If the appointment of the proxy does not specify the way the proxy is to vote, subject to the comments set out above, the Chairman of the Meeting will be expressly authorised to vote as he or she sees fit.

Submitting proxy votes

Shareholders wishing to submit proxy votes for the Meeting must return the enclosed proxy form to the Company no later than 10.00am (Sydney time) on 23 November 2015 in any of the following ways:

By post to the Registry at:

Computershare Investor Services Pty Limited
GPO Box 242
Melbourne VIC 3001
Australia

By fax to the Registry on:

1800 783 447 from within Australia, or +61 3 9473 2555 from outside Australia.

Lodged online at:

www.investorvote.com.au.

Shareholders wishing to lodge electronic proxies online may do so online at www.investorvote.com.au.

Note: proxies may not be returned by email.

By order of the Board

William Hara
Company Secretary

Dated 13 October 2015

EXPLANATORY MEMORANDUM

This Explanatory Memorandum sets out further information regarding the proposed Resolutions to be considered by Shareholders of Qube Holdings Limited (Qube or the Company) at the Annual General Meeting of Shareholders to be held at The Blaxland Ballroom, Level 8 The Swissôtel, 68 Market Street, Sydney on Tuesday 24 November 2015 at 10.00am.

Financial Report and Reports of the Directors and Auditor

This item allows Shareholders the opportunity to consider the Company's Financial Report, Directors' Report and Auditor's Report. Under Section 317 of the Corporations Act the Company is required to lay these three reports that together comprise the Company's Annual Report before its members at its Annual General Meeting.

Neither the Corporations Act nor the Constitution requires a vote of Shareholders on the reports or statements. However, Shareholders will be given the opportunity to raise questions on the reports and statements at the Meeting.

The Chairman will also give Shareholders a reasonable opportunity to ask the Auditor questions relevant to:

- the conduct of the audit;
- the preparation and content of the Independent Audit Report;
- the accounting policies adopted by the Company in relation to the preparation of the financial statements; and
- the independence of the Auditor in relation to the conduct of the audit.

Resolution 1 – Re-election of Chris Corrigan

Resolution 1 provides for the re-election of Chris Corrigan as Director of the Company in accordance with Rule 6.7 of the Company's Constitution.

A profile of Mr. Corrigan is included in the Directors' Report contained in the 2015 Annual Report.

The Directors (other than Mr. Corrigan who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 2 – Re-election of Sam Kaplan

Resolution 2 provides for the re-election of Sam Kaplan as Director of the Company in accordance with Rule 6.7 of the Company's Constitution.

A profile of Mr. Kaplan is included in the Directors' Report contained in the 2015 Annual Report.

The Directors (other than Mr. Kaplan who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 3 – Re-election of Ross Burney

Resolution 3 provides for the re-election of Ross Burney as Director of the Company in accordance with Rule 6.7 of the Company's Constitution.

A profile of Mr. Burney is included in the Directors' Report contained in the 2015 Annual Report.

The Directors (other than Mr. Burney who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of this Resolution.

Resolution 4 – Remuneration Report

Resolution 4 provides Shareholders the opportunity to vote on the Company's Remuneration Report. Under Section 250R(2) of the Corporations Act, the Company must put the adoption of its Remuneration Report to a vote of Shareholders at the Company's Annual General Meeting.

The vote on this Resolution is only advisory to the Company and does not bind the Board or the Company.

The Remuneration Report is set out in, and forms part of, the Director's Report within the 2015 Annual Report.

The Chairman of the Meeting will allow a reasonable opportunity for Shareholders to ask questions about, or make comments on, the Remuneration Report. The Board will consider the outcome of the vote and comments made by Shareholders on the Remuneration Report at this Meeting when reviewing the Company's remuneration policies.

If 25% or more of votes cast are against the adoption of the Remuneration Report at two consecutive annual general meetings, Shareholders will be required to vote at the second of those annual general meetings on a resolution (a "spill resolution") that another meeting be held within 90 days at which all of the Directors (other than the Managing Director) must stand for re-election. The Remuneration Report for the 2014 financial year was approved at the 2014 Annual General Meeting by more than 98% of votes cast on the corresponding resolution to Resolution 4.

The Company encourages all Shareholders to cast their votes on Resolution 4.

Board recommendation

The Directors consider that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are linked to the performance of both the Company and the individual. On that basis, the Directors unanimously recommend that Shareholders vote in favour of this advisory Resolution.

Voting exclusions

The Company will disregard any votes cast on Resolution 4:

- by or on behalf of a member of the Key Management Personnel (whose remuneration is disclosed in the Remuneration Report), and any of their Closely Related Parties; and
- as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 4:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under the authorisation on the proxy form.

Resolutions 5 and 6 – Approval of award of Performance Rights and Options to Maurice James under Qube's Long Term Incentive Plan and rights to Shares under Qube's Short Term Incentive Plan

Background

A key objective of the Company's strategy for rewarding executives is to link remuneration outcomes to performance of the Company and the individual. Delivery of incentive components over a three to five year period promotes sustainable long term performance.

The Board has resolved to award an opportunity of $1,200,000 under the Long Term Incentive (LTI) Plan to Maurice James, Managing Director, for the 2016 financial year (in FY15 the award opportunity was $1,500,000), subject to any necessary Shareholder approval. Participants in the LTI Plan can elect to receive their award under the LTI Plan either in Performance Rights or Options, subject to a minimum of 25% of the Award being received in the form of Performance Rights.

Mr. James has elected to receive his award as 25% Performance Rights and 75% Options.

If Shareholder approval is obtained, Mr. James will be awarded 133,678 Performance Rights and 2,036,199 Options that will be subject to Earnings per Share and Relative Total Shareholder Return performance hurdles (**FY16 Standard LTI Tranche**).

Mr. James will also be awarded an opportunity of $900,000 under the LTI Plan for the 2016 financial year, subject to any necessary Shareholder approval. Mr. James has elected to receive his award as 25% Performance Rights and 75% Options. If shareholder approval is obtained, Mr. James will be awarded 100,258 Performance Rights and 1,527,149 Options that will be subject to key performance indicators (**KPIs**) specifically related to the Moorebank Intermodal Project and Absolute Shareholder Return performance hurdles (**FY16 Moorebank LTI Tranche**).

The number of Performance Rights has been determined by dividing the award opportunity by the VWAP of Shares traded on the ASX over the 20 trading days immediately prior to 3 September 2015, being $2.2442.

The number of Options has been determined by dividing the award opportunity by the assessed allocation value for each Option. The allocation value for each Option was assessed using the Black-Scholes Pricing Model that includes a Monte

Carlo simulation analysis using the VWAP of $2.2442 as the exercise price of each Option.

Mr. James is also eligible to receive an award opportunity of $800,000 under Qube's Short Term Incentive (**STI**) Plan for the 2016 financial year.

Participants in the STI Plan can elect to receive part or all of their award under the STI Plan either in cash or in rights to receive Shares. Mr. James has elected to receive 100% of his award in rights to receive Shares, subject to any necessary Shareholder approval. The value of an equivalent number of Shares, based on the VWAP of Shares traded on the ASX over the 20 trading days immediately prior to 3 September 2015 (being $2.2442) is $800,000.

Shareholder approval

The Company is seeking Shareholder approval to award Performance Rights and Options to Mr. James under the LTI Plan, and rights to receive Shares under the STI Plan.

Under ASX Listing Rule 10.14, the Company must not permit Directors and their Associates to acquire securities (including under an employee incentive schemes such as the LTI Plan and STI Plan) without Shareholder approval, unless an exception applies. Shareholder approval is required for the Company to issue options to a Director, issue new Shares directly to a Director on conversion of vested Performance Rights under the LTI Plan, or issue new Shares directly to a Director on conversion of rights to receive Shares under the STI Plan.

Mr. James is the only Director to participate in any employee incentive plan. As this is the first time the Company has sought approval under Listing Rule 10.14 for these incentive plans, no securities have been issued under them previously. Subject to Shareholder approval, all Performance Rights and Options to be issued to Mr. James under the FY16 LTI Plan and rights to Shares under the FY16 STI Plan will be issued as soon as practicable, and in any event no later than 12 months of this Meeting.

Resolution 5 – Approval of award of Performance Rights and Options to Maurice James under Qube's Long Term Incentive Plan

Performance rights – LTI Plan

The LTI Plan includes an award of Options, Performance Rights, or a combination of the two (**Award**), to participants. The Award is subject to performance conditions over a three to five year period. The Award's vesting is also dependent on the participant's continuing service at the relevant vesting date. Vested Awards will entitle participants in the LTI Plan to receive an equivalent number of Shares per vested Performance Right, and (subject to payment of the Option exercise price) the equivalent number of Shares per vested Option. The conversion of vested Awards to Shares will be satisfied by the issue of new Shares to participants or delivery of Shares purchased on-market for that purpose, at the Board's discretion.

There are two tranches to the LTI Plan Awards: the Standard LTI Tranche and the Moorebank LTI Tranche.

Performance conditions for the Standard LTI Tranche Award

Of the Standard LTI Tranche Award granted, 25% of the Award will vest subject to the Company's total shareholder return (**TSR**) performance, measured against entities in the comparator group (**TSR Awards**). The remaining 75% of the Award granted will vest subject to the Company's achievement of a compound annual growth rate in underlying earnings per share performance (**EPS Awards**). The Awards will vest subject to participants also satisfying the service condition.

If Qube's TSR performance is:

(a) below the 50th percentile of the comparison group, no TSR Awards will vest;

(b) equal to the 50th percentile, 50% of the TSR Awards will vest;

(c) at or above the 75th percentile, 100% of the TSR Awards will vest; or

(d) greater than the 50th percentile but less than the 75th percentile, the percentage of the TSR Awards that will vest will be pro-rated between 50% and 100%.

Any unvested TSR Awards will lapse at the end of the three year period.

The comparator group for the TSR Awards is entities in the S&P/ASX 200. The Board believes that this is the appropriate comparator group for the TSR Award because institutional and large investors invest in most companies in the S&P/ASX 200. The Board does not consider smaller industry-comparable groups appropriate. The Board believes that an industry comparator group would be too narrow because there are very few of those companies listed on the ASX with businesses comparable to Qube's. A group of entities in the Transport index on the ASX was also not considered appropriate because it contains entities with businesses very different to Qube's, including airlines. The Board also believes that relative TSR provides a direct comparison of the Company's performance against other listed entities, and aligns the interests of participants in the LTI Plan with those of Shareholders.

The vesting of the EPS Awards will depend on the Company's compound annual growth rate (**CAGR**) in underlying earnings per share (**EPS**) over a three year period (from 1 July in year of grant to 30 June three years later). EPS performance will be assessed on the basis of the Company's actual EPS performance during the relevant performance period compared to the EPS targets for that period as determined by the Board. The EPS target is a CAGR of 6% per annum.

If Qube's CAGR in EPS for the relevant performance period is:

(a) less than the minimum EPS target of 4.8% per annum, no EPS Awards will vest;

(b) equal to, or greater than, the EPS target, 100% of the EPS Awards will vest; or

(c) greater than the minimum EPS target but less than the EPS target, the percentage of EPS Awards that vest will be pro-rated on a straight line basis between 0% and 100%.

If any of the EPS Awards have not vested after three years, they will be carried forward to the following year and retested on the basis of a 4 financial year period. Any EPS Awards that remain unvested then will be carried forward and retested again on the basis of a 5 financial year period. Any unvested EPS Awards will lapse at the end of the five year period.

The Board believes that the EPS target of a CAGR of 6% per annum is appropriate. It reflects a premium to the current risk free rate that has been set by the Board to incentivise management to deliver Shareholder returns. The Board does not consider it is appropriate to set the hurdle at earnings growth rates forecast by analysts.

The Board also believes that as Qube's investment in longer term strategic assets may not generate an appropriate return in the short term, the target should not be set at a level that would incentivise participants to pursue short term objectives ahead of longer term strategic objectives. For the same reason, the Board believes that re-testing of any unvested EPS Awards on the basis of a 4 financial year period, and again any unvested rights at the end of that period on the basis of a 5 financial year period is appropriate.

Performance conditions for Moorebank LTI Tranche Award

Of the Moorebank LTI Tranche Award granted, 50% of the Award will vest subject to an absolute total shareholder return (**ATSR**) performance of 4.5% per annum (ATSR Awards). The remaining 50% of the Award granted will vest subject to achievement of project-specific key performance indicators (**Project KPIs**). The Awards will vest subject to participants also satisfying the service condition.

The Moorebank Intermodal Project is a transformational project for Qube, and if successfully delivered by management is expected to generate significant Shareholder value. The Board considers it appropriate to make an additional Award to incentivise and retain participants involved in the delivery of the project. In this context, the Board believes that an absolute shareholder return performance hurdle aligns the interests of participants with those of Shareholders. As it is a minimum Shareholder return hurdle, which may be impacted by share market conditions outside of the control of participants at the first vesting date in 3 years' time, if any of the ATSR Awards have not vested after three years they will be carried forward to the following year and retested then on the basis of a 4 year period. Any ATSR Awards that remain unvested then will be carried forward and retested again on the basis of a 5 year period. Any unvested ATSR Awards will lapse at the end of the five year period.

The remaining 50% of the Moorebank LTI Tranche Awards granted will vest subject to the Company's achievement of specific KPIs tied to delivery of the Moorebank Intermodal Project (**Project KPI Awards**). These Project KPI Awards are linked to key targets which, if met, is expected to generate significant Shareholder value.

Vesting of the Project KPI Awards for the relevant performance period (3 years) will be based on Qube's overall achievement of the KPIs as follows:

(a) overall did not meet KPIs: no Project KPIs Awards will vest;

(b) overall met KPIs: 75% of the Project KPI Awards will vest; and

(c) overall exceeded KPIs: 100% of the Project KPI Awards will vest.

Pro-rata vesting of Project KPI Awards between these ranges will be at the Board's discretion, based on overall performance. Any unvested Project KPI Awards will lapse at the end of the three year period.

Conversion of vested Awards to Shares

During the year ending 30 June 2016 and subject to Shareholder approval, Mr. James will be granted 133,678 Performance Rights and 2,036,199 Options under the Standard LTI Award, and, 100,258 Performance Rights and 1,527,149 Options under the Moorebank LTI Award. The maximum number of Shares that Mr. James may acquire (subject to satisfying all performance conditions, service conditions, and in the case of the Options, paying the exercise price of $2.2442 per vested Option) is 3,797,284.

Subject to meeting the service condition (continuing engagement by the Company on the relevant vesting date), participants can convert all vested Performance Rights to an equivalent number of Shares, with Awards vesting on or about 5 September 2018. Vested Options will entitle participants to an equivalent number of Shares subject to fully satisfying the performance conditions and the service condition, and subject to the participant paying the exercise price of $2.2442 per Option.

The Company will satisfy the conversion of vested Awards by delivering an equivalent number of Shares to participants. Those Shares will be issued by the Company or purchased on market, at the Board's discretion.

Dividends will not be paid on the Awards. However, in addition to the Shares received on conversion of vested Performance Rights, an additional number of Shares will be included. The number of additional Shares will be equal to the aggregate amount of dividends that would have been paid on the Shares during the period from the Award Date to the Vesting Date divided by the VWAP of a Share over the 20 trading days immediately preceding the relevant Vesting Date, rounded up or down to the nearest whole Share. Vested Options do not entitle participants to additional Shares in respect of dividends that would have been paid on Shares during the vesting period.

For clarity, payments of dividends for the purposes of this calculation will not include any amount in respect of franking credits.

Termination of employment

The treatment of any unvested Awards at the time of termination of employment for a participant in the LTI Plan depends on the nature of the termination. If a participant is terminated for cause or resigns, any unvested Awards will lapse (unless the Board determines otherwise). If a participant's termination is due to retirement or redundancy, the number of unvested Awards will be calculated on a pro-rata basis and will remain subject to the original performance conditions and tested at the original testing date. In exceptional circumstances such as death, disablement, or other circumstances determined by the Board, performance may be assessed at the date of termination with vesting to occur at that time.

Early vesting of Awards

The early vesting of Awards may be permitted by the Board in other limited circumstances such as a change in control of the Company, in which case the participant will be entitled to convert:

- all Standard LTI Tranche Awards to Shares based on Qube's TSR Performance between the award date and the date of change of control; and
- all Moorebank LTI Tranche Awards to Shares based on Qube's ATSR Performance between the award date and the date of change of control.

No amount is payable by Mr. James upon the grant of these Awards or to acquire Vested Shares upon vesting of Performance Rights. To acquire Vested Shares by exercising vested Options, Mr. James must pay the exercise price of $2.2442 per Option.

The number of Awards held will be adjusted in the event Qube undertakes a rights issue of Shares at a discount to the market price.

Other than Mr. James, no Director (or their Associate) is currently entitled to participate in the FY16 LTI Plan. No grants have been previously made to a Director other than Mr. James (or their Associate) under the FY16 LTI Plan.

Voting exclusions

The Company will disregard any votes cast on Resolution 5:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
- as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 5:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under authorisation on the proxy form.

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of Resolution 5.

Resolution 6 – Approval of award of rights to Maurice James under Qube's Short Term Incentive Plan

Vested rights under the STI Plan entitle participants to receive an equivalent number of Shares. The conversion of vested rights to Shares will be satisfied by delivery of Shares issued directly or purchased on-market for that purpose, at the Board's discretion.

Mr. James has elected to receive all of his award under the STI Plan in rights to receive Shares. This consists of:

- 178,237 rights with a vesting date of 3 September 2016; and
- 178,237 rights with a vesting date of 3 September 2017.

Performance condition

The vesting of rights is subject to Mr. James meeting both financial and non-financial KPIs set by the Board. The number of rights that will vest is according to Mr. James' performance against those targets. If Mr. James does not meet the KPI targets, the number of rights that vest will be reduced accordingly.

Service condition

The vesting of rights is also subject to Mr. James continuing to be an employee of the Company on the relevant vesting date, although the Board retains discretion to reduce the amount of any award payment in circumstances where any STI participant has been involved in a breach of employment contract or a material misstatement in the financial statements of any Qube group member.

Mr. James will have no entitlement to receive any amount in respect of unvested rights if he resigns from employment with the Company for any reason except retirement, or if his employment is terminated on the grounds of:

- misconduct;
- gross negligence;
- material breach of contract;
- refusal to carry out a lawful and reasonable direction; or
- any other circumstance justifying immediate termination of employment.

On vesting, the rights' conversion to Shares will include an additional amount for the dividends that would have been paid on the number of vested Shares in the period from 3 September 2015 to the relevant vesting date divided by the VWAP of Shares traded on the ASX over the 20 trading days immediately prior to the vesting date, rounded to the nearest whole Share, and the balance (if any) in cash. The maximum number of Shares that Mr. James may acquire (subject to satisfying all performance conditions and the service condition) is 356,474.

The early vesting of rights may be permitted by the Board in other limited circumstances such as a change in control of the Company, in which case Mr. James will be entitled to convert all rights to Shares.

No amount is payable by Mr. James upon the award of rights under the STI Plan or to acquire Shares on their conversion.

The number of rights held will be adjusted in the event Qube undertakes a rights issue of Shares at a discount to the market price.

Other than Mr. James, no Director (or their Associate) is currently entitled to participate in the STI Plan. No grants have been previously made to a Director (or their Associate) under the FY16 STI Plan.

Voting exclusions

The Company will disregard any votes cast on Resolution 6:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
- as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 6:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under authorisation on the proxy form.

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of Resolution 6.

Resolutions 7 and 8: Approval of Qube's Long Term Incentive Plan and Short Term Incentive Plan

Background: approval of incentive plans under Listing Rule 7.2 exception 9

ASX Listing Rule 7.1 restricts the number of equity securities that a listed company may issue in any 12 month period, without the approval of shareholders, to 15% of the number of ordinary securities on issue at the start of the period, subject to certain adjustments and permitted exceptions.

Under ASX Listing Rule 7.2 (exception 9), an issue of securities under an employee incentive scheme will not be included for the purposes of Listing Rule 7.1 if, within the 3 years prior to the issue, shareholders approve the issue of securities under the scheme as an exception to Listing Rule 7.1.

The approval by Shareholders of Resolutions 7 and 8 will provide the Company with flexibility to raise further funds at any time during the next 12 months by issuing up to the full 15% of its issued share capital. Any security issued under the Qube LTI Plan and/or Qube STI Plan, if approved in accordance with Resolutions 7 and 8, will not be counted towards the calculation of the 15% limit.

The LTI Plan and STI Plan have not been previously put to Shareholders for approval under Listing Rule 7.2 (exception 9).

Resolution 7 – Approval of issue of securities under Qube's Long Term Incentive Plan

Performance Rights and Options – LTI Plan

The LTI Plan terms including a summary of the Performance Rights, Options, performance and service conditions, how Awards convert to Shares, termination of employment and early vesting rules are set out above under the heading for Resolution 5 (Approval of award of Performance Rights and Options to Maurice James under Qube's Long Term Incentive Plan).

Unless an exemption to the Corporations Act applies, offers under the LTI Plan are made in reliance upon ASIC's class order CO14/1000 for employee incentive schemes.

The Board has resolved that the number of Options that may be awarded under the LTI Plan in any financial year will not exceed a number equal to 5% of the diluted capital of the Company or 10% of the diluted capital of the Company at any time without further Board approval.

The LTI Plan has not been previously put to Shareholders for approval under ASX Listing Rule 7.2 (exception 9), therefore no securities have been issued under the LTI Plan since its last approval.

Voting exclusions

The Company will disregard any votes cast on Resolution 7:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
- as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 7:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under authorisation on the proxy form.

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of Resolution 7.

Resolution 8 – Approval of issue of securities under Qube's Short Term Incentive Plan

Rights to Shares – STI Plan

The STI Plan terms, including a summary of the rights to Shares, performance and service conditions, how rights convert to Shares, termination of employment and early vesting rules, are set out above under the heading for Resolution 6 (Approval of award of rights to Maurice James under Qube's Short Term Incentive Plan).

Unless an exemption applies, offers under the STI Plan are made in reliance upon ASIC's class order CO14/1000 for employee incentive schemes.

The STI Plan has not been previously put to Shareholders for approval under ASX Listing Rule 7.2 (exception 9) – therefore no securities have been issued under the STI Plan since its last approval.

Voting exclusions

The Company will disregard any votes cast on Resolution 8:

- by Mr. James (being the only Director eligible to participate in any of the Company's employee incentive plans) and any of his Associates; and
- as a proxy by a member of the Key Management Personnel, or any of their Closely Related Parties,

unless the vote is cast as a proxy for a person who is entitled to vote on Resolution 8:

- in accordance with their directions of how to vote on the proxy form; or
- by the Chairman of the Meeting under authorisation on the proxy form.

Board recommendation

The Directors (other than Mr. James who, given his interest in the outcome of this Resolution, declines to make a recommendation) unanimously recommend that Shareholders vote in favour of Resolution 8.

GLOSSARY

Associate	has the same meaning as that under the Corporations Act.
ASX	means ASX Limited.
ASX Listing Rules	means the Listing Rules of the ASX.
Auditor	means PricewaterhouseCoopers.
Board	means the board of Directors of the Company.
Chairman	means the chairman of the Meeting.
Closely Related Party	means closely related party of a Key Management Personnel and includes (among others), a spouse, child or dependent of the Key Management Personnel and a company controlled by the Key Management Personnel.
Company	means Qube Holdings Limited (ACN 149 723 053).
Constitution	means the constitution of the Company.
Corporations Act	means the Corporations Act 2001 (Cth).
Director	means a Director of the Company.
Explanatory Memorandum	means this explanatory memorandum to the Notice.
Key Management Personnel	means those persons having authority and responsibility for planning, directing and controlling the activities of the Group, whether directly or indirectly. The Company's Remuneration Report identifies the Company's key management personnel.
Meeting	means this annual general meeting convened by the Notice.
Notice	means this notice of meeting.
Options	means options to acquire a Share.
Performance Rights	means performance rights awarded under the LTI Plan.
Registry	means Computershare Investor Services Pty Limited.
Resolution	means a resolution to be considered at the Meeting as set out in the Notice.
Rule	means a rule of the Constitution.
Share	means an ordinary share in the capital of the Company.
Shareholder	means a holder of a Share.
Vested Shares	means Shares delivered under the LTI Plan upon conversion of vested Performance Rights or vested Options.

www.qube.com.au

QUBE
ACN 149 723 053

000001 000 QUB

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

Lodge your vote:

Online:
www.investorvote.com.au

By Mail:
Computershare Investor Services Pty Limited
GPO Box 242 Melbourne
Victoria 3001 Australia

Alternatively you can fax your form to
(within Australia) 1800 783 447
(outside Australia) +61 3 9473 2555

For Intermediary Online subscribers only
(custodians) www.intermediaryonline.com

For all enquiries call:
(within Australia) 1300 850 505
(outside Australia) +61 3 9415 4000

Proxy Form

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Vote and view the annual report online

- Go to www.investorvote.com.au **or** scan the QR Code with your mobile device.
- Follow the instructions on the secure website to vote.

Your access information that you will need to vote:

Control Number: 999999

SRN/HIN: I9999999999 **PIN: 99999**

PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.

For your vote to be effective it must be received by 10:00am (Sydney time) on Sunday 22 November 2015

How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

Appointment of Proxy

Voting 100% of your holding: Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

Voting a portion of your holding: Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

Appointing a second proxy: You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

A proxy need not be a securityholder of the Company.

Signing Instructions for Postal Forms

Individual: Where the holding is in one name, the securityholder must sign.

Joint Holding: Where the holding is in more than one name, all of the securityholders should sign.

Power of Attorney: If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at www.investorcentre.com under the help tab, "Printable Forms".

Comments & Questions: If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

GO ONLINE TO VOTE,
or turn over to complete the form ➔

MR SAM SAMPLE
FLAT 123
123 SAMPLE STREET
THE SAMPLE HILL
SAMPLE ESTATE
SAMPLEVILLE VIC 3030

☐ **Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with '**X**') should advise your broker of any changes.

I 9999999999 I ND

Proxy Form

Please mark ☒ to indicate your directions

STEP 1 Appoint a Proxy to Vote on Your Behalf

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I/We being a member/s of Qube Holdings Limited hereby appoint

☐ **the Chairman of the Meeting** **OR** ______________________

PLEASE NOTE: Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the Meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the Annual General Meeting of Qube Holdings Limited to be held at Blaxland Ballroom, Level 8, The Swissotel, 68 Market Street, Sydney NSW 2000 on Tuesday 24 November 2015 at 10:00am (Sydney time) and at any adjournment or postponement of that Meeting.

Chairman authorised to exercise undirected proxies on remuneration related resolutions: Where I/we have appointed the Chairman of the Meeting as my/our proxy (or the Chairman becomes my/our proxy by default), I/we expressly authorise the Chairman to exercise my/our proxy on Items 4, 5, 6, 7 and 8 (except where I/we have indicated a different voting intention below) even though Items 4, 5, 6, 7 and 8 are connected directly or indirectly with the remuneration of a member of key management personnel, which includes the Chairman.

Important Note: If the Chairman of the Meeting is (or becomes) your proxy you can direct the Chairman to vote for or against or abstain from voting on Items 4, 5, 6, 7 and 8 by marking the appropriate box in step 2 below.

STEP 2 Items of Business

PLEASE NOTE: If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

		For	Against	Abstain
1	Re-election of Chris Corrigan	☐	☐	☐
2	Re-election of Sam Kaplan	☐	☐	☐
3	Re-election of Ross Burney	☐	☐	☐
4	Remuneration Report	☐	☐	☐
5	Approval of award of Performance Rights and Options under the Qube Long Term Incentive (LTI) Plan to Maurice James	☐	☐	☐
6	Approval of award of rights to Shares under the Qube Short Term Incentive (STI) Plan to Maurice James	☐	☐	☐
7	Approval of the Qube Long Term Incentive (LTI) Plan	☐	☐	☐
8	Approval of the Qube Short Term Incentive (STI) Plan	☐	☐	☐

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1	Securityholder 2	Securityholder 3
Sole Director and Sole Company Secretary	Director	Director/Company Secretary

Contact Name ______________ **Contact Daytime Telephone** ______________ **Date** ___ / ___ / ___