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Toll Holdings Limited
ABN 25 006 592 089

18 February 2015

The Manager
Australian Stock Exchange
Company Announcement Office
Level 4
20 Bridge Street
Sydney NSW 2000

Lodged Through ASX On Line
Total No. of Pages: 11

Dear Sir

HALF YEAR RESULTS 31 DECEMBER 2014

Please find attached for immediate release to the market the following with regard the abovementioned subject:

ASX and Media Release

Yours faithfully
TOLL HOLDINGS LIMITED

Bernard McInerney
Company Secretary

Encl.

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ASX and media release

Wednesday 18 February 2015

Toll Group 2015 interim results – Cost reductions and portfolio changes help mitigate challenging conditions

- Aggressive pursuit of structural costs and portfolio alignment providing momentum for full year
- Improvements continue to be seen in Toll Global Forwarding and Toll Global Express Japan
- Market conditions have been weaker than anticipated impacting Australian network businesses
- Overall revenue impacted by prior period contract completions and LNG project wind downs
- Reported result includes a net $33.6 million charge for previously announced asset impairments and business divestments
- Fully franked interim dividend maintained at 13.0 cents per ordinary share
- FY15 guidance reconfirmed

All Australian dollars unless otherwise specified	1H15 $M	1H14 $M	% change
Sales revenue	4,407.3	4,523.2	-2.6
Total operating EBITDA[1]	377.5	390.5	-3.3
Total operating EBIT[2]	248.8	259.3	-4.0
Net profit after tax (before individually significant items)	170.2	175.9	-3.2
Net profit after tax (after individually significant items)	136.6	175.9	-22.3
Free cash flow[3]	30.4	154.0	-80.3
Earnings per share (before PPA and individually significant items)	23.6	24.2	-0.6 cps
Interim dividend per share	13.0	13.0	0.0 cps
Return on invested capital[4]	7.9%	7.7%	+0.2 pp

[1] EBITDA excludes profits from associates and individually significant items
[2] EBIT excludes individually significant items, includes profits from associates
[3] Free cash flow is EBITDA plus movements in working capital, less net capital expenditure
[4] Return on invested capital is rolling 12 months net profit after tax before individually significant items plus net interest divided by average net debt plus shareholders' equity

Toll's revenue decreased 2.6 per cent over the previous period to $4.4 billion. Total operating EBIT (before individually significant items) was down 4.0 per cent to $248.8 million and net profit after tax (before individually significant items) was down 3.2 per cent to $170.2 million.

Domestic economic conditions continued to be challenging throughout the period with weakness in commodity prices and business and consumer sentiment slowing general activity. The impact of this was particularly seen in our Australian network businesses due to lower volumes, particularly from customers in the resource sector and from some discretionary retail and SME customers. Additionally, revenue was impacted by the contracts completed or lost in the prior period, such as the Australian Defence Force and Coles Far North Queensland, and by the wind-down of LNG construction projects, together with the impact of business divestments.

The challenging conditions also resulted in ongoing margin pressure in some business units. An aggressive approach to structural and fixed costs is gaining momentum and will positively impact earnings going forward.

This result contains a number of one-off individually significant items relating to divestments and portfolio changes announced on 25 November 2014. A total after tax charge of $33.6 million has been taken in the half. As indicated at the time of the November announcement, it is still expected that the net impact of individually significant items from these changes will be positive for the full financial year.

The impact of the resources slowdown was particularly evident in Queensland where Toll Domestic Forwarding was impacted by lower volumes from resources customers. Toll Global Express saw stable consignment weights compared with the second half of FY14, but they were still down period on period impacting margins. The focus for both network Divisions is on reducing their structural cost bases and continuing to invest in fleet and depots, both to address the current earnings pressures, and also to ensure growth in earnings and returns into the future.

Toll Resources & Government Logistics was impacted by the winding down of LNG construction projects, and continue to be challenged by difficult trading conditions in the domestic and Asian marine markets. This led to the decision announced in November 2014 to exit Toll Marine Logistics Asia and dispose of all remaining assets and to sell the Toll Marine Logistics northern Australia marine freight business.

Toll Global Logistics' Australian businesses produced another strong performance supported by contract wins, increased customer scope and improved efficiencies, while it further improved results from its Asian activities through continued progress on cost reductions.

Earnings from Toll Global Forwarding improved as benefits from its cost savings programs offset the impact of continuing difficult conditions in many of its key markets.

Operating cash flows were $77.5 million lower than the prior period. This was mainly due to lower provisions and payables balances. We expect a significant improvement in the working capital position by year end.

Dividend

An unchanged interim fully franked dividend of [13.0] cents per ordinary share will be paid to shareholders on 2 April 2015.

Managing Director commentary

Speaking at today's announcement, Toll Group Managing Director Brian Kruger said "Clearly the external environment continues to provide challenges on volumes, but we continue to respond to these conditions by our focus on operational improvements, customer service, cost management and are continuing to invest for future growth.

"This year will be something of a transformative year for Toll. Having spent the past few years primarily focussed on getting the culture right to allow us to drive portfolio and structural changes, continuous improvement and improved collaboration, we are moving into a more aggressive implementation phase. We have already changed our divisional structure, and have recently announced a number of business portfolio changes. We have also seen a number of management changes and the introduction of new skills to our team. Our recent commitment to move our IT platform to a cloud-based environment is a good example of the kind of innovative thinking that will drive very significant cost benefits while making Toll a technology leader in our industry.

"I would again like to thank all the employees of Toll around the world for their dedication and hard work. This half year has not been without its challenges, and the current half does not look any easier, but the commitment from our workforce is allowing us to deliver on our significant transformation programs."

Outlook

"While the first quarter was weaker than we had expected, as previously indicated, there was an improving trend in the second quarter which had operating earnings ahead of the prior corresponding period.

"We don't expect the domestic economy to pick up anytime soon, so we will continue our focus on the areas under our control. This includes portfolio rationalisation, reducing fixed costs, continuing capital investment to support cost efficiencies and future growth, and providing innovative and superior service to our customers. We have many cost-out programs that will support earnings, and we also expect to drive improved returns from the capital we have been investing in the business to provide a strong platform for future growth.

"The Toll Global Technology Transformation, the next stage of Toll's IT strategy, will drive significant efficiencies throughout the company, reduce IT operating costs and provide Toll with a leading edge platform to support its growth.

"Assuming no further deterioration in the external environment, with cost savings, efficiency gains and recent contract wins, we still expect to deliver higher underlying operating earnings in FY15," Mr Kruger said.

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Forward-looking statements

Certain statements made in this release relate to the future, including forward looking statements relating to Toll's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Toll to be materially different from future results, performance or achievements expressed or implied by such statements.

Neither Toll nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

Subject to any continuing obligations under applicable law or any relevant listing rules of the ASX, Toll disclaims any obligation or undertaking to disseminate any updates or revisions to any forward looking statements in this document to reflect any change in expectations in relation thereto or any change in events, conditions or circumstances on which any such statement is based.

Review of operations

Sales and profit summary

	Earnings		Sales revenue	
	6 months to December 2014 $M	6 months to December 2013 $M	6 months to December 2014 $M	6 months to December 2013 $M
Toll Resources & Government Logistics	59.4	66.5	716.8	808.6
Toll Global Logistics	60.9	54.2	728.3	727.8
Toll Global Forwarding	20.1	13.9	842.2	794.9
Toll Global Express				
Australia	57.7	67.5	852.2	823.2
Japan	8.1	1.5	253.6	307.5
Toll Global Express (Total)	65.8	69.0	1,105.8	1,130.7
Toll Domestic Forwarding	67.4	81.3	997.0	1,045.2
Total Divisions EBITA / revenue	273.6	284.9	4,390.1	4,507.2
Corporate	(23.4)	(23.8)	17.2	16.0
Total EBITA / revenue	250.2	261.1	4,407.3	4,523.2
Total PPA amortisation	(1.4)	(1.8)		
Total EBIT (before individually significant items)	**248.8**	**259.3**		
Net finance costs	(22.5)	(19.1)		
Net profit before tax	226.3	240.2		
Income tax expense	(56.1)	(64.3)		
Reported NPAT before individually significant items	170.2	175.9		
Individually significant items (net of tax)	(33.6)	-		
Net profit after tax	**136.6**	**175.9**		
Non-controlling interests	(2.3)	(3.8)		
NPAT attributable to shareholders	134.3	172.1		

Toll Resources & Government Logistics

	1H15 $M	1H14 $M	% change
Sales revenue	716.8	808.6	-11.4
EBITDA [1]	97.3	109.2	-10.9
EBITA [2]	59.4	66.5	-10.7
EBITA margin (excluding associate earnings)	8.0%	8.0%	0.0pp
Average capital employed	1,186.7	1,147.2	+3.4
Return on capital employed[3]	9.6%	10.9%	-1.3pp

These notes apply to all Divisional tables
[1] EBITDA excludes profits from associates and individually significant items
[2] EBITA excludes individually significant items, includes profits from associates
[3] Return on capital employed is rolling 12 months EBIT before individually significant items divided by average capital employed

Revenue and EBITA for Toll Resources & Government Logistics declined mainly due to the winding down of LNG construction projects and difficult trading conditions in the domestic and Asian marine markets. This was partially mitigated through an aggressive cost drive throughout the division and strong growth in market share from the fuel distribution business.

- Toll Mining Services revenue reduced as marginal contracts were exited, while underlying EBITA improved over the period driven by renewal of contracts in Western Australia, benefits from fleet replacement and an ongoing focus on productivity and costs.
- Toll Energy revenue and EBITA was down on the prior period given the winding down in the oil and gas industry as projects moved from construction to production phases.
- TOPS revenue was slightly down while EBITA was marginally ahead of the prior period. The decline in oil prices over the last few months and consequent wind back of offshore exploration has resulted in less operational activity at the wharf but occupancy of the buildings and lay down areas remained strong.
- Toll Remote Logistics revenue and EBITA was down on the same period in the prior year given the completion of the Manus Island immigration support contract. This was partly mitigated by earnings from the capital works in remote area airports, new Australian Defence Force air charters and increased Helicopter services in the Solomon Islands. The 10 year $800m NSW Aeromedical Health contract was secured in December 2014 and will commence in January 2017.
- Toll Marine Logistics Australia continued to see a strong performance from the Gladstone fleet combined with the commencement of its Western Australian LNG operations. Competitor activity and a weakening general freight market reduced overall shipping volumes, however these reductions have been partly offset through cost saving measures and fleet reconfiguration. In late November Toll entered into a conditional asset sale of the Toll Marine Logistics Northern Territory and Far North Queensland marine freight business to Sea Swift. Subject to ACCC approval this transaction is expected to be concluded during FY15.
- The trading environment for Toll Marine Logistics Asia remained difficult. With conditions likely to remain weak, it was announced in late November that Toll would look to exit this market. The business continues to sell down assets with a total of 28 assets disposed in FY14 and the remaining assets targeted to be disposed of in 2015.
- Toll Transitions revenue and EBITA improved due to an increase in relocations for a number of clients, in particular the Department of Defence. The business successfully retained a key Australian Federal Government contract during the period.
- Toll Liquids' revenue and EBITA grew following the commencement of new metro retail fuel contracts and its entrance into the retail LPG market.

Toll Global Logistics

	1H15 $M	1H14 $M	% change
Sales revenue	728.3	727.8	+0.1
EBITDA [1]	84.7	76.3	+11.0
EBITA [2]	60.9	54.2	+12.4
EBITA margin (excluding associate earnings)	8.3%	7.1%	+1.2pp
Average capital employed	878.0	832.8	+5.4
Return on capital employed[3]	12.5%	11.9%	+0.6pp

Revenue for Toll Global Logistics was in-line with the prior corresponding period, and EBITA increased, due to continued strong performance from the Australian businesses and ongoing improvement in Asia.

- Contract Logistics Australia reported increased revenue and EBITA due to net business wins, including additional new business from Coca-Cola Amatil, coupled with good volume increases from existing customers. Key customers retained included Qenos, Woolworths in West Australia and BASF Chemical. The strong customer partnership with Coca-Cola Amatil saw Toll awarded Supplier of the Year in 2014.
- Customised Solutions saw strong growth in EBITA due to additional services for existing customers and continued delivery of cost savings through its focus on continuous improvement programs. New customer wins included Target regional distribution centres in Victoria and New South Wales awarded in June 2014. Specialty Fashion Group was implemented at the start of the period with its various fashion brands to be added progressively.
- The Government Business Group had slightly lower revenue but EBITA was stable due to new business won during the period.

- While revenue in the Singapore/Malaysia business declined, EBITA improved due to rationalisation and revision of customer accounts through strategic reviews and participation from our customers.
- South and South East Asia continued to be impacted by the political situation and depressed volumes from key customers in Thailand. India improved its revenue through new customer wins, improved efficiency and increased capacity utilisation.
- While North Asian revenue was flat, EBITA benefitted from the successful turnaround in China driven primarily by strict cost management and utilisation of excess warehouse capacity.

Toll Global Forwarding

	1H15 $M	1H14 $M	% change
Sales revenue	842.2	794.9	+6.0
Gross profit (GP)	163.6	160.2	+2.1
Gross profit margin	19.4%	20.2%	-0.8pp
EBITDA [1]	20.1	16.7	+20.4
EBITA [2]	20.1	13.9	+44.6
EBITA margin (excluding associate earnings)	1.5%	1.2%	+0.3pp
Average capital employed	726.5	759.0	-4.3
Return on capital employed[3]	3.0%	0.8%	+2.2pp

Global forwarding markets remained difficult with freight capacity continuing to increase at a higher rate than demand. The trend of customers transferring freight from air to ocean has also continued.

- Sales revenue and GP were up mainly due to FX with tight cost management and the continued success of Project Forward combined with an improved US Supply Chain result producing an improved EBITA.
- Ocean freight volumes were up by 7.8% to 295,000 TEUs. This reflects growth in the ocean market however its gross profit margin fell from 19.5% to 18.9% due to the competitive market conditions.
- Airfreight volumes fell slightly to 60.2 million kgs but its gross profit margin rose slightly to 21.0% through various yield initiatives.
- Supply chain management improved significantly with the implementation of new customers, combined with solid performances from South Africa and Turkey.
- Contracts won and new business gained from existing contracts in the last six months included Family Dollar, Abercrombie & Fitch, ITW Proline, Homeworks WW and Gardman.

Toll Global Express

	1H15 $M	1H14 $M	% change
Sales revenue (excluding Japan)	852.2	823.2	+3.5
Japan sales revenue	253.6	307.5	-17.5
Total sales revenue	1,105.8	1,130.7	-2.2
EBITDA (excluding Japan) [1]	72.6	80.9	-10.3
Japan EBITDA[1]	11.7	5.6	+108.9
Total EBITDA[1]	84.3	86.5	-2.5
EBITA (excluding Japan)	57.7	67.5	-14.5
Japan EBITA	8.1	1.5	+440.0
Total EBITA (including associate earnings)	65.8	69.0	-4.6
EBITA margin (excluding Japan and associate earnings)	6.8%	8.2%	-1.4pp
EBITA margin (excluding associate earnings)	5.9%	6.1%	-0.2pp
Average capital employed (excluding Japan)	356.5	309.1	+15.3
Return on capital employed (excluding Japan)[3]	30.3%	39.9%	-9.6pp

Overall divisional revenue was flat with time defined domestic express freight revenue being impacted by overall flat consignments and lower weights compared to the prior period. The lower volumes combined with changes in customer mix away from higher margin SME customers affected earnings. This was partially offset by cost reduction and market pricing initiatives. Toll Express Japan benefitted from continued operational improvements and improved earnings.

- Toll IPEC's road express revenue declined due to lower overall volumes and changing customer mix both of which combined to negatively impact on earnings. Pricing and cost initiatives only partially mitigated this, with weight per consignment stabilising in the first half compared to the second half of FY14.
- During October 2014, the new Bungarribee freight sorting facility in Western Sydney was successfully commissioned and volumes were successfully transitioned from existing facilities. The combination of lower volumes and higher costs during the transition phase to the new facility unfavourably impacted first half results, however operating productivity has improved progressively since commissioning. The construction of the sister facility at Tullamarine is proceeding to plan.
- Toll Priority grew revenue slightly overall but earnings were impacted by changes in customer mix within the time sensitive freight businesses and a slightly lower weight per consignment. The business was also impacted by adverse weather conditions particularly in November and December with the resulting delayed flights leading to increased operating costs.
- Toll Fast, Toll's metropolitan courier, distribution and taxi truck business recorded a much improved result on the back of the cost initiatives implemented in second half of FY14.

- Toll Air Express experienced strong growth in wholesale domestic and international trade combined with lower maintenance costs to deliver margin ahead of the prior half year.
- Toll People recorded strong revenue growth as labour hire volumes increased.
- Toll Consumer Delivery has continued its development through the year with the focus not only on developing online tools and portals for SME customers and our Collection Point network, but also the roll out of customer service and operational improvement initiatives.
- Toll Express Japan increased earnings reflecting the success of continued cost efficiencies from both linehaul and PUD, and also some consolidation of branches. Volumes and revenue (excluding the impact of the KSU Logistics sale in May 2014 and FX) have remained consistent with prior year.
- In November, the Toll Group announced the conditional sale of its 50% stake in Toll dnata Airport Services (TdAS) and completed the sale of Toll Global Express Asia. The sale of Toll Global Express Asia will now allow Toll Global Express to focus on growing its international business via its virtual network of world class alliance partners such as DPD, UPS and Aramex.

Toll Domestic Forwarding

	1H15 $M	1H14 $M	% change
Sales revenue	997.0	1,045.2	-4.6
EBITDA [1]	103.7	116.6	-11.1
EBITA [2]	67.4	81.3	-17.1
EBITA margin (excluding associate earnings)	6.8%	7.8%	-1.0pp
Average capital employed	554.8	505.5	+9.8
Return on capital employed[3]	21.0%	25.1%	-4.1pp

Revenue and earnings for Toll Domestic Forwarding were affected by the continued downturn in the resources sector, particularly in Western Australia and Queensland, the impact of the loss of the Coles North Queensland contract and completion of the Australian Defence Force general freight contract in the prior year. Earnings were further impacted by the costs associated with the dry-docking of the two vessels servicing the trans Bass Strait market. These impacts were partially mitigated by continued progress on a range of cost reduction programs.

- Toll Express had reduced revenue and EBITA due to the downturn in the mining sector in Western Australia and the completion of the Australian Defence Force work. A key customer contract was retained, which included an expanded scope of work for Queensland in addition to existing work in Western Australia. Toll Express has continued to invest in increased capacity in Western Australia with a depot extension at Perth airport.
- Toll NQX saw both revenue and EBITA down, affected by the downturn in the resources sector in Queensland, the loss of the Australian Defence Force contract and the Coles North Queensland work. New depots to serve the business' needs over the long term have resulted in higher property costs in the short term. Partially offsetting this has been a strong focus on costs, business integrations and cross business unit synergies. The acquisition of Deeson Heavylift heavy haulage business strengthens the service offering to the resources sector, with the ability to offer a 'one stop shop' for all general freight, project services, heavy haulage and related activity.
- Revenues and earnings for Toll Intermodal declined, with existing customers down trading. Partially offsetting this were new business wins including expanding the scope of works for Big W, Daiken and Spotlight. In direct response to the market downturn the Intermodal business was restructured, reducing costs and improving focus on core services. The key Fremantle Port development to be completed this year will enable all wharf services to be bought in-house and port activities to be consolidated into one facility.
- Toll New Zealand underlying operational revenue was up slightly, with strong growth in EBITA due to the growth in its parcel services and strong cost control.
- Total revenues for Toll Shipping were flat with EBITA down due to the $5 million costs associated with the dry dock of the two vessels servicing Tasmania.
- Revenue for Toll Tasmania increased slightly while EBITA was lower due to the additional costs incurred as a result of constraints resulting from the Toll Shipping replacement vessel during the dry dock. The new Brighton (Hobart) depot was officially opened in July 2014.

Additional financial information

Cash flow

Cash flow generated from operations was down 26% on the prior period due to higher working capital mainly due to a large decrease in provisions from restructuring utilisation and reduction in employee benefits, and lower payables. Tax payments were down reflecting lower instalments. Net dividends were lower due to higher dividend income from associates.

	1H15 $M	1H14 $M
EBITDA excluding non-cash items	363.1	379.6
Working capital movement	(137.3)	(76.3)
Net operating cash flows	225.8	303.3
- Capital expenditure	(251.9)	(204.9)
- Sale of PPE	56.5	55.6
Net capital expenditure	(195.4)	(149.3)
Free cash flow	30.4	154.0
- Acquisitions	(16.9)	(2.9)
- Sale of businesses & investments	12.5	5.4
Net cash flow before financing and tax	26.0	156.5
Interest payments	(18.7)	(15.2)
Tax	(50.7)	(54.1)
Dividends	(91.1)	(106.2)
Cash flow before movements in net debt	**(134.5)**	**(19.0)**
EBITDA cash conversion	**62.2%**	**79.9%**

Capital expenditure

	1H15 $M	1H14 $M
Toll Resources & Government Logistics	72.4	49.2
Toll Global Logistics	31.4	18.8
Toll Global Forwarding	3.9	8.0
Toll Global Express	33.1	39.4
Toll Domestic Forwarding	74.3	70.1
Corporate	36.8	19.4
Total	**251.9**	**204.9**

Capital expenditure reflects continued investment in key depots and terminals, together with expenditure to support new or extended customer contracts.

Tax

The normalised effective tax rate was 24% compared to 27% in the prior period. This is mainly due to an increased amount of exempt income, largely from the Australian shipping concession and tax-exempt offshore contracts generating a higher proportion of income compared to the prior period.

Net debt

	1H15 $M	1H14 $M
Total debt	2,386.8	2,174.5
Cash	853.7	829.7
Net debt	1,533.1	1,344.8
Gearing (Net debt / Net debt & equity)	35.2%	33.0%

Net debt increased by $188.3 million compared to December 2013, mainly attributable to the weaker Australian dollar and higher working capital. Progress on refinancing of maturing facilities continued with a new SGD300 million syndication completed in December 2014, following the HKD1.8 billion facility completion in April 2014.

Net interest expense

Net interest expense was $22.5 million, up $3.4 million on the prior corresponding period. $1.4 million of this change was due to the impact of the lower Australian dollar compared to the currencies in which foreign denominated debt is held.

Individually significant items

The result included a number of individually significant items totalling a post-tax charge of $33.6 million relating to portfolio changes announced in November 2014. The interim results for 2014 contained no individually significant items.

As indicated at the time of this announcement, it is still expected that the net impact of individually significant items will be positive over the full financial year.

1H15 individually significant items	**$M**
Toll dnata JV impairment	(5.6)
Toll Marine Asia impairment	(15.1)
Total impairments	(20.7)
Loss on sale of BIC associate	(11.0)
Loss on sale of TGX Asia	(1.9)
Total loss on sale	(12.9)
Tax	-
Total individually significant items post tax	**(33.6)**

Dividend and dividend reinvestment plan

An unchanged fully franked interim dividend of [13.0] cents per ordinary share has been determined and is payable on 2 April 2015. The record date for determining entitlement to the dividend is 4 March 2015.

The Toll Board has decided to continue the suspension of the company's dividend reinvestment plan.

Non-IFRS financial information

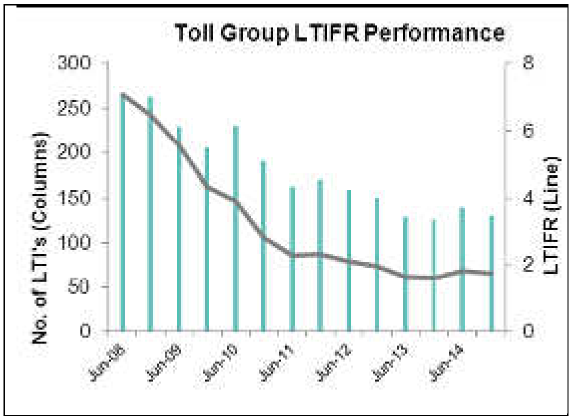
Toll Holdings Limited results are reported under International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board. The Company discloses certain non-IFRS measures that are not prepared in accordance with IFRS and therefore are considered non-IFRS financial measures. The non-IFRS measures should only be considered in addition to and not as a substitute for, other measures of financial performance prepared in accordance with IFRS. Non-IFRS measures have not been subject to review by the Group's external auditors. However, the measures below have been extracted from the books and records that have been subject to the review. Definitions of each non-IFRS measure are as follows:

- Average capital employed: assets and liabilities excluding tax and financing related balances;
- EBIT before individually significant items: results from operating activities less losses on disposal of controlled entities and associates, and impairment losses on plant and equipment and investment in associates;
- EBITA: EBIT before individually significant items plus PPA amortisation;
- EBITA margin: EBITA as a percentage of revenue;
- EBITDA: EBIT before individually significant items plus depreciation and amortisation and share of profits from associates and joint ventures;
- Free cash flow: EBITDA excluding non-cash items plus movements in working capital, less net capital expenditure;
- Gross profit: revenue less cost of goods sold;
- Gross profit margin: gross profit as a percentage of revenue;
- Net debt: interest bearing liabilities less cash and cash equivalents;
- Net profit after tax before individually significant items: profit for the period less losses on disposal of controlled entities and associates, net of tax, and impairment losses on plant and equipment and investment in associates;
- Operating cash conversion: cash generated from operations less restructure and integration costs paid as a percentage of EBITDA less non-cash items;
- Return on capital employed: rolling 12 months EBIT before individually significant items divided by average capital employed;
- Return on invested capital: rolling 12 months net profit after tax before individually significant items plus net interest divided by average net debt plus equity.

	1H15 $M	1H14 $M
Sales revenue	**4,407.3**	**4,523.2**
Total operating EBITDA	377.5	390.5
Depreciation and amortisation	(138.8)	(139.8)
	238.7	250.7
Share of profits of associates and joint ventures	10.1	8.6
Total operating EBIT	**248.8**	**259.3**
Net profit after tax (before individually significant items)	170.2	175.9
Individually significant items (gross of tax)	(33.6)	-
Tax on individually significant items	-	-
Individually significant items (net of tax)	(33.6)	-
Net profit after tax (after individually significant items)	**136.6**	**175.9**

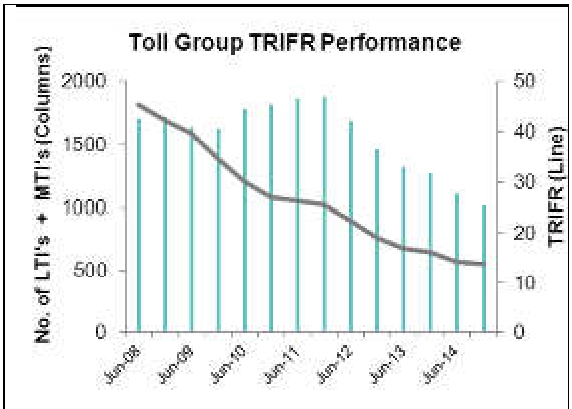
Safety and our people

For the 12 months ended 31 December 2014 Toll's Lost Time Injury Frequency Rate (LTIFR, the number of lost time injuries per million hours worked) increased from 1.60 to 1.77. An increased focus on manual handling activities together with a peak season awareness campaign in the last quarter has resulted in the LTIFR trending down in recent months.



Total Recordable Injury Frequency Rate (TRIFR, the number of lost time injuries plus the number of medically-treated injuries per million hours worked) reduced by 15% to 13.7.

There were no Toll employee fatalities during the period, however there was one contractor fatality as a result of a fall from height incident in a warehouse.



Our **Think safe. Act safe. Be safe**. program continues with a number of specific safety initiatives being developed during the period including the rollout out of a peak season safety awareness campaign, and preparation for a Global Stop for Safety campaign 'Safety is in Your Hands' to be rolled out early in 2015.

The initial rollout of the Leading Safety at Toll program was completed during the period. Over the past 2 years the Leading Safety at Toll program has trained 3,464 managers and staff. The Leading Safety at Toll program has successfully delivered a strong focus on safe behaviour, employee engagement and the development of the "One Toll" safety leadership culture. The Leading Safety at Toll program will continue to be offered to new managers in the future.

Our Fleet Safety Networks continue to roll out fleet safety initiatives focussed on improving our on road safety and compliance, including specific initiatives on safe vehicle systems & technology, sub-contractor compliance and vehicle maintenance.

In October we held our second annual Toll Global Health and Safety awards. The night celebrated the achievements of a number of our people and sites from across the globe in a show case of industry best practice achievements.

More information on our commitment to safety and our people can be found at www.tollgroup.com/safety

Environment

Toll is continuing its focus on reducing its environmental footprint and impacts, while providing superior service and value to our customers.

In particular, we are strengthening our environmental management systems in order to better manage risks from our key environmental aspects such as emissions, energy use, spills and conformance to environmental regulations.

Illustrative of this is Toll's Smarter Green environmental program, which is focused on reducing carbon emission and energy risks. Since introducing the Smarter Green program in 2010 we have been able to reduce our carbon emissions intensity in the Australian operations by seven per cent and our energy intensity of our operations by more than five per cent spanning all transport modes.

Innovations in equipment design and the application of best operational practices underpin these improvements. For example, our fleet upgrade program is replacing old fleet with newer low-emission vehicles. Our increasing use of higher productivity vehicles and improved fleet utilisation practices means we are carrying more freight and using less fuel across all transport modes. We have improved driver behaviour via the Smarter Green driver program that trains drivers to adopt more fuel-efficient and emissions-lowering behaviours.

We are also examining increased use of alternative fuels such as natural gas, electricity and biofuel across our operations to provide emission reductions and cost benefits. Our Smarter Green program is being extended this year to include trials of electric vehicles, next generation electric diesel hybrids, biofuels and further natural gas applications. We are also actively assessing a number of energy efficiency technologies including vehicle aerodynamics, lightweight materials for our fleet, and the application of environmental sustainable design principles to existing and new facilities.

More information on Toll's commitment to environmental sustainability can be found at
www.tollgroup.com/environmental-sustainability