ANNUAL
REPORT
2011

ONE TOLL

TOLL

Toll Holdings Limited


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WESTERN STAR
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CONTENTS

THE OPPORTUNITY

With nearly 100 acquisitions in 15 years, Toll has grown rapidly to become a global company with multiple processes and platforms.

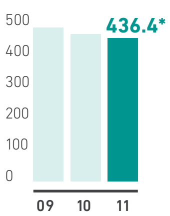
THE SOLUTION

One Toll – providing consistency, transparency and availability.

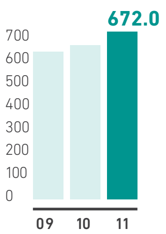
THE RESULT

An integrated global logistics solution that works for everyone ... One Toll.

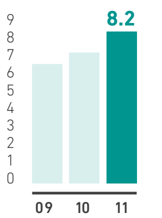
EBIT ($M)



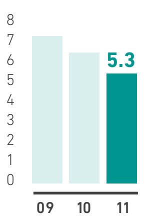
EBITDA ($M)



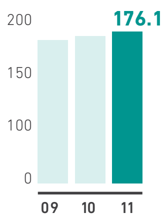
REVENUE ($B)



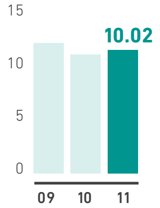
EBIT MARGIN (%)



TOTAL ORDINARY DIVIDENDS ($M)



RETURN ON SHAREHOLDER EQUITY (%)



* EBIT includes profit from associates but before significant items.

Unless otherwise stated, all $ amounts are expressed in Australian Dollars throughout this report.

I am pleased to report that Toll Group has produced positive results in all key areas of the business in the year ended 30 June 2011.

CHAIRMAN'S MESSAGE

This result was achieved despite challenging global economic conditions, and highlights the benefit of the strategic path that has been developed and is being implemented by senior management. This will see the Toll Group well-positioned to create significant shareholder value over the coming years.

We recently announced that Brian Kruger will be the new Managing Director of Toll when Paul Little AO retires from the role on 1 January 2012. Brian has been with the company for two years as Chief Financial Officer, and before had a career spanning 25 years with BHP Billiton and BlueScope Steel. Brian is a well respected member of the senior management team with an outstanding business pedigree, and will be a highly capable successor to Paul.

The Board undertook a very thorough international search for a new Managing Director as part of our long-term succession strategy. We are certain that we have appointed the right man for the job who will continue to position Toll as a global leader in logistics and supply chain management.

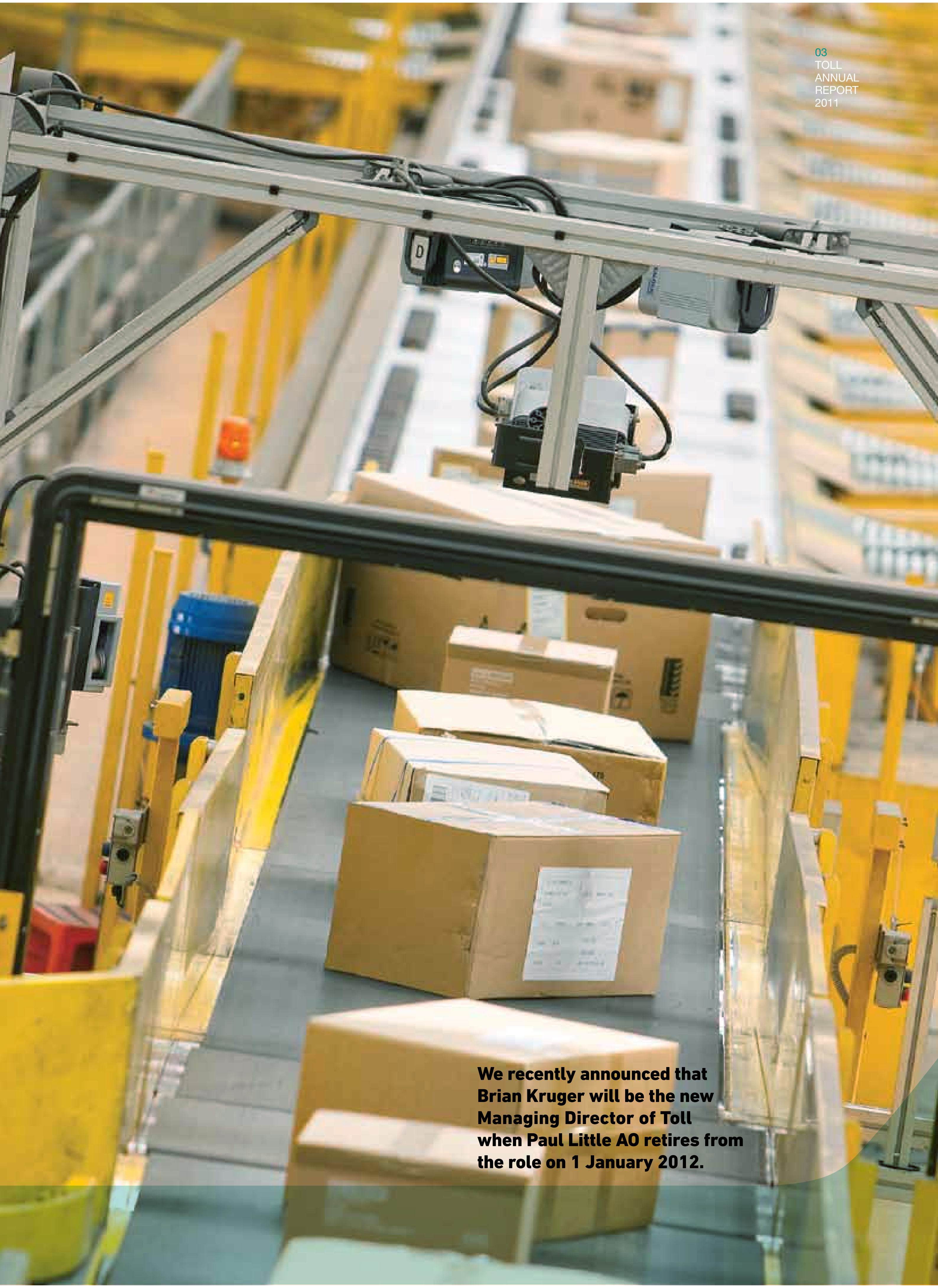
THE BOARD

Last year we indicated that we were looking to add a Director to the Board with the right business experience and reputation in Asia. I am delighted to report that this year we welcomed Ms Nicola Wakefield Evans to the Board as a Non-Executive Director.

Well known in Asia, Ms Wakefield Evans has been rated by a number of publications as one of Australia's leading mergers and acquisitions (M&A), corporate governance, commercial and media lawyers. She was also nominated as one of the world's leading lawyers in Hong Kong. I look forward to the contribution of Ms Wakefield Evans to the future development of Toll.

During 2010 we made the significant acquisition of Summit FMI in the United States (US). Over the past 12 months, our teams have been working hard to integrate this business into Toll's Global Forwarding division. The Board visited a number of the company's operations in the US in May 2011, and were very impressed by the integration of this key acquisition.

I can report that the investment we have made in improving facilities in the US business has resulted in Toll now having a meaningful presence in the region. This is a very exciting time for Toll, in a market where we have a strong customer base, excellent facilities and some great opportunities.



We recently announced that Brian Kruger will be the new Managing Director of Toll when Paul Little AO retires from the role on 1 January 2012.

OUR PEOPLE

At Toll our success relies on our people. To be the best we employ and grow our own talent, promote from within wherever we can, continuously work with our people to build their capabilities and commitment, and improve their performance and career experience. Our strategy is to be a company where employees can achieve their potential, grow and excel.

We have established our People Performance and Growth framework, which provides us with a single global framework for managing the performance and development of our people and aligning with group strategy. It helps employees understand the contribution they make to the organisation and the achievement of our company goals and strategies.

Employees are now participating in a standard company-wide performance management system which measures them against our five key result areas as well as annual stretch targets.

We continue to implement our "Leadership @ Toll" program. The program is delivered through a series of personal coaching and face-to-face workshops run throughout Australia, New Zealand, Singapore, Hong Kong, China, Europe, America and South Africa. There are currently 35 programs running around the world with over 600 people managers completing or nominated for the program.

This year we have further developed our chaplaincy staff support program by appointing chaplins in everey state of Australia. We are also looking at extending the program to appropriate overseas locations. We will be in a better position to report on this next year.

ENVIRONMENT

The Toll Group has always placed significant importance on its environmental performance. We have further developed our Smarter Green program across the Group with a number of initiatives in place to further reduce our impact on the environment and provide our customers with choices to improve their planning to reduce their emissions.

Examples of our initiatives include route optimisation, supply chain velocity and even packaging solutions.

Within Toll, we have developed alternative fuel vehicle trials, smarter driving programs and eco building programs that all help to reduce our impact on the environment. We will be publishing our first environment report later this calendar year, further extending our commitment to being a transparent provider of sustainable transport services.

As you will be aware, the Australian Government has announced its plans to introduce a carbon tax. Transport and logistics businesses are relatively high emitters of greenhouse gases – it is all a part of the process of moving people's goods from one place to another. As Australia's freight industry leader we recognise we have an important role to play in minimising carbon and energy intensities of the logistics task.

While Toll is Australia's largest freight forwarder in each of its transport modes, we do not expect a material net financial impact on Toll as a result of the carbon tax, as any increased cost will be passed through to our customers. The Australian Government's plans to remove road transport's carbon tax exemption, beyond July 2014, will see an increase in the amount to be passed through to our customers, in a manner similar to the fuel surcharge arrangements currently in place. These changes are not likely to have a material financial impact on the Group.

SAFETY

Safety is one of our key priorities and something we are constantly striving to improve throughout the Group. I am pleased to report that we have made a significant improvement in our lost time injury frequency rate (LTIFR) which has been further reduced by 43 per cent. The previous year saw a similar improvement.

In fact, over the past decade, we have gone from a LTIFR of around 50 to 2.3. Of course, we will continue to work towards our zero injuries goal, but we must acknowledge our significant successes to date in reducing our LTIFR so dramatically. Congratulations to all on this achievement.

We have taken measures to further embed safety into the Toll culture by putting 80 executive managers throughout Australia and Asia on safety workshops during the year. This is just one of the ways we hope to further motivate and incentivise our teams to further reduce accident and injury in the workplace.

Our commitment to safety has been officially acknowledged by Worksafe. Contract Logistics, part of Toll's Global Logistics division, won two awards: one for Best Solution to an Identified Workplace Health and Safety Issue; and another for Zero Harm at Work. Toll Tasmania, part of Toll Domestic Forwarding, was nominated for the Best Solution to a Known Issue Award for developing a new practice for drivers dealing with traumatic road and workplace events.

One way to ensure that people across the Group can benefit from these successes is through our newly created Fleet Safety Committee. This facilitates the sharing of best practice from all business units to ensure that high levels of driving standards can be achieved across all Toll businesses.

Another major achievement this year has been the development of the Toll Crisis and Emergency Management response process. As part of the One Toll strategy, we have now formally launched a single new response program across the Group for the reporting, escalation and management of emergency situations. Staff in all relevant areas will be trained on this process as we continue to roll it out into 2012 and beyond.

As part of the Board's ongoing commitment to continuous improvement in the areas of safety and the environment, we have now established an Occupational Health & Safety and Sustainability committee. The committee's role is to continue the Board's support of the work across Toll to make our company an even safer and more environmentally sustainable organisation. I look forward to reporting on our progress next year.

THE COMMUNITY

Toll has a strong commitment to the communities in which we work, and is dedicated to creating opportunities for the people of these communities.

In Australia, we will be demonstrating our pledge to the indigenous community by signing up to the Australian Employment Covenant which seeks to create 50,000 jobs for indigenous Australians. Toll has pledged to identify 1000 jobs over a ten year period starting in 2011–12.

The floods and cyclones that hit parts of Australia in early 2011 saw organisations and individuals mobilise for the common good. Toll was no exception. We were also on hand during the Christchurch earthquake and Japanese tsunami disasters to provide emergency relief logistics services to the affected communities, and in each case we supported the governments' efforts.

Toll also has long-term associations with many other community-based programs, including providing the core financial, administrative and IT support for The First Step Program. The First Step Program, based in Melbourne, is a pioneering not-for-profit organisation that is at the forefront of providing comprehensive, innovative and compassionate approaches to overcoming drug and alcohol addictions. Over the past seven years, the program has treated more than 6000 patients.

Interaction between The First Step Program and Toll's Second Step employment program has continued to develop. The Second Step employment program offers employment opportunities for people whose ability to obtain or retain employment is compromised by a history of addiction or incarceration.

Toll's Second Step program was started by Paul Little AO who remains a passionate supporter. To date, Toll has helped over 240 people maintain satisfying and rewarding employment. New and emerging relationships with a number of organisations in Singapore, Hong Kong, Johannesburg and New Jersey are allowing us to lay the foundations for similar programs in our international businesses.

We hope to very soon be able to announce the launch of our first offshore Second Step program in Singapore. Closer to home, we have also established strong partner programs in South Australia and Tasmania.

Our hope is that Toll's leading role in such initiatives will encourage other corporations to be involved in supporting people dealing with what would otherwise be insurmountable problems.

LOOKING FORWARD

The first thing to note is that the upcoming year will be unlike previous years, as 1 January 2012 marks the departure of our Managing Director, Paul Little AO.

Having grown and developed Toll over the past 25 years, Paul's influence on the business, its people, stakeholders and the transport community has been huge.

Working alongside Paul for the past five years has been a huge privilege and I have no doubt he will go down in history as one of the industry's leading icons. On behalf of the Board, I wish him all the very best in his retirement and look forward to welcoming him back onto the Board some time after the October 2012 AGM, as we are keen not to let go of his knowledge and expertise.

I would also like to thank all management and employees throughout the Toll Group for their outstanding efforts and hard work throughout 2010–11.

Finally, I look forward to welcoming you at your company's AGM on Wednesday 26 October at the Melbourne Convention Centre.

RK Horsburgh

Ray Horsburgh AM

I would like to start by reiterating the Chairman's comments about Toll's new Managing Director, Brian Kruger. I have worked closely with Brian for the past two years and have got to know him very well. He is a superb executive, a particularly effective leader of people and the right person to head up the company going forward.

MANAGING DIRECTOR'S MESSAGE

I don't need to point out that Brian will take the reins during tough economic times, not just in Australia but globally. However, despite the economic uncertainty we are all facing, I am extremely confident that Toll is as well-placed as any company, and considerably better placed than most, to not only weather these conditions, but to continue to pursue its strategic growth path.

Over the past few years, I have seen competitors tack and turn as the economic winds have changed. At the same time, Toll has been maintaining momentum by unfolding the clear strategy that was developed by senior management and endorsed by the Board. We are a company driven by this strategy. We have total belief in our strategic direction. And we firmly believe that the economic difficulties that are being encountered in many parts of the world need not divert us from our course. Organic growth and acquisitions have driven our expansion and performance in the past and the current conditions offer further opportunities in these key areas. That's not to say that we aren't reacting to factors such as lower consumer confidence and sector restructuring – we are.

One of Toll's key strengths is the breadth of service offering we can provide to our customers. Our growth in new business areas, driven by our strategy, has resulted in reduced dependence on the discretionary end of the retail sector, particularly in Australia – an area significantly impacted by the current business environment. We have also built further capacity and capability to deal with the trend in the automotive industry to build cars in India and China. Our proposed investment in Tianjin Anda in China, is testament to this.

Importantly, we have recognised and are actively pursuing the continuing opportunities in the resources sector. For example, our acquisition of Mitchell Corporation ensures Toll's position as one of the largest operators in the mining logistics sectors in Western Australia. In addition to the resources sector, we have also increased our exposure to the government sector, particularly in the key area of defence.

Toll is as well-placed as any company, and considerably better placed than most, to not only weather these tough economic conditions, but to continue to pursue its strategic growth path.

The past year also saw the unveiling of One Toll. Operationally One Toll will provide our customers with an end-to-end service, linking up business units within and across divisions and providing visibility of these movements, so they achieve the best possible logistics solutions.

Our Global Forwarding strategy is also heading in the right direction and we are midway through the first phase of the development of this business which requires even further volumes to achieve economies of scale. Despite facing some significant integration challenges and softer economic conditions, we are confident in attracting even more customers with our integrated cross-border service as we further develop our market share. Importantly this year we have added strength with the creation of an air cargo specialist team, giving us greater presence in this quickly growing sector.

Another area that has been the subject of a great deal of planning within Toll during the past 12 months has been online ordering, particularly in business to consumer and home delivery activity. Our focus on online technology and our expertise ensures that we will benefit from this fast growing sector, maintain a presence along every link in the supply chain, and play a large role in the continued transformation of the logistics sector.

The past year also saw the unveiling of One Toll. While the rebranding of uniforms, websites, and fleet of equipment are the most obvious examples of the One Toll initiative, they are merely a by-product of the overall strategy. Within the company, we have embarked on a culture change that will see unified operations, systems and marketing, providing a united One Toll approach. Operationally One Toll will provide our customers with an end-to-end service, linking up business units within and across divisions and providing visibility of these movements, so they achieve the best possible logistics solutions.

In the past, acquisitions of other companies, and the promotion of an independent management structure resulted in many different IT platforms, websites, branding themes and cultures. While this independence has helped the company in many ways, it has resulted in an inconsistent approach. Our continued growth around the globe provides the perfect opportunity to consolidate a common approach. Our entrepreneurial approach however will remain within each division.

Finally, I would like to make mention of the senior management structure that I outlined in last year's Annual Report. The introduction of six divisional directors has proven a great success, from a structural and financial perspective, but also in exposing key executives to customers, suppliers, shareholders and equity markets in a way that had not occurred before, further enhancing the quality management profile of the Group. There is no doubt that this restructure has resulted in a stronger, more transparent company.

OVERALL PERFORMANCE

We have continued to make good progress in growing our range of businesses despite the challenging conditions affecting a number of our operations. We have benefited from both acquisitions and organic growth, while also being affected by macro-economic conditions.

Our sales revenue for the year ended 30 June 2011 was $8.2 billion, up more than 18% on the previous year. Total operating profit (EBIT) was $436 million, up more than 7%, while net profit after tax was $295 million, up almost 4%.

Our balance sheet remains strong with net debt to net debt plus equity at 26.7%. We completed our debt refinancing program in July, extending our maturity profile and reducing funding costs. This ensures we have sufficient balance sheet capacity for acquisitions and planned capital expenditure. A final fully franked dividend of 13.5 cents per share will be paid to shareholders on 10 October 2011.

I would now like to report on the performance of each division.

TOLL GLOBAL RESOURCES (TGR)

Toll Global Resources has made great progress in the past year, although second half earnings were depressed by weather-related issues across a number of its businesses.

Growth opportunities arising from both the mining, and oil and gas sectors are very encouraging with a number of key contract wins to support long term earnings growth. Sales revenue was up by 12.7% to $784.2m, though EBITA was down 6%.

HIGHLIGHTS

- Toll Mining Services improved both revenue and EBITA, with Mitchell Corp (acquired in May 2011) contributing for two months. The acquisition provides a strong base for Toll Mining Services in the Western Australian resources market complementing operations in other states and creating opportunities for other Toll businesses.
- Toll Remote Logistics had another strong year, building on the platform established in the prior year of expanding further into Africa. This included providing camp management services to BHP in Ethiopia and also securing a contract to supply fuel to the United Nations in The Democratic Republic of Congo over the next three years.
- Toll Energy had an outstanding year with both revenue and EBITA up on the prior year, with continued strong growth from the Gorgon contract.

Our sales revenue for the year ended 30 June 2011 was $8.2 billion, up more than 18% on the previous year. Total operating profit (EBIT) was $436 million, up more than 7%, while net profit after tax was $295 million, up almost 4%.

- The redevelopment of Toll Offshore Petroleum Services (TOPS) remains on budget, on time and is due for completion in 2013. TOPS' high quality service standards have won the confidence of renowned international oilfield service companies to expand and support their regional operations from the base with Altus, CGG, Subsea 7 and Weatherford all taking up purpose-built facilities.

TOLL GLOBAL LOGISTICS (TGL)

Toll Global Logistics saw revenue growth with excellent results from its Australian businesses in2store and Contract Logistics, and its South and South East Asian region.

EBITA was adversely affected by the start up costs in Cambodia, scheduled reduced activity at Government Business Group and the prior year sale of Pacorini Toll. Automotive was particularly impacted by the difficult economic conditions in Australia. Sales revenue was up by 3.8% to $1,357.3m, though EBITA was down 8.3%.

HIGHLIGHTS

- The year saw continued development and expansion in Asia beyond the traditional Fast Moving Consumer Goods (FMCG) footprint. Within the North Asia region, growth continued to show good progress, while the rebranding of ST Anda to Toll Global Logistics was successfully completed.
- The South and South East Asian region grew both revenue and EBITA from improved warehouse utilisation and new contract wins from Tata Steel, Procter and Gamble, and Coca Cola.
- Contract Logistics in Australia increased both revenue and EBITA in a challenging economic environment. Major contracts such as Woolworths in New South Wales, Coles in South East Queensland and Coca Cola's metro distribution in Sydney were retained.
- In2store in Australia and New Zealand reported strong revenue and EBITA growth. This result reflected the business' ability to retain and grow existing key accounts through additional value added services, coupled with the winning of new contracts such as Kmart, Centrelink and Rio Tinto.

TOLL GLOBAL FORWARDING (TGF)

Toll Global Forwarding has continued to follow its strategic growth path, having completed a number of bolt-on acquisitions during the year. Sales revenue was up by 53.4% to $1,635.0m, and EBITA was up 67%.

This revenue growth included the full year benefit of the Express Logistics Group, LDS, Summit International Logistics and Genesis Forwarding Group acquisitions and part year benefit of the WT SeaAir and SAT Albatros acquisitions.

In addition to the benefit of acquisitions, organic revenue growth of 5% was generated. The roll out of new IT systems currently underway will enhance service levels and improve yield.

HIGHLIGHTS

- Contract wins included both new business and increased services from existing accounts, including Jones Apparel, Sears, Under Armour, J. Moret, Big Lots, LL Bean, and Fortune Brands in the US. European contract wins included Ecco and Levahrt Aurora, while in Australia and New Zealand, contract wins included Cotton On and Pumpkin Patch. Important non retail business was also secured with Motorola and Caterpillar.
- The rollout of a new freight management system was completed in Hong Kong and China. This new system is being progressively rolled out to other regions and will enhance service levels, improve yield and provide significant opportunities for further productivity gains.

TOLL GLOBAL EXPRESS (TGX)

Toll Global Express had an excellent result in Australia with Toll Priority and Toll IPEC both performing very well. Underlying earnings at Footwork Express in Japan was a small loss, with its reported earnings boosted by a number of one off gains. Total sales revenue was up by 20% to $2,140.2m, and EBITA was up 27%.

HIGHLIGHTS

- Toll Priority experienced strong revenue and EBITA growth from the banking, government, and resources sectors together with acquisitions. Improved external air charter revenue, and new contract wins offsetting softer markets in New South Wales and Victoria also contributed. The joint venture with Emirates, Toll Dnata Airport Services, was a positive contributor with contract wins and increased activity from existing customers.
- The acquisition of DPEX operations in Singapore, Hong Kong and China was completed in August 2010 extending the division's express freight offering in Asia.
- Toll IPEC experienced strong revenue and EBITA growth, with higher volumes in Western Australia and Queensland.
- Footwork has benefited from some significant operational improvements such as depot rationalisation, check/weigh/cube, linehaul optimisation and PUD productivity initiatives, which began to show positive returns and will show further benefit in 2011 – 2012.

TOLL DOMESTIC FORWARDING (TDF)

Toll Domestic Forwarding increased revenue despite the negative effect of natural disasters together with the closure of paper mills in Tasmania and the associated loss of volume for Toll Shipping.

Strong cost control partially offset the earnings impact of these events. Exposure to the soft retail sector, combined with aggressive competition in the market negatively impacted margins. Sales revenue was up by 2.8% to $1,097.1m, while EBITA was down 11.4%.

HIGHLIGHTS

- Toll Intermodal (the merged businesses of Toll QRX and Toll SPD) grew both revenue and EBITA as a result of new business wins despite soft trading conditions. Significant contract wins included Fosters Australia, BHP Billiton, Fletchers and BlueScope, whilst key customers including Woolworths and Coles were successfully retained.
- The acquisition of McLaughlin Freightlines, a niche transport provider to the Australian poultry industry, was completed in December 2010 and assisted in growing revenue and EBITA for Toll Refrigerated. Significant contract renewals in the Toll Refrigerated business included Woolworths and Coles into Far North Queensland.
- Toll Shipping grew revenue and EBITA as a result of stronger volumes and strong cost saving initiatives despite customer closures in Tasmania.

After almost 20 years as MD of Toll as a publicly listed company, it is time to pass on the reins. I do so with pride and optimism.

TOLL SPECIALISED & DOMESTIC FREIGHT (TSDF)

Toll Specialised and Domestic Freight had a strong result despite weather disruptions. Toll Transitions saw the benefit of significantly increased scope of work with the Australian Department of Defence and Toll NQX capitalised on its exposure to the resources sector.

Market conditions remain competitive, with ongoing customer service improvements becoming ever more critical to maintaining margins. Sales revenue was up by 19.6% to $1,201.1m, and EBITA was up 9.9%.

HIGHLIGHTS

- Toll NQX had a particularly strong year as a result of improved volumes from the Queensland resources sector, efficiency gains from the continued investment in fleet and retention of key customer contracts.
- Toll Express bedded down the May 2010 Concord Park acquisition and is now realising integration synergies.
- Ongoing investment in fleet, depot redevelopment and information technology continues to provide both Toll NQX and Toll Express with efficiency gains. Innovation and planning for future growth will maintain the businesses' competitive positions in the market place.
- Toll Transitions saw EBITA increase compared to the prior year as a result of the expanded relocations contract for the Australian Department of Defence which commenced in July 2010.
- Both Toll Fleet and Toll Liquids benefited from restructures that took place in the prior period. Toll Liquids also saw improved earnings from business improvement plans. Significant contract wins included Woolworths fuel deliveries in Victoria.

LOOKING FORWARD

This year, 'Looking Forward' for me includes a degree of retrospection. After almost 20 years as MD of Toll as a publicly listed company, it is time to pass on the reins. I do so with pride and optimism.

We are optimistic, because despite the current global economic conditions and external forecasts, Toll has continued to grow and to make profits. We have acquired a number of companies that are now bedded down within the Group and are set to deliver many benefits in the years to come.

In terms of the nearer term outlook, we think it is likely that the Australian domestic retail and industrial sectors will remain challenging. However, there are parts of the economy, particularly the resources sector, that we expect to more than offset those softer areas. Indeed we have already had significant contract wins in the LNG sector and we will see the benefits of the Mitchell Corporation acquisition for the full year in 2011–2012.

In Toll Global Forwarding, while conditions are currently pretty tough, we expect positive contributions from productivity improvements and organic growth. The tough conditions may present some more attractive acquisition opportunities.

In Toll Global Logistics, we continue to have some very positive contract wins both in Australia and offshore.

We are also confident of an improved underlying result from Footwork Express as our operating initiatives take hold.

All in all, I can be confident knowing that I am leaving Toll at a time when the company is well-placed to weather the difficult conditions in some of our markets, but also positioned very well to take advantage of any improvement in conditions.

Paul Little AO

Annual Financial Report

FOR THE YEAR ENDED 30 JUNE 2011

CONTENTS

DIRECTORS' REPORT
FOR THE YEAR ENDED 30 JUNE 2011

The Directors present their report together with the financial report of Toll Holdings Limited ("the Company") and the consolidated financial report of the consolidated entity, being the Company and its controlled entities and its interest in associated and joint ventures ("the Group"), for the year ended 30 June 2011 and the auditors' report thereon.

DIRECTORS

The following persons held office as Directors of the Company during or since the end of the financial year:

Ray Horsburgh AM (Chairman)
Director since 2004

Paul Little AO (Managing Director)
Director since 1986

Harry Boon
Director since 2006

Mark Smith
Director since 2007

Barry Cusack
Director since 2007

Frank Ford
Director since 2008

Nicola Wakefield Evans
Director since 2011

PRINCIPAL ACTIVITIES

The principal activities of the Group during the year consisted of:

- Less than full load express and economy freight forwarding service using all modes of transport;
- Full load road and rail freight forwarding service;
- Temperature controlled transport service for full load and less than full load clients;
- Warehousing and distribution of bulk dry and refrigerated goods;
- Wharf cartage, container handling and storage;
- Contract distribution services;
- Time sensitive parcel freight distribution services;
- Specialised international forwarding services;
- Removals and relocation brokerage service;
- Vehicle transport and distribution;
- Bulk liquid transportation;
- Supply base management and operation;
- Operation of specialist defence logistics projects; and
- Shipping linehaul operations.

CONSOLIDATED RESULT

The consolidated profit from ordinary activities for the year attributable to the members of the Company was:

	2011 $M	2010 $M
Net profit/(loss) attributable to equity holders of the Company	281.4	278.9

Earnings per share		
Basic earnings per share	39.8c	39.9c
Diluted earnings per share	39.8c	39.8c

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REVIEW OF OPERATIONS

Toll Group sales revenue was $8.2 billion for the year ended 30 June 2011, up 18% on the prior year. Total operating profit (EBIT) was $436 million, up 7%. Net profit after tax was $295 million, up 4%.

SUMMARY PROFIT TABLE

	2011	2010	% change
Sales revenue ($M)	8,225	6,944	+18.4
Total operating profit (EBIT)* ($M)	**436.4	406.7	+7.3
Net profit after tax ($M)	294.8	284.4	+3.7
Cash flow from operations ($M)	651.0	566.0	+15.2
Earnings per share (pre PPA and significant items) (cents)	44.6	45.1	-1.1
Final dividend per share (cents)	13.5	13.5	–
Full year dividends per share (cents)	25.0	25.0	–

* EBIT includes profit from associates, but before significant items.
** Includes net one-off gains in Footwork Express of approximately $25 million.

Toll was continued to make good progress in growing its range of businesses despite the weak conditions affecting a number of our operations. It has benefited from both acquisitions and organic growth, while also being affected by macro economic conditions.

Toll Global Resources has made great progress in the past year, although second half earnings were depressed by weather related issues across a number of its businesses. Growth opportunities arising from both the mining, and oil and gas sectors are very encouraging with a number of key contract wins to support long-term earnings growth. The acquisition of Mitchells in Western Australia provides another avenue to participate in growth in the mining sector. The Toll Offshore Petroleum Supply Base (TOPS) in Singapore is progressing well and is on track to be completed during FY13.

Toll Global Logistics saw revenue growth with excellent results from its Australian businesses in2store and Contract Logistics, and its South and South East Asian region. Reduced special project work from the Singapore Government contracts and the sale of Pacorini Toll negatively affected comparisons to the prior year. Automotive was particularly impacted by the difficult economic conditions in Australia.

Toll Global Forwarding has continued to follow its strategic growth path, having completed a number of bolt-on acquisitions during the year. Despite global market conditions remaining challenging, good growth in revenue was achieved, including 5% organic growth. Investment to increase our management capability to underpin future growth has negatively impacted the performance of the business in the short term as it is positioning itself for its targeted scale. The roll out of new IT systems currently underway will enhance service levels and improve yield.

Toll Global Express had an excellent result in Australia with Toll Priority and Toll IPEC both performing very well. Underlying earnings at Footwork Express in Japan was a small loss, with its reported earnings boosted by a number of one off gains.

Toll Domestic Forwarding increased revenue despite the negative effect of natural disasters together with the closure of the PaperlinX paper mills in Tasmania and the associated loss of volume for the high fixed cost Toll Shipping business. Strong cost control partially offset the earnings impact of these events. Exposure to the soft retail sector, combined with aggressive competition in the market negatively impacted margins.

Toll Specialised & Domestic Freight had a strong result despite weather disruptions. Toll Transitions saw the benefit of the increased scope of work with the Australian Department of Defence and Toll NQX capitalised on its exposure to the resources sector. Market conditions remain competitive, with ongoing customer service improvements becoming ever more critical to maintaining margins.

Overall, the Group generated operating cash flow of $651 million, and invested $507 million in capital expenditure, including $89 million on the TOPS redevelopment in Singapore. In addition, we invested $328 million in expanding the Group through acquisitions. Our balance sheet remains strong with net debt to net debt plus equity at 26.7%. We completed our refinancing program in July 2011, extending our maturity profile and reducing funding costs. This ensures we have sufficient balance sheet capacity for acquisitions and planned capital expenditure.

A final fully franked dividend of 13.5 cents per share will be paid to shareholders on 10 October 2011.

The outlook is challenging to predict, although generally we would say that conditions look to have stabilised, at least for Toll. We will continue to focus on our strategic growth path, achieving the necessary scale in Toll Global Forwarding, incrementally improving the performance of Footwork Express in Japan and continuing to grow our exposure to the strong resources sector. We have a strong competitive position in the Australian market, which we remain focussed on, while also increasing our involvement in the logistics tasks associated with the fast growing online sector of the retail market.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

SALES AND PROFIT SUMMARY

	Earnings		Sales revenue	
	12 months to June 2011 $M	12 months to June 2010 $M	12 months to June 2011 $M	12 months to June 2010 $M
Toll Global Resources	88.6	94.3	784.2	695.5
Toll Global Logistics	90.5	98.7	1,357.3	1,307.8
Toll Global Forwarding	33.9	20.3	1,635.0	1,066.1
Toll Global Express	169.9	133.8	2,140.2	1,790.2
Toll Domestic Forwarding	61.3	69.2	1,097.1	1,067.1
Toll Specialised & Domestic Freight	72.1	65.6	1,201.1	1,004.2
Total divisional	516.3	481.9	8,214.9	6,930.9
Corporate/other	(51.1)	(47.3)	9.6	13.1
Total EBITA/revenue	465.2	434.6	8,224.5	6,944.0
Total PPA amortisation	(28.8)	(27.9)		
Total EBIT	**436.4**	**406.7**		
Net finance costs	(35.4)	(37.4)		
Net profit before tax	401.0	369.3		
Income tax expense	(109.9)	(70.9)		
Reported NPAT pre significant items	291.1	298.4		
Significant items (net of tax)	3.7	(14.0)		
Net profit after tax	**294.8**	**284.4**		
Minority interests	(13.4)	(5.5)		
NPAT attributable to shareholders	281.4	278.9		

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REVIEW OF OPERATIONS (CONTINUED)

DIVISIONAL OPERATING REVIEW

Toll Global Resources

	2011 $M	2010 $M	% change
Sales revenue	784.2	695.5	+12.7
EBITA (including associate earnings)	88.6	94.3	-6.0
EBITA margin (excluding associate earnings)	11.0%	12.7%	
Invested capital at 30 June ($ million)	806.2	611.8	+31.8

- Severe weather, including floods in Queensland, cyclones in Australia's North West, ongoing wet weather in both the Cooper and Gunnedah Basins plus an extended monsoon season in Indonesia impacted Toll Mining, Toll Energy, and Toll Marine businesses especially in the second half. Partly offsetting these impacts were positive results from the Gorgon contract in Western Australia, addition of Mitchell Corp, increased business from existing customers in Toll Mining and a strong performance from Toll Remote Logistics in Chad and new camp management contracts in Zambia and Ethiopia.
- Toll Mining Services improved both revenue and EBITA, with Mitchell Corp (acquired in May 2011) contributing for two months. The acquisition provides a strong base for Toll Mining Services in the Western Australian resources market complementing operations in other states and creating opportunities for other Toll businesses. Toll Mining Services also continued to invest in new equipment and technology which assisted in securing new contracts at Wesfarmers' Curragh Mine, and additional business with Anglo American, Xstrata Coal and Orica.
- Toll Remote Logistics had another strong year, building on the platform established in the prior year of expanding further into Africa. This included providing camp management services to BHP in Ethiopia and also securing a contract to supply fuel to the United Nations in The Democratic Republic of Congo over the next 3 years. Toll Remote Logistics, however, experienced a reduction in activity with the Australian Defence Force contract in Timor Leste in line with the expected decrease in troop numbers, together with reductions in scope of the Australian Federal Police contract in the Solomon Islands and the Australian and US Navy husbandry contracts.
- Toll Energy had an outstanding year with both revenue and EBITA up on the prior year, with continued strong growth from the Gorgon contract. Staff levels associated with Gorgon have grown in the year from 109 to 235, with continued strong growth expected in FY12. However, drilling and production volumes were much quieter in Darwin and Broome particularly, affecting the performance of Toll supply bases in those areas.
- Toll Marine Logistics (including the rebranded Perkins operations) was significantly affected by adverse weather conditions and vessel performance issues in Australia leading to lower utilisation, and lower overall earnings. In Asia the focus has been on improving vessel utilisation and moving the business away from the more volatile Singapore spot market. The business was successful in securing charter work with a number of new customers but this was not enough to negate the effects of weather disruptions. The second half of the year saw a number of new contract wins, including contracts related to CSG/LNG projects in Queensland.
- TOPS revenue and EBITA were in line with the prior year even after completing the sale of the investment in Shenzhen Chiwan, China. The redevelopment of TOPS remains on budget, on time and is due for completion in FY13. TOPS' high quality service standards have won the confidence of renowned international oilfield service companies to expand and support their regional operations from the base with Altus, CGG, Subsea 7 and Weatherford all taking up purpose built facilities. The new wharf commenced operations in April 2011, increasing the berthing capacity of Loyang Jetty by 65%.

Toll Global Logistics

	2011 $M	2010 $M	% change
Sales revenue	1,357.3	1,307.8	+3.8
EBITA (including associate earnings)	90.5	98.7	-8.3
EBITA margin (excluding associate earnings)	6.3%	7.1%	
Invested capital at 30 June ($ million)	925.8	1,010.8	-8.4

- Revenue growth benefitted from Toll Global Logistics' strategy of an Asia focussed footprint with global connectivity. Revenue and EBITA performance at in2store and Contract Logistics increased with a number of new contract wins. New business wins and improved warehouse utilisation in the South and South East Asia region also contributed positively. EBITA was adversely affected by start up costs in Cambodia, scheduled reduced activity at Government Business Group (GBG) and the prior year sale of Pacorini Toll.
- The year saw continued development and expansion in Asia beyond the traditional Fast Moving Consumer Goods (FMCG) footprint. Growth in the North Asia region continued to show good progress, although earnings were under pressure from rapidly rising labour costs. Within the North Asian region the rebranding of ST Anda was successfully completed.
- The GBG business realised solid results, supported by growth in project management and engineering services, although both lower revenue and EBITA reflected special one-off projects undertaken in the prior year.
- The South and South East Asian region grew both revenue and EBITA from improved warehouse utilisation and new contract wins from Tata Steel, Procter and Gamble, and Coca Cola.
- Contract Logistics in Australia increased both revenue and EBITA in a challenging economic environment. Major contracts such as Woolworths in New South Wales, Coles in South East Queensland and Coca Cola in Sydney metro distribution were retained.
- in2store in Australia and New Zealand reported strong revenue and EBITA growth. This result reflected the business' ability to retain and grow existing key accounts through additional value added services, coupled with the winning of new contracts such as Kmart, Centrelink and Rio Tinto.
- Automotive was affected by the impact of lower vehicle production from Australian manufacture. This impact was mitigated by the acquisition of Truck Gleam during the year, which successfully delivered targeted synergies and benefits. The Tianjin Anda acquisition in China will propel growth of Automotive services in this key strategic market when completed in FY12.
- Start up costs were incurred in the year for the railway joint venture in Cambodia which commenced its first train service on target, in October 2010. Rehabilitation plans for container flat wagons and fuel wagons are targeted to start during FY12. Customer interest remains very positive for both the northern and southern rail lines.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REVIEW OF OPERATIONS (CONTINUED)

Toll Global Forwarding

	2011 $M	2010 $M	% change
Sales revenue	1,635.0	1,066.1	+53.4
Gross profit margin (%)	19.5%	19.7%	-0.2%
EBITA (including associate earnings)	33.9	20.3	+67.0
EBITA margin (excluding associate earnings)	1.8%	1.4%	
Invested capital at 30 June ($ million)	716.5	646.7	+10.8

- Trading volumes were positively affected by post Global Financial Crisis restocking in quarter one. However, volumes eased during quarters two and three, but again improved during the latter part of the last quarter. Sea freight volumes for the year were up 96% to 520,000 TEU, while air freight volumes were up 18% to 145 million kgs.
- Revenue growth included the full year benefit of the Express Logistics Group, LDS Logistics, Summit International Logistics and Genesis Forwarding Group acquisitions and part year benefit of the WT SeaAir and SAT Albatros acquisitions. In addition to the benefit of acquisitions, organic revenue growth of 5% was generated.
- Gross profit margin was largely in line with last year, supported in a difficult market by improved yield management and shedding of unprofitable volumes. Toll's gross profit margin is in line with industry averages and will begin to translate to improved operating earnings as the business achieves its targeted scale and is able to deliver on productivity targets.
- EBITA was negatively affected by acquisition restructuring and integration costs, particularly in the UK with the Genesis Forwarding Group and WT SeaAir acquisitions.
- Contract wins during the period included both new business and increased services from existing accounts, including Jones Apparel, Sears, Under Armour, J.Moret, Big Lots, LL Bean, and Fortune Brands in the USA. European contract wins included Ecco and Levahrt Aurora, while in Australia and New Zealand, contract wins included Cotton On and Pumpkin Patch. Important non retail business was also secured with Motorola and Caterpillar.
- The rollout of a new Freight Management System was completed in Hong Kong and China. This new system is being progressively rolled out to other regions and will enhance service levels, improve yield and provide significant opportunities for further productivity gains.
- While continuing to build its global footprint through bolt-on acquisitions to achieve its targeted scale, Toll Global Forwarding will remain focussed on also growing organically and further improving productivity and efficiency.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Toll Global Express

	2011 $M	2010 $M	% change
Sales revenue (excluding Footwork Express)	1,410.1	1,280.0	+10.2
Footwork Express sales revenue	730.1	510.2*	
Total sales revenue	2,140.2	1,790.2	+20.0
EBITA (excluding Footwork Express)	147.0	126.0	+16.7
Footwork Express EBITA	22.9**	7.8*	
Total EBITA (including associate earnings)	169.9	133.8	+27.0
EBITA margin (excluding Footwork Express and associate earnings)	10.4%	9.8%	
EBITA margin (excluding associate earnings)	7.8%	7.3%	
Total invested capital at 30 June ($ million)	595.9	571.9	+4.2

* Moved to 100% ownership in October 2009.
** Includes net one-off gain of approximately $25 million.

- Revenue performance in Australia was very pleasing given continued softness in certain business segments and geographical areas. Toll Priority and Toll IPEC had strong performances. Net one-off gains of approximately $25 million resulted in Footwork Express making a positive contribution to EBITA.
- Toll Priority experienced strong revenue and EBITA growth, with the inclusion of revenues from DPEX and other acquisitions, improved external air charter revenue, and new contract wins offsetting softer markets in New South Wales and Victoria. The joint venture with Emirates, Toll Dnata Airport Services was a positive contributor with contract wins and increased activity from existing customers. A fourth 737 freighter aircraft was introduced by Toll Priority in May 2011 to address capacity constraints in the overnight network and to secure additional charter business.
- The acquisition of DPEX operations in Singapore, Hong Kong and China was completed in August 2010 extending the division's express freight offering in Asia. These operations have now been successfully integrated into the existing Toll Priority business in the region.
- Toll IPEC experienced strong revenue and EBITA growth, with higher volumes in Western Australia and Queensland. Conditions in the New South Wales and Victorian markets have been soft, but partially offset by customer wins, new depot efficiencies and tight cost control. The new Toll IPEC depot in Perth, Western Australia, became operational in December 2010, with all existing operations in Perth fully transferred by the end of May 2011. The Toll IPEC depot in Adelaide, South Australia, was also upgraded.
- The second phase of 'Project Unite', a common freight management, customer relationship management and marketing system for Toll IPEC and Toll Priority, went live in June 2011.
- Economic conditions in Japan were challenging. While in the immediate aftermath of the earthquake and subsequent tsunami in March total country wide revenues were maintained, albeit with regional disruptions. During May and June the impact became more pronounced with lower volumes putting pressure on returns.
- Footwork Express EBITA was positively impacted by a number of one-off gains, primarily associated with the property purchases noted below. Operational improvements such as depot rationalisation, check/weigh/cube, linehaul and PUD productivity initiatives began to show positive returns towards the end of the year. Underlying EBITA for the year was a small loss reflecting operational challenges arising from the earthquake and tsunami.
- Additional activities in Japan included completing the purchase of 36 strategically important properties from ORIX for approximately $104 million and finalisation of a new sales structure.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REVIEW OF OPERATIONS (CONTINUED)

Toll Domestic Forwarding

	2011 $M	2010 $M	% change
Sales revenue	1,097.1	1,067.1	+2.8
EBITA (including associate earnings)	61.3	69.2	-11.4
EBITA margin (excluding associate earnings)	5.6%	6.5%	
Invested capital at 30 June ($ million)	348.2	371.6	-6.3

- Revenue increased over the prior year despite a period of continuing weak economic conditions and negative effects of natural disasters in New Zealand, Queensland and Victoria. Industry wide volumes have remained flat continuing to fuel aggressive competition in the sector leading to some margin pressure. EBITA performance was negatively affected by the multiple natural disasters combined with generally weaker economic conditions.
- Toll Intermodal (the merged businesses of Toll QRX and Toll SPD) grew both revenue and EBITA as a result of new business wins despite soft trading conditions. Significant contract wins included Fosters Australia, BHP Billiton, Fletchers and BlueScope, whilst key customers including Woolworths and Coles were successfully retained.Toll Refrigerated EBITA was impacted by costs associated with site relocations and lack of produce volumes from Far North Queensland after the banana crop was destroyed by Cyclone Yasi. The acquisition of McLaughlin Freightlines, a niche transport provider to the Australian poultry industry, was completed in December 2010 and assisted in growing revenue and EBITA. Significant contract renewals in the Toll Refrigerated business included Woolworths and Coles into Far North Queensland.
- Effective cost management strategies allowed Toll New Zealand to increase EBITA despite the effects of the Christchurch earthquakes and the continuing difficult trading conditions throughout most of the year. Key customer retention has been strong at a time when the industry has seen aggressive competitor behaviour in an effort to mitigate volume shortfalls. The New Zealand economy showed some positive signs in the last quarter of the period. Significant contract wins included Diversey while a number of major logistics customer contracts were renewed, including Fosters and Chevron.
- Revenue for Toll Tasmania was largely in line with last year, while EBITA was affected by slow trading from major customers, and margins were under pressure from the competitive landscape and action to maintain market share. Significant contract wins included BlueScope, National Foods and Fonterra Milk Powder, whilst key contracts including Cadbury/Kraft, Fosters and Boral Plasterboard were successfully retained.
- Toll Shipping grew revenue and EBITA as a result of stronger volumes and strong cost saving initiatives despite customer closures in Tasmania.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Toll Specialised & Domestic Freight

	2011 $M	2010 $M	% change
Sales revenue	1,201.1	1,004.2	+19.6
EBITA (including associate earnings)	72.1	65.6	+9.9
EBITA margin (excluding associate earnings)	6.0%	6.5%	
Invested capital at 30 June ($ million)	189.4	169.9	+11.5

- Overall revenue increased strongly despite the disruptions of weather events across northern parts of Australia, benefiting from the expanded scope of the Toll Transitions contract with the Australian Department of Defence, combined with strong revenue growth from the resources sector in both Western Australia and Queensland.
- Toll NQX had a particularly strong year with both revenue and EBITA increasing as a result of improved volumes from the Queensland resource sector, efficiency gains from the continued investment in fleet and retention of key customer contracts.
- Toll Express bedded down the May 2010 Concord Park acquisition and is now realising integration synergies. Revenue grew over the prior year and while EBITA margins were under pressure during the period, these have now stabilised as the overall quality of the Concord Park business has improved and is now contributing well to Toll Express.
- Ongoing investment in fleet, depot redevelopment and information technology continues to provide both Toll NQX and Toll Express with efficiency gains. Innovation and planning for future growth will maintain the businesses' competitive positions in the market place.
- Toll Transitions saw EBITA increase compared to the prior year as a result of the expanded relocations contract for the Australian Department of Defence which commenced in July 2010.
- Both Toll Fleet and Toll Liquids benefited from restructures that took place in the prior period. Toll Liquids also saw improved earnings from business improvement plans. Significant contract wins included Woolworths fuel deliveries in Victoria.

Corporate

Corporate costs for the period were $51.1 million compared with $47.3 million for the prior year. The increase is mainly attributable to rebranding costs, lower property income and lower contribution from associates due to the sale of an associate in the prior year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

ADDITIONAL FINANCIAL INFORMATION

CASH FLOW

Cash flow generated from operations was up 15% on the prior year. Payments for acquisitions were lower while net capital expenditure increased due to a combination of continued expenditure on the Singapore TOPS development and the purchase of strategic properties in Japan. Proceeds from the sale of associates increased due to the sale of our investment in Shenzhen Chiwan. Tax payments were lower during the year mainly due to a lower instalment rate in Australia.

	2011 $M	2010 $M
Operating cash flows	651	566
Capital expenditure	(507)	(386)
Investments	(328)	(508)
Sale of PPE & investments	136	115
Net cash flow before financing and tax	(48)	(213)
Interest	(31)	(36)
Tax	(77)	(138)
Dividends (net of DRP)	(134)	(124)
Cash flow before movements in net debt	(290)	(511)

CAPITAL EXPENDITURE

	2011 $M	2010 $M
Toll Global Resources	175	129
Toll Global Logistics	57	54
Toll Global Forwarding	28	10
Toll Global Express	149	57
Toll Domestic Forwarding	23	38
Toll Specialised & Domestic Freight	56	51
Corporate	19	47
Total	**507**	**386**

Major items of capital expenditure during the year related to Toll Global Resources' Singapore Supply Base (TOPS) development ($89 million) and the purchase of 36 strategic properties for Footwork Express in Japan ($104 million) in Toll Global Express.

TAX

The effective tax rate for the Group is 28% compared with 20% in the prior year. The current year is considered more reflective of Toll's normalised tax rate than the prior year. The primary drivers for the lower rate last year were the significantly higher level of investment allowance and the impact of a prior year tax refund in Australia.

NET DEBT

	2011 $M	2010 $M
Total Debt	1,516.4	1517.6
Cash	496.5	580.4
Net Debt	1,019.9	937.2
Net Debt/(Net Debt & Equity)	**26.7%**	**25.6%**

Toll continues to prudently manage its balance sheet with sufficient liquidity and flexibility to fund capital investment and organic growth as well as strategic M&A activities.

The July 2011 successful completion of a 1 billion Singapore dollar syndicated bank facility finalises the refinancing program that was initiated in August 2010. This refinancing program has resulted in lower overall funding costs, an improved debt maturity profile, increased average duration of the debt portfolio and diversified funding sources.

INTEREST COSTS

Net interest costs of $35.4 million have decreased slightly (5.3%) over the prior year. Given the majority of debt is denominated in foreign currency, the stronger Australian dollar has had a favourable impact on reported interest costs.

DIVIDEND AND DIVIDEND REINVESTMENT

Total dividends for the year remained stable at 25.0 cents per share, fully franked. The final dividend of 13.5 cents per share is payable on 10 October 2011. The Company's dividend reinvestment plan also remains in place. The book's record date is 16 September 2011.

SAFETY AND OUR PEOPLE

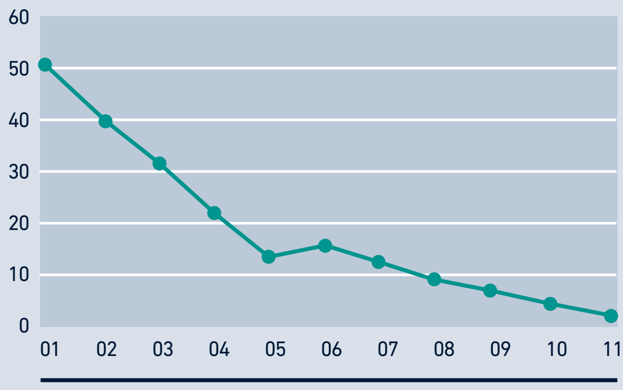
The 2011 year continued Toll's substantial long-term improvement with the LTIFR reducing a further 43% to 2.3 injuries per million hours worked.

While an excellent result, Toll is focussed on continual improvement in its safety performance, and has invested further in leadership training for senior executives and to focus additional resources on the most common cause of injuries – manual handling and motor vehicle incidents.

Please refer to the Group's Corporate Social Responsibility Report for further details on this important area on page 63.

A number of proposed regulatory reforms in Australia have the potential to improve safety and productivity outcomes for the vehicle part of our business. As the industry leader, Toll has been central to these proposals which would see the replacement of all state-based heavy vehicle regulators with a single best practice national regulator. Consistent regulation or freight across borders will reduce complexity thereby leading to improved safety and efficiency. Toll supports the Council of Australian Governments' (COAG) process and will continue to argue for best practice implementation of national standards.

LOST TIME INJURY FREQUENCY RATE (LTIFR)



ENVIRONMENT

For Toll, the most important impacts of our logistics activities on the environment relate to operational risk of spillage/leakage (from ships, trucks, etc), climate change, air quality, noise, traffic congestion and our access to, and use of, natural resources.

In the 12 months to 30 June 2010, Toll's Australian emissions (Scope 1 and 2) were around 533,000 tonnes of carbon dioxide equivalents. Emissions for the twelve months to 30 June 2011 are currently being prepared and will be verified through external assurance. Given the size and scale of Toll's operations, abatement of greenhouse gas emissions remains a key environmental focus for Toll.

The vast majority of our emissions are produced as a part of our logistics activities on behalf of our customers. Toll continues to work with its customers to offer lower energy intensive logistics solutions. While we believe we have some high levels of carbon efficiency in parts of our operations, judged against industry practice, there are opportunities to further lower intensity. Toll is targeting a 20% reduction in the rate of Australian emissions by 2020, compared to the reference year of 2009-10.

With the expectation of eventually seeing a price placed on carbon in Australia and potentially overseas operations, Toll will pass these costs on to its customers. Toll is continuing to research, develop and roll out significant emissions reductions programs to achieve its targets.

Toll will be publishing a comprehensive Environment Report later this calendar year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

DIVIDENDS

Dividends paid or declared by the Company to members since the beginning of the previous financial year were:

	Cents per share	Total $M	Franked/ unfranked	Payment date
Dividends provided or paid by the Company during the year:				
Ordinary shares				
2011				
2010 Final dividend	13.5	94.9	Franked	27/10/2010
2011 Interim dividend	11.5	81.2	Franked	01/04/2011
2010				
2009 Final dividend	13.5	93.9	Franked	23/10/2009
2010 Interim dividend	11.5	80.4	Franked	02/04/2010
Dividends paid or declared by the Company after year end:				
Final dividend	13.5	95.9	Franked	10/10/2011

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There have been no significant changes in the state of affairs of the Group during the financial year.

FINANCIAL REPORTING

The Managing Director and the Chief Financial Officer have declared in writing to the Board that the Group's financial reports are founded on a sound system of risk and management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets by the Directors and revised forecasts, if required, are prepared.

EVENTS SUBSEQUENT TO BALANCE DATE

Dividends

The final dividend of 13.5 cents per share has been declared by the Directors.

Refinancing

At 30 June 2011, the Group had total current liabilities in excess of total current assets of $467.7 million. This current asset deficiency is due to the classification of certain Singapore dollar ("S$") denominated debt at 30 June 2011 as current liabilities; as they are due to mature in the year ending 30 June 2012. Subsequent to 30 June 2011 the Group has refinanced its S$ denominated debt into a single S$1 billion syndicated debt facility. The new facility has a S$500 million three year tranche, a S$300 million four year tranche and a S$200 million five year tranche which spreads the maturity profile of Toll's debt and would reclassify $708.9 million of current debt at 30 June 2011 as non current.

Change in Management

The Board of Toll Holdings Limited announced on 4 August 2011 that CFO Brian Kruger will become the Company's Managing Director (MD) on 1 January 2012.

Likely developments and expected results of operations

Information as to likely developments in the operations of the Group and expected results of those operation in future financial years has not been included in this report because, the Directors believe on reasonable grounds, that to include such information would likely to result in unreasonable prejudice to the Group.

The Group will continue to pursue its policy of increasing the profitability and market share of its businesses during the next financial year.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

INFORMATION ON DIRECTORS

Director	Experience and Qualifications	Age	Special Responsibilities*
 **Ray Horsburgh AM** BChem Eng. HON D UNIV, FAICD FIEAust Chairman and Independent Non-Executive Director	Extensive management experience in the glass and steel industries, in mergers and acquisitions, managing businesses overseas especially in the SE Asian countries and building businesses in mainland China. Director since 2004. Appointed Chairman from 14 September 2007. Former Managing Director of Smorgon Steel Group Limited from 1998 to June 2007. Currently Non-Executive Director of CSR Limited, National Can Industries Limited and Traffic Technologies Limited.	68	Chairman of Board of Directors. Chairman of the Nomination and Corporate Governance Committee. Member of the Remuneration and Executive Succession Planning, and the Audit and Financial Risk Committees.
 **Paul Little AO** FAICD, FCIT Managing Director	Extensive management experience in the logistics industry. Managing Director since 1986.	63	Member of the Nomination and Corporate Governance Committee.
 **Harry Boon** BLaws (Hons), BCom (Melb) Independent Non-Executive Director	Extensive experience in global marketing and sales, large scale manufacturing operations, and product development. Director since 2006. Former Chief Executive Officer and Managing Director of Ansell Limited. Former Chairman of Gale Pacific Limited. Chairman of Tatts Group Ltd. Non-Executive Director of Hastie Group Limited and PaperlinX Limited.	63	Chairman of the Remuneration and Executive Succession Planning Committee. Member of the Nomination and Corporate Governance Committee.
 **Mark Smith** Dip, Business (Marketing) Monash, FAMI, CPM, FAIM, MAICD Independent Non-Executive Director	Extensive experience in the FMCG industry, including general management roles and senior marketing roles globally with Cadbury Schweppes, and senior roles including marketing with Unilever and Uncle Toby's. Director since 2007. Non-Executive Chairman of Manassen Foods Group and Non-Executive Director of GUD Holdings Limited since May 2009. Managing Director of Cadbury Schweppes Australia and New Zealand from 2003 to 2007, and a Member of the Asia Pacific Regional Board. Former Managing Director of Confectionery ANZ and prior to that, three years as Director of Marketing for Cadbury Trebor Basset in the UK and senior positions in Cadbury Schweppes; North American and Australian operations. Former Chairman of the Confectionery Manufacturers of Australasia (CMA) and former Member of the Board of the Australian Food and Grocery Council (AFGC).	56	Chairman of the Audit and Financial Risk Committee. Member of the Nomination and Corporate Governance Committee.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

INFORMATION ON DIRECTORS (CONTINUED)

Director	Experience and Qualifications	Age	Special Responsibilities*
 **Barry Cusack** BE (Hons), M Eng.SCI, FTSE, FAUSIMM, FAIM, MAICD Independent Non-Executive Director	In an executive career of 40 years in the minerals industry with the Rio Tinto Group, Barry held positions of Managing Director of Dampier Salt, Hlsmelt Corporation, Hamersley Iron Operations and Rio Tinto Australia and was formerly Chairman of Rio Tinto Asia and Rio Tinto Shipping. Director since 2007. Former Chairman of Oz Minerals Limited. Currently Chairman of Brockman Resources Limited and Deputy Chairman of MacMahon Holdings Limited. Past President of the Minerals Council of Australia from 2001 to 2003.	69	Member of the Remuneration and Executive Succession Planning, and the Nomination and Corporate Governance Committees.
 **Frank Ford** M.Tax (Melb), B.Bus (Acc with Distinction) (RMIT), FCA Independent Non-Executive Director	Extensive experience in financial and risk management. Director since 2008. Former Managing Partner of Deloitte Victoria and a professional advisor for over 35 years. During that period, Frank Ford was also a member of the Deloitte Global Board, and the Deloitte Global Governance and Deloitte National Management Committees. Currently Non-Executive Director of Citigroup Pty Limited, Tarrawarra Museum of Art Limited, and Food Holdings Limited.	65	Member of the Audit and Financial Risk, and the Nomination and Corporate Governance Committees.
 **Nicola Wakefield Evans** B.Juris/B.Laws (UNSW) Independent Non-Executive Director	Extensive experience in mergers and acquisitions, and capital markets in Australia and Asia. Director since May 2011. Partner of Mallesons Stephen Jaques. Member Executive Council, University of New South Wales Law School. Former International Managing Partner of Mallesons Stephen Jaques, Hong Kong and Managing Partner of Mallesons Stephen Jaques, Sydney.	50	Member of Nomination and Corporate Governance Committee.

* Refer to Meetings of Directors as detailed on the following page.

COMPANY SECRETARY

Bernard McInerney (AICS, CPA, AICD) has held the position of company secretary since April 1994. Bernard McInerney has extensive experience in secretariat, regulatory and legal management, mergers and acquisitions and finance and administration within the transport and logistics industry over the past 27 years. Age 53.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

DIRECTORS' INTERESTS

The relevant interest of each Director in the shares, or options issued by the Company, as notified by the Directors to the Australian Stock Exchange in accordance with S205G(1) of the Corporations Act 2001, at 19 August 2011 is as follows:

	Ordinary Shares	Options over Ordinary Shares
Paul Little	37,535,935	2,959,589
Ray Horsburgh	47,725	–
Harry Boon	27,088	–
Mark Smith	26,282	–
Barry Cusack	48,221	–
Frank Ford	20,000	–
Nicola Wakefield Evans	–	–

MEETINGS OF DIRECTORS

The following table sets out the number of meetings of the Company's Directors (including meetings of committees) held during the year ended 30 June 2011 and the number of meetings attended by each Director who held office during the financial year.

	Directors' Meetings		Audit & Financial Risk Committee Meetings		Remuneration & Executive Succession Planning Committee Meetings		Nomination & Corporate Governance Committee Meetings	
Director	No. of meetings		No. of meetings		No. of meetings		No. of meetings	
	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Ray Horsburgh	13	14	3	4	4	4	2	2
Paul Little	14	14	–	–	–	–	2	2
Harry Boon	14	14	–	–	4	4	2	2
Mark Smith	14	14	4	4	–	–	2	2
Barry Cusack	14	14	–	–	4	4	2	2
Frank Ford	14	14	4	4	–	–	2	2
Nicola Wakefield Evans	2	2	–	–	–	–	1	1

The above includes matters that were dealt with by circular resolution and ratified at the next Board Meeting.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED

The Directors of Toll Holdings Limited present the Remuneration Report prepared in accordance with section 300A of the Corporations Act 2001 for the year ended 30 June 2011. This Remuneration Report forms part of the Directors' Report. The information provided in this report has been audited as required by section 308(3C) of the Corporations Act 2011.

OVERVIEW OF REMUNERATION

The Board remains committed to clear and transparent disclosure of Toll's remuneration arrangements. This section outlines the key remuneration decisions made during the 2010/11 financial year (FY11), and discloses the value of remuneration actually paid and the value of grants made to Toll's senior executives during the financial year.

This overview should be read in conjunction with the full Remuneration Report on the following pages, which provide disclosure of the remuneration framework of Toll in accordance with the statutory obligations and accounting standards.

The Remuneration and Executive Succession Planning Committee ("Remuneration Committee") met on four occasions in FY11 to review and determine the remuneration policy and the matters outlined below.

REMUNERATION INITIATIVES

Toll remains focussed on improving our remuneration arrangements, with priorities for FY11 being a review of our performance measures, calibrating pay for performance and integrating regulatory and legislative changes in our remuneration framework. Priorities for FY11 included:

- Following the remuneration freeze implemented for FY10 for the top 150 executives and Non-Executive Directors, applying a market based remuneration budget in FY11.
- Understanding and implementing required legislative changes, including interpreting and assessing Toll's position in relation to the Productivity Commission findings and changes to the Corporations Act.
- Being committed to disclosing our remuneration strategy and framework in a transparent way through this Remuneration Report.
- Continuing to monitor Short-Term Incentive (STI) deferral, both globally and within the broader Australian Stock Exchange (ASX) market.

IMPLEMENTATION OF COMMUNICATED LONG-TERM INCENTIVE CHANGES

Consistent with the changes introduced in FY10, the FY11 Executive Long-Term Incentive (LTI) grants have two separate performance hurdles: Relevant Earnings Per Share (EPS) (pre-amortisation) and Relative Total Shareholder Return (TSR) against the ASX 100.

Participation in the Executive LTI Plan was recently rationalised and is now offered to less than 150 executives who directly influence longer term shareholder returns. To continue to motivate its high-performing employees below senior executive level and further align employee remuneration with shareholders' expectations, Toll introduced a 'high performance recognition plan'. Under this plan a select number of employees may receive performance rights subject to a two-year time-based restriction. This equity program is administered under the current LTI plan rules and allocations were made to approximately 50 participants in FY11.

APPOINTMENTS/ MOVEMENTS

- FY11 has been a year of consolidation, following the introduction of the new operating structure in January 2010. There have been no changes in senior executive appointments during the financial year.
- Nicola Wakefield Evans was appointed as a Non-Executive Director in May 2011.
- On 4 August 2011, the Board announced the appointment of Brian Kruger to the position of Managing Director-Elect effective 1 September 2011 for a four month period, and then Managing Director effective 1 January 2012.

GOVERNANCE

Remuneration governance continues to be a focus of the Remuneration Committee, including:

- Assessing and reviewing external remuneration trends, receiving advice from independent experts and consulting with governance advisers.
- Reviewing the remuneration framework and its application within Toll.
- Assessing and reviewing the remuneration, incentive payments and reviews for the Managing Director and other key executives.
- Ensuring alignment between Toll's corporate strategy, key performance indicators, and the way Toll measure and rewards its executives.

REMUNERATION OUTCOMES

The required statutory remuneration table in section 7 on page 42 of this report contains a breakdown of Toll's senior executive remuneration, set out in accordance with statutory obligations and accounting standards. It reflects the accounting values of the remuneration of the Managing Director and key senior executives.

The table opposite is a summary of the remuneration of the Managing Director and key senior executives, showing the actual amounts paid and value of grants made in FY11. This reflects the value of the remuneration package that is communicated to members of the senior executive team. All amounts are in Australian dollars ("AUD").

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Summary of executive remuneration in FY11

	Fixed remuneration at 30 June 2011 (incl. super) $'000	STI Target Opportunity for FY11 $'000	Actual Cash STI for performance to 30 June 2011 $'000	LTI granted during FY11[3] $'000	Term of agreement	Contracted notice periods
Managing Director						
Paul Little[1]	2,410	2,410	2,345	–	Shareholder approval 28 May 2007. Fixed term ended April 2010, contract now rolling.	12 months notice + 6 months Total Employment Remuneration (TER) payment if notice given by employee or the company.
Executives						
Hugh Cushing[2]	682	300	191	350	No fixed term – rolling	6 months by employee/ 12 months by company (Termination payment based on Fixed Remuneration).
Paul Ebsworth	621	250	183	200	No fixed term – rolling	6 months by employee/ 12 months by company (Termination payment based on Fixed Remuneration).
Mal Grimmond	621	250	225	200	No fixed term – rolling	6 months by employee/ 12 months by company (Termination payment based on Fixed Remuneration).
Wayne Hunt[2]	637	410	406	342	No fixed term – rolling	Being drafted under new executive service agreement template.
David Jackson	650	350	311	350	No fixed term – rolling	Being drafted under new executive service agreement template.
Brian Kruger	930	810	793	760	No fixed term – rolling	6 months by employee/ 12 months by company (Termination payment based on Fixed Remuneration).
Bernard McInerney[1]	658	270	264	270	Shareholder approval 28 May 2007. Fixed term ended April 2010, contract now rolling.	6 months by employee/ 18 months by company (Termination payment based on TER).
Shane O'Neill	621	300	297	300	No fixed term – rolling	6 months by employee/ 12 months by company (Termination payment based on Fixed Remuneration).
Stephen Stanley[1]	808	520	509	433	Shareholder approval 28 May 2007. Fixed term ended April 2010, contract now rolling.	6 months by employee/ 18 months by company (Termination payment based on TER).

1. Contracts were approved for five key executives at the extraordinary general meeting on 28 May 2007 at the time of the Asciano de-merger. For the executives contracted under this deed (three remaining) the terms of the contracts continue to apply.
2. Mr Hugh Cushing and Mr Wayne Hunt continue to serve in overseas jurisdictions as long-term expatriates and receive certain allowances in addition to their fixed remuneration, STI and LTI. The actual remuneration paid as disclosed in the statutory remuneration tables includes the impact of foreign exchange rates and non-monetary benefits paid in relation to the overseas assignments.
3. This represents the value of the LTI at the date of grant (that is, the senior executive's long-term incentive opportunity). However, the LTI is subject to performance conditions and, if those conditions are not met, the executive will receive no value from this grant.

LOOKING AHEAD TO 2011/12 (FY12)

The Directors believe that the remuneration initiatives which are being progressively implemented address the complex issues which have emerged in the current economic, social and political climate, and support the creation of long-term value for shareholders and the broader community.

Toll's intention is to continually improve alignment between its strategy and its remuneration framework to drive shareholder value and maintain motivation of its people.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

FULL REMUNERATION REPORT

This report is structured into the following sections:

1. Key management personnel
2. Remuneration philosophy and strategy
3. Executive remuneration framework
4. Performance of Toll
5. Managing Director remuneration
6. Service contracts
7. Statutory remuneration table: Managing Director and Executives
8. Performance related remuneration
9. Director and Executive equity instruments
10. Non-Executive Director remuneration framework
11. Remuneration and Executive Succession Planning Committee
12. Statutory remuneration table: Non-Executive Directors

1. KEY MANAGEMENT PERSONNEL (KMP)

Our Non-Executive Directors, Executive Director and senior management (including their positions) are listed below for FY11. All those listed are responsible for the stewardship of Toll and its strategic direction.

	Position	Comments
Non-Executive Directors		
Ray Horsburgh	Chairman and Non-Executive Director	
Harry Boon	Non-Executive Director	
Barry Cusack	Non-Executive Director	
Frank Ford	Non-Executive Director	
Mark Smith	Non-Executive Director	
Nicola Wakefield Evans	Non-Executive Director	Appointed on 10 May 2011
Executive Director		
Paul Little	Managing Director	
Executives[1]		
Hugh Cushing	Toll Global Forwarding, CEO	
Paul Ebsworth	Toll Domestic Forwarding, Divisional Director	
Mal Grimmond	Toll Specialised & Domestic Freight, Divisional Director	
Wayne Hunt	Toll Global Logistics, President and CEO	
David Jackson	Toll Global Resources, CEO	
Brian Kruger	Chief Financial Officer	
Bernard McInerney	Company Secretary	
Shane O'Neill	Toll Global Express, Divisional Director	
Stephen Stanley	Strategy/Mergers and Acquisitions, Director	

1. Executives are the individuals who had authority and responsibility for planning, directing and controlling the activities of Toll for the year ended 30 June 2011, including the five highest-paid executives in the Company and the Group.

In this report, the term key management personnel or KMP means each of the people listed above.

2. REMUNERATION PHILOSOPHY AND STRATEGY

We continue to adapt our remuneration framework in line with the changing external environment, our growth, our performance ambitions and our recognition of the importance of our people.

Our philosophy is to provide a market competitive remuneration structure that motivates our people to deliver and continuously create shareholder value. To achieve this, we are continuing to implement our People, Performance and Growth framework (our strategy) which is designed to drive a high performance culture while encouraging transparency and understanding for our shareholders and our people.

To deliver this strategy, we focus on our business priorities which are emphasised as part of our everyday focus on key result areas for our people's performance. These key result areas drive and enhance what we do and the overall Toll strategy by delivering and focussing effort on what matters most.

The Key Result Areas ("KRAs") that form part of the People, Performance and Growth framework include:

- Strategy and capability: Shaping our future, achieving our ambitions for growth and market leadership, development and stewardship of the resources and assets necessary to perform for customers and shareholders.
- Growth and innovation: Driving future business growth through markets, customers and innovation in services and technologies.
- Operational excellence: Achieving superior standards of operational efficiency, customer delivery and sustainability in safety and environmental performance.
- Maximising profitability and Return on Capital: Producing quality revenues and managing the cost base to deliver strong and sustainable returns on invested capital.
- Putting the customer first: Working together as one team for the customer.

While this report discusses the year ended 30 June 2011, it also looks at the future focus of our remuneration framework. We believe its continued evolution is critical to attracting, developing and retaining the right people with global standards of performance management becoming essential for ensuring the interests of all stakeholders.

Our KRAs were rolled out globally for our executives and senior management from 1 July 2010. This model will be used for all our salaried employees as a way of driving performance management throughout Toll.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

3. EXECUTIVE REMUNERATION FRAMEWORK

We continually seek to make our remuneration structures clearer, more transparent and applicable.

Toll supports performance-oriented remuneration. We consider that motivating individuals to improve performance as well as learn and grow is critical to Toll's success.

While monitoring changes in the market place and the continuing need to ensure simplicity and alignment to shareholder value, Toll believes the framework implemented in FY10 remains relevant. The framework consists of three remuneration elements as set out below:

	OBJECTIVE	PERFORMANCE CONDITIONS
FIXED REMUNERATION	Reflects the market value of the role and the incumbent's skills, experience and performance.	Reviewed annually following individual performance review, external benchmarking and internal peer relativity. Performance is measured against the five key result areas.
SHORT-TERM INCENTIVE (STI) – AT RISK	Incentive for achievement of stretch performance budgets and targets (goals) for the year.	For the year ended 30 June 2011, incentives were based on net profit after tax, earnings before interest and tax, safety, organic growth, merger and acquisition targets and other key corporate strategic initiatives. Return on Capital Employed was also introduced as an additional key financial metric for FY11. The STI metrics were based on group, divisional and individual level (as applicable to each role). (See STI section for more information).
LONG-TERM INCENTIVE (LTI) – AT RISK	Incentive for long-term shareholder value creation and assists in retention of key executives and talent.	For the year ended 30 June 2011, performance options granted were subject to performance targets based on two independently tested performance hurdles: 1. Relevant EPS (pre-amortisation), and 2. Relative total shareholder return. (See LTI section for more information).

Remuneration mixes

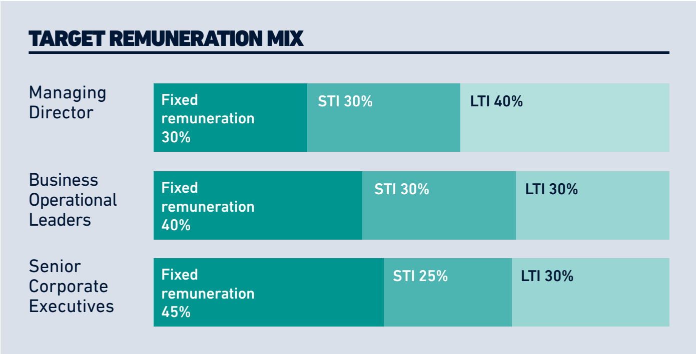
Our target remuneration mixes are shown opposite. These target remuneration mixes have been calibrated to support our performance-based remuneration structure and to better link performance to Group strategic objectives and shareholder value creation. Where significant gaps exist between executives' existing remuneration mixes and our target remuneration mixes, we intend to transition to the target remuneration mixes over time.

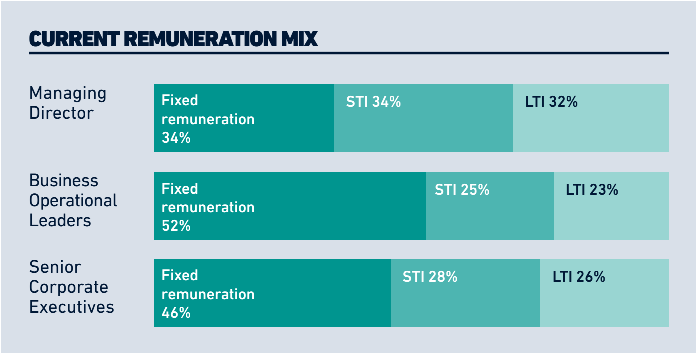
Toll's remuneration is primarily benchmarked against fixed remuneration as the most reliable source of benchmark data, with STI and LTI amounts being based on target remuneration mixes and assessed against market data. Generally, each role's target remuneration mix will allow the executive to earn in excess of the market median should they outperform and if performance measures are met in relation to LTI.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

The top diagram to the right reflects our desired remuneration mixes for the senior executive team.

The next diagram shows the current remuneration mixes of executives based on the 30 June 2011 remuneration target levels. (Whilst the target remuneration levels for the Managing Director are shown, it should be noted that no actual LTI grant was made in FY11. The resolution that was proposed for shareholder approval of the Managing Director's FY11 annual grant was withdrawn at the 2010 Annual General Meeting as a result of the announcement that the Managing Director was to transition from his role in January 2012).





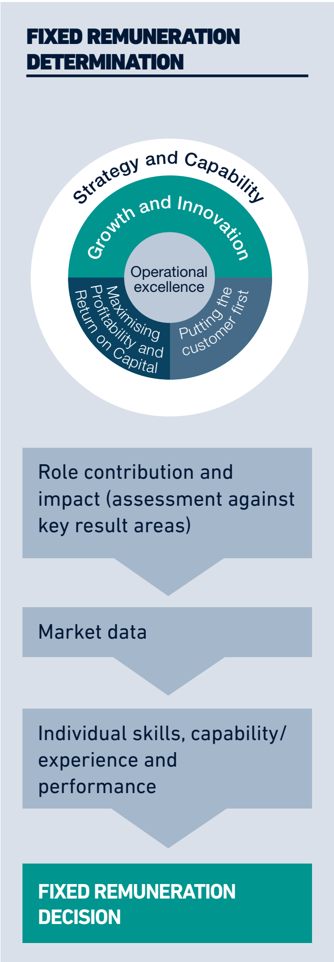
Fixed remuneration

An executive's fixed remuneration includes:

- cash salary;
- benefits the executive has chosen to receive instead of salary (including any fringe benefit tax) – common items would include salary sacrificing for superannuation or a motor vehicle; and
- compulsory superannuation.

This represents remuneration for the executive's everyday work and recognises the requirements of their role and their display of Toll's values. For the top two executive levels, Toll generally benchmarks remuneration against other ASX 100 companies from information provided by independent remuneration advisers.

Toll targets the midpoint (median) of the relevant peer group for fixed remuneration. Actual fixed remuneration is set against a range around the midpoint, which allows Toll to differentiate individuals based on their performance, relevant experience and capability. Ordinarily, recommendations concerning senior executive fixed remuneration levels are made by the Managing Director and are subsequently considered by the Remuneration Committee, or the Board.



Short-term incentive ("STI")

Toll's STI is one of two 'at-risk' remuneration components. It rewards performance against pre-determined metrics, which include both financial and non-financial measures and vary by role type (e.g. Managing Director, Business Operation Leader or Corporate Executive).

STI may be awarded to executives based on their annual performance as measured and evaluated under Toll's performance management system. STI hurdles are set each year to take account of current business plans and conditions. There is a threshold performance below which no award is paid. STI objectives are aligned with shareholder expectations and sustainable value creation.

They are paid in cash or as salary-sacrificed superannuation contributions. The benefits of introducing STI deferral were reviewed in FY11 and, whilst the decision was taken to continue cash based STI for senior executives for the coming year, the STI arrangements announced for the new Managing Director for FY12 now include a deferral component.

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

The Remuneration Committee, Managing Director and senior management ensure all relevant STI metrics are aligned with the Company's strategic objectives. For FY11, STI included a mix of metrics such as:

- Earnings Before Interest and Tax ("EBIT")
- Net Profit After Tax ("NPAT")
- Return on Capital Employed ("ROCE")
- Safety measures
- Organic growth
- Earnings before Interest, Tax, Depreciation, Amortisation ("EBITDA") impact of acquisitions
- Other non-financial measures such as strategic initiatives or specific asset and people capability projects that are required to be undertaken.

A breakdown of the Managing Director's STI metrics appears on page 39.

The Board approves the Managing Director's specific performance objectives, which are set with reference to Board-approved corporate objectives, plans and budgets. The Managing Director approves senior management's performance objectives in the same way. At the end of the annual performance period, performance evaluations are conducted, and proposed incentive payments are reviewed and approved by the Remuneration Committee (by the Board for the Managing Director). The Remuneration Committee notes and ratifies the information as approved by the Managing Director for other senior executives.

Targets are set at a deliberately high level; therefore, achievement of 125% of the target would require significant over-performance.

Financial metrics had the following payout scale for FY11:

Performance as a percentage of Target	Reward as a percentage of Target
< 90%	0%
90% (threshold)[1]	50%
100% (target)[1]	100%
Exceptional Performance (Maximum)	125%

1. Straight line reward between 90% to 100% of performance as a percentage of targets.

Non-financial metrics will be capped at target performance. Any over-performance of non-financial metrics will feed into talent and succession planning considerations.

In August 2011, the Board measured the performance of the Managing Director and each of the Executives against their STI hurdles and determined their award outcomes. See Table in Section 8 of this Report on page 43.

For FY12, financial and non-financial measures will be again set to align individual's contributions and focus to Toll's group, divisional and individual/business unit financial and strategic priorities:

- For Business Operational Leaders the non-financial components will be a maximum of 40% of the STI targets (previously 30% in FY11).
- For Corporate Executives, a maximum of 50% of their targets will be non-financial metrics. (This is unchanged from FY11). The higher non-financial component for Corporate Executives is to enable a focus on strategic initiatives that will drive Toll's future growth.

Long-term incentive ("LTI")

Toll's LTI is the second 'at-risk' remuneration component. It rewards sustainable long-term performance against pre-determined long-term measures, aligns executive remuneration with shareholder value creation and acts as a talent retention mechanism.

The intention of LTI is to support the business strategy by aligning executive remuneration with Toll's long-term performance.

The LTI is equity-based and in FY11 was provided through the shareholder-approved Senior Executive Option and Rights Plan in the form of Performance Options. Each Performance Option gives the holder the right to acquire a fully paid ordinary share in the Company for a specified price if performance hurdles are achieved during performance periods (generally three to five years). Performance Options are generally granted at no cost to the executive.

Grants of Performance Options are made every year to nominated executives. In the case of the Managing Director, any grants are subject to shareholder approval annually. The annual process gives the Board a regular opportunity to set new targets and reconsider the choice of instruments, hurdles, targets and vesting. This ensures the LTI continues to satisfy shareholder expectations while acting as an appropriate incentive for executives.

The Board believes that Performance Options continue to be an appropriate incentive tool for senior executives as they create a strong degree of alignment with shareholders. However, following recent tax changes in Australia, LTI recipients will now be able to elect to receive 100% Performance Options, 100% Performance Rights or a combination of 50% Performance Options/ 50% Performance Rights.

Dual performance hurdles were applied to all FY11 LTI grants. The hurdles were: Relevant Earnings Per Share (Relevant EPS) and Relative Total Shareholder Return (Relative TSR).

Toll continues to review and assess performance hurdles to ensure applicability in line with shareholder and broader stakeholder expectations.

High Performance Recognition and Retention Plan

In FY10, participation in the LTI was rationalised to less than 150 executives, in line with market practice. As part of this change, the Board approved the High Performance Recognition and Retention Plan for executives who ceased to receive a LTI. This Plan enables non-KMP employees who are continually evaluated as high performers (and who do not participate in the LTI plan) to receive a grant of restricted rights. The restricted rights are issued under the Senior Executive Option and Rights Plan Rules and require the approval first from the Managing Director, and then the Board. The value of allocations under this Plan reflects the employee's job and remuneration level. The Plan was introduced in FY11 with approximately 50 employees receiving restricted rights in FY11.

The key terms and conditions of the FY11 LTI performance option grant are described below.

	Relative TSR (50% of $ allocation)	Relevant EPS (50% of $ allocation)
Grant date	5 November 2010	
Instrument	Performance Options (a right to an ordinary share subject to performance conditions)	
Exercise price	$6.25 (volume-weighted average price of ordinary company shares traded on the ASX for five days up to and including the grant date)	
Performance period	3 years from 1 July 2010, with no retests.	3 years from 1 July 2010, with retests in years four and five based on the cumulative 4-year or 5-year compound growth from 1 July 2010.
Performance hurdle	Toll's Total Shareholder Return performance relative to entities within the S&P/ASX 100 comparator group, no exclusions ("Relative TSR") for 50% of the allocation.	Cumulative compound growth above a specified target in fully diluted earnings per share (pre-amortisation) for ongoing business operations excluding abnormal items ("Relevant EPS") for 50% of the allocation.
Shareholder approval	Shareholders approved grants under the Senior Executive Option and Right Plan at Toll's 2009 AGM	
Reason for hurdle	The Board considers a hurdle measured against the S&P/ASX 100 (no exclusions) is important as this is where Toll competes for shareholder capital so performance against this peer group is critical in adding to shareholder value.	Aligns the objectives of the Company and various stakeholders because there is a strong correlation between profit improvement and shareholder value.
Performance conditions (what needs to be achieved for vesting to occur)	**Company's TSR ranking in the comparator group** – **% that vest (subject to Board approval)** Up to 50th percentile – Nil 50th percentile up to the 75th percentile – Progressive/ pro rata vesting from 50% to 100% 75th percentile or better – 100%	**Relevant EPS growth over the period** – **% that vest (subject to Board approval)** Up to 10% p.a. growth – Nil 10% p.a. up to 15% p.a. growth – Progressive/ pro rata vesting from 50% to 100% 15% p.a. growth or better – 100%
Measurement date(s)	30 June 2013	30 June 2013, 30 June 2014, 30 June 2015
Method for assessing performance	At the appropriate time Relative TSR and Relevant EPS will be measured to determine the proposed vesting percentages which will then be considered and approved by Board resolution. In doing so, the Board considers (amongst other things) the Company's audited financial results and independent assessment of Relative TSR and Relevant EPS calculation.	
Vesting dates (subject to Board approval)	5 November 2013	5 November 2013, 5 November 2014, August/September 2015
Lapsing and forfeiture	Performance options will lapse if performance hurdles are not achieved or performance options remain unexercised at the expiry date. Unless the Board determines or the offer terms specify otherwise, where an executive ceases employment, all unvested performance options lapse. All performance options will lapse immediately in the case of dismissal for gross misconduct.	
Expiry date	4 November 2015	

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

Policies on equity remuneration

Toll's securities trading policy is explicit about matters relating to trading in Toll securities.

Short-term trading: Directors and senior executives must not engage in short-term trading of Toll securities. An example of short-term trading would be buying securities with a view to selling them within 12 months or selling securities with a view to repurchasing them within 12 months.

Selling shares immediately after acquiring them through the conversion of a security (e.g. an option under Toll's LTI plan) will not be regarded as short-term trading. The policy requires Directors and senior executives to seek guidance from the Company Secretary if they are ever in doubt.

Risk-limiting products on unvested entitlements: Directors and senior executives must not engage in transactions or arrangements in risk-limiting products which operate to limit the economic risk of unvested entitlements to Toll securities (e.g. hedging arrangements in relation to unvested options, performance rights or restricted shares).

If they wish to transact on vested entitlements, they must first seek written consent from either the Chairman (Director) or the Managing Director (senior management). If they wish to transact in Toll securities that are free to be traded, this must be done within a trading window.

Directors and senior executives are advised of Toll's securities trading policy details and approval procedures before each trading window. They are not able to trade Toll securities without first notifying the Company Secretary or Chairman of their proposed trade and receiving written approval to proceed. In all instances, executives and Directors are required to confirm they are not privy to price-sensitive information.

Toll enforces its policies through disciplinary action. Toll also requires executives to confirm that they have not entered into any hedging arrangements on an annual basis.

4. PERFORMANCE OF TOLL

Toll links remuneration with Company performance. We have key measures that drive our business and link to shareholder wealth creation. Some of the measures which have linked Company performance with remuneration over the past five years are as set out below:

	Share Performance			Earnings		Safety
Financial Year	Closing share price[3] ($)	Dividend per share (cents)	Relevant EPS[1,2] (cents)	EBIT[1,2] ($M)	NPAT[2] ($M)	LTIFR
2010/11	4.85	25	44.6	465	295	2.31
2009/10	5.48	25	45.1	435	284	4.02
2008/09	6.25	25	48.0	466	283	5.52
2007/08	6.02	25	42.7	429	254	7.35
2006/07	14.49[4]	27[5]	35.5	365	37	12.74

1. Pre-amortisation for continuing operations and excluding non-recurring items. This is an adjustment to the financial statement measure.
2. Calculated in accordance with relevant AASB requirements.
3. The closing price as at 2005/06 was 14.05.
4. Does not include the additional equity value received as part of the Asciano demerger.
5. Does not include a special dividend of 5cps or restructure dividend of 17cps.

5. MANAGING DIRECTOR REMUNERATION

Key responsibilities of the Managing Director are to drive shareholder value, deliver Toll's strategy, and engage and drive internal capability. Growth, operational excellence, asset and people capability are essential.

Paul Little's Total Employment Remuneration (TER) target was not changed in FY10. In FY11 his Fixed Remuneration was increased from $2.31 million to $2.41 million and his STI target was also increased from $2.31 million to $2.41 million. Notwithstanding the Managing Director's entitlement to an FY11 LTI of $2.25 million (compared toFY10's $1.98 million), no LTI grant was made during the period. (Refer to the section below for details – Managing Director's LTI).

Paul Little's remuneration for FY11, calculated in accordance with the relevant accounting standards which includes the amortised LTI value for the year (refer Table 7: Statutory Remuneration Table) was $6.037 million. This is an increase of 4.8% from last year's figure of $5.761 million. As noted above there was an increase in fixed remuneration and both the STI target and payment for FY11 were also higher than FY10. Despite not receiving an LTI grant in FY11, the continued expensing of previous year's equity grants has resulted in the LTI amortisation for FY11 being only slightly lower than FY10.

Managing Director's STI

The STI target of $2.41 million was based on the following targets for FY11:

Targets	Allocation	Outcome	Comments
Net Profit After Tax (NPAT)	50.0%	47.3%	Above threshold but slightly below target
Group Return on Capital Employed (ROCE)	10.0%	10.0%	At target level
Safety (Lost Time Injury Frequency Rate reduction)	20.0%	20.0%	Exceeded target reduction level
Organic Growth	10.0%	10.0%	At target level
Mergers and Acquisition: EBITDA impact of acquisitions	10.0%	10.0%	At target level
Total	**100.0%**	**97.3%**	

On measuring Paul Little's performance based on these hurdles, the Board determined Paul Little's actual STI for FY11 was discounted from his STI target of $2.4 million to $2.345 million.

Managing Director's LTI

In accordance with Paul Little's Executive Service Deed and subject to shareholder approval, he was entitled to a LTI grant in FY11 of $2.25 million, subject to achievement of performance hurdles. It was the Board's intention to seek shareholder approval for an LTI grant at the 2010 Annual General Meeting. A resolution for the grant was proposed in the Notice of Meeting, however, as Paul Little's intention to transition from his position of Managing Director was announced shortly before the 2010 Annual General Meeting, the Board considered that proxies cast on the resolution were not made in full knowledge of the announcement. Accordingly, the resolution was withdrawn and no LTI grant was made to Paul Little in relation to FY11.

It has previously been announced that Paul Little will retire from the role of Managing Director on 31 December 2011. As at the date of this report, no financial arrangements have been finalised in relation to his departure.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

New Managing Director Appointment

On 4 August 2011, the Board announced the appointment of Brian Kruger to the position of Managing Director-Elect effective 1 September 2011 for a four month period, and then Managing Director effective 1 January 2012.

The key terms of the employment arrangements for Brian Kruger in FY12 are summarised below. They are in line with industry practice and ASX corporate governance guidelines. They have been developed with the benefit of expert external advice and information on Australian peer company benchmarks. The remuneration package is designed to ensure alignment of reward with returns for shareholders and with achievement of corporate objectives as determined by the Board.

On appointment to the role of Managing Director, Brian Kruger will be provided with the following elements of remuneration (on an annualised basis):

- Fixed remuneration: $1,700,000
- Variable annual reward comprised of:
  - Short-term incentive (STI) target of: $1,700,000
  - Long-term incentive (LTI) target of: $1,700,000

Fixed remuneration

Period prior to appointment as Managing Director: For the period 1 July 2011 to 31 December 2011 Brian Kruger's fixed remuneration will remain unchanged from his current FY11 remuneration of $930,000 per annum.

On appointment as Managing Director: Brian Kruger's fixed remuneration has initially been set at $1,700,000 p.a. for the role of Managing Director and will apply to the half year commencing 1 January 2012. Fixed remuneration includes cash salary, and benefits Brian Kruger may choose to salary package, including any fringe benefit tax, and compulsory superannuation and will be subject to review each financial year.

Short-term incentive

Brian Kruger will be eligible for a performance based annual short-term incentive. The short-term incentive is determined by the Board annually and will be based on Brian Kruger's performance against key financial and non-financial metrics. For FY12 Brian Kruger's short-term incentive target is $1,400,000. Any earned short-term incentive will be paid in a combination of cash and deferred equity following the end of the performance year.

The target STI will be reviewed annually and determined by the Board at its discretion subject to the necessary regulatory and shareholder approvals.

Long-term incentive

Brian Kruger will be eligible for an annual long-term incentive award in accordance with the Company's Senior Executive Option and Right Plan (SEORP).

For FY12, the LTI award will be an allocation of equity with a total target value of $1,400,000 at grant. Unvested equity will lapse if Brian Kruger's employment ceases prior to the satisfaction of the performance conditions, unless the Board determines otherwise.

The target LTI will be reviewed annually and determined by the Board at its discretion subject to the necessary regulatory and shareholder approvals.

Special allocation of deferred shares

In recognition of Brian Kruger's promotion to the position of Managing Director-Elect from 1 September 2011, the additional responsibilities this position will entail, and given his fixed remuneration for the 6 month period prior to becoming Managing Director will remain unchanged from his remuneration for the previous financial year (i.e. he will not receive any increase to fixed remuneration as part of the FY12 remuneration review), Toll will grant Brian Kruger deferred equity to the value of $150,000, which will provide alignment with shareholder interests. This equity will be restricted until the first anniversary of the date Brian Kruger assumes the role of Managing Director.

6. SERVICE CONTRACTS

Toll has continued to update the standard terms of employment for Key Management Personnel and executives to incorporate relevant market practice, regulatory changes and advisory body commentary. All Executive Service Agreements/ Deeds (ESAs) provide for minimum notice periods by both the executive and Toll, with Toll maintaining the discretion to pay out the required notice period.

There are a range of terms and conditions in the ESAs, including the contracted notice periods and term of contracts (for further details please refer to page 31 and the table below). The variations are a result of the timing of execution of the ESAs with the relevant executives.

All of the contracts remain on foot until terminated in accordance with their terms. The basis and circumstances for termination payments as described in the ESAs for Paul Little, Bernard McInerney and Stephen Stanley received shareholder approval at the extraordinary general meeting on 28 May 2007. New ESAs were entered into with four other key management personnel during FY10 and a further ESA was finalised in FY11. New ESAs are still to be finalised with Wayne Hunt and David Jackson.

Details of service contracts

Executive	Terms and conditions
Paul Little[1]	Where Paul Little works out his full twelve (12) month notice period, he will be paid a further six (6) months based on TER. If the Company asks him not to work out his notice period, he will be paid the balance of the required notice period, including the additional six months TER. Where the Company gives Paul Little notice or he resigns and agrees a planned transition to retirement, any unvested options or rights will, subject to regulatory compliance and Board approval, remain alive and remain subject to performance hurdles and exercise requirements. The pay-out of any annual or long service leave will be in line with contractual requirements based on TER. Any STI component relating to the financial year at the time of cessation will be based on actual performance during that financial year, and if that is not determinable, on historical achieved STI performance measured over the preceding three-year period. The above termination payments will not apply if the Company terminates his services due to an event of summary dismissal. The Executive Service Deed incorporates confidentiality and non-compete clauses to protect the interests of the Company and the requirement to obtain salary continuance insurance in the event of illness or involuntary incapacity for periods of more than six months.
Bernard McInerney, Stephen Stanley[1]	Termination payments and terms are the same as Paul Little, with the following exceptions: Notice periods are six (6) months for the employee and eighteen (18) months for the Company. Should the executive work out the notice period, no additional termination payments are required.
Hugh Cushing, Paul Ebsworth, Mal Grimmond, Brian Kruger, Shane O'Neill	Notice periods are six (6) months for the employee and twelve (12) months for the Company. Should the executive work out the notice period, no additional termination payments are required. The pay-out of any annual or long service leave will be in line with contractual requirements (based on Fixed Remuneration). Termination without notice is possible for serious neglect of duty, serious misconduct or breach of employment conditions. Brian Kruger's new contract as Managing Director also provides for him to treat his employment as having been terminated by Toll if there is a fundamental change to his role that he has not consented to.

1. In determining the required notice periods for all executives (including Paul Little) and termination payments, the Board took into account the executive's service period before entering into the ESA, their contribution to the Company's growth, shareholder and governance guidelines, the Company's future objectives, and appropriate external advice. Having considered all these factors, the Board considered the terms of the ESAs to be both reasonable and appropriate.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

7. STATUTORY REMUNERATION TABLE: MANAGING DIRECTOR AND EXECUTIVES

The table shows specific remuneration details as required by relevant accounting standards:

		Short-term benefits			Post-employment benefits				Equity-based benefits	
		Cash salary $'000	Cash STI[1] $'000	Non-monetary $'000	Super $'000	Leave entitlements	Other long-term benefits $'000	Termination benefits $'000	Options $'000	Total $'000
Managing Director										
Paul Little	**2011**	2,289	2,345	71	50	–	–	–	1,282	6,037
	2010	2,189	2,079	71	50	–	–	–	1,372	5,761
Executives										
Hugh Cushing[2]	**2011**	783	191	236	–	–	–	–	277	1,487
	2010	728	277	286	–	–	–	–	187	1,478
Paul Ebsworth[4]	**2011**	558	183	13	50	–	–	–	122	926
	2010	269	48	6	25	–	–	–	38	386
Mal Grimmond	**2011**	556	225	40	25	–	–	–	151	997
	2010	508	108	–	25	–	–	–	88	729
Wayne Hunt[3]	**2011**	649	406	174	–	–	–	–	388	1,617
	2010	759	377	177	–	–	–	–	260	1,573
David Jackson	**2011**	600	311	–	50	–	–	–	277	1,238
	2010	578	270	–	50	–	–	–	187	1,085
Brian Kruger[4]	**2011**	915	793	–	15	–	–	–	433	2,158
	2010	826	672	–	15	–	–	–	107	1,620
Bernard McInerney	**2011**	505	264	138	15	–	–	–	303	1,225
	2010	496	270	124	15	–	–	–	242	1,147
Shane O'Neill[4]	**2011**	555	297	46	20	–	–	–	162	1,080
	2010	275	87	16	9	–	–	–	45	432
Stephen Stanley	**2011**	758	509	–	50	–	–	–	489	1,806
	2010	730	520	–	50	–	–	–	393	1,693
Former directors and executives										
John Ludeke[5,6]	**2011**	–	–	–	–	–	–	–	–	–
	2010	957	781	11	50	1,895	–	–	1,205	4,899
Total	**2011**	**8,168**	**5,524**	**718**	**275**	**–**	**–**	**–**	**3,884**	**18,569**
	2010	8,315	5,489	691	289	1,895	–	–	4,124	20,803

1. Short-term incentives: This reflects the STI amounts earned during FY11. The STI for FY11 was approved by the Board on 23 August 2011 and will be paid in October 2011. A minimum level of performance must be achieved before any STI is awarded. Therefore, the minimum potential value of the STI which was awarded in respect of FY11 was nil. The maximum potential value of STI may be higher than the targets shown on 'Remuneration Outcomes' depending if the result against a financial measure is considered 'exceptional'. If the Board considers the financial measure result exceptional the executive may earn up to 125% against the relevant financial measure.
2. Hugh Cushing is an expatriate employee who leads the Toll Global Forwarding business out of Hong Kong. He received a cost-of-living allowance and an allowance for a property which he retains in Melbourne for business travel purposes. Travel, housing and motor vehicle expenses were also paid by Toll on his behalf. An average annual exchange rate of 7.6378 has been used to convert any foreign currency amounts. The non-monetary benefits of Hugh Cushing for the year ended 30 June 2010 has been restated to include an additional travel reimbursement that was omitted from the 30 June 2010 Remuneration Report. The expatriate benefits and currency fluctuations mean that the amounts disclosed for Mr Cushing are higher than the remuneration figures which are benchmarked against the external market.
3. Wayne Hunt is an expatriate employee who leads the Toll Global Logistics business out of Singapore. He received expatriate allowances including housing and motor vehicle expenses that were paid by Toll on his behalf. An average annual exchange rate of 1.2737 has been used to convert any foreign currency amounts. The benefits and currency fluctuations mean that the amounts disclosed for Mr Hunt are higher than the remuneration figures which are benchmarked against the external market.
4. 2010 remuneration relates to the period of service from date of commencement as KMP only. Paul Ebsworth – 1 January 2010; Brian Kruger – 6 July 2009; Shane O'Neill – 1 January 2010.
5. Mr John Ludeke retired on 30 June 2010. The information reflects his remuneration information for the period to 30 June 2010. All payments made to Mr Ludeke were in line with contractual entitlements as approved by shareholders in the extraordinary general meeting on 28 May 2007. Mr Ludeke received a performance-tested STI. Mr Ludeke received no termination payment benefits other than his accrued leave entitlements. His existing unvested LTIs were allowed to continue subject to performance hurdles being met. The accounting requirements relating to equity require Toll to disclose the accelerated accounting value of the options granted to Mr Ludeke. Mr Ludeke has not recognised any value from these options given performance conditions still apply.
6. Mr Ludeke's leave entitlements were significant given his long tenure with Toll and a Toll acquired entity (approximately 30 years).

8. PERFORMANCE RELATED REMUNERATION

This table analyses the amounts shown in the statutory remuneration table, as a percentage of each individual's total.

		Fixed remuneration (not linked to company performance)	Value of Actual STI as a % of TER	% of STI Target actually received	% of STI forfeited	Value of equity expense as a % of TER	Total performance related remuneration
Managing Director							
Paul Little	**2011**	39.9%	38.8%	97.3%	2.7%	21.2%	60.1%
	2010	40.1%	36.1%	90.0%	10.0%	23.8%	59.9%
Executives							
Hugh Cushing	**2011**	68.5%	12.8%	63.6%	36.4%	18.6%	31.5%
	2010	68.6%	18.7%	100.0%	0.0%	12.7%	31.4%
Paul Ebsworth	**2011**	67.1%	19.8%	73.0%	27.0%	13.2%	32.9%
	2010	77.7%	12.4%	53.5%	46.5%	9.8%	22.3%
Mal Grimmond	**2011**	62.3%	22.6%	89.9%	10.1%	15.1%	37.7%
	2010	73.1%	14.8%	55.4%	44.6%	12.1%	26.9%
Wayne Hunt	**2011**	50.9%	25.1%	98.9%	1.1%	24.0%	49.1%
	2010	59.5%	24.0%	92.0%	8.0%	16.5%	40.5%
David Jackson	**2011**	52.5%	25.1%	88.9%	11.1%	22.4%	47.5%
	2010	57.9%	24.9%	101.9%	0.0%	17.2%	42.1%
Brian Kruger	**2011**	43.1%	36.8%	97.9%	2.1%	20.1%	56.9%
	2010	51.9%	41.5%	96.0%	4.0%	6.6%	48.1%
Bernard McInerney	**2011**	53.7%	21.6%	97.9%	2.1%	24.7%	46.3%
	2010	55.4%	23.5%	100.0%	0.0%	21.1%	44.6%
Shane O'Neill	**2011**	57.5%	27.5%	98.9%	1.1%	15.0%	42.4%
	2010	69.4%	20.1%	89.7%	10.3%	10.4%	30.6%
Stephen Stanley	**2011**	44.7%	28.2%	97.9%	2.1%	27.1%	55.3%
	2010	46.1%	30.7%	100.0%	0.0%	23.2%	53.9%

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

9. DIRECTOR AND EXECUTIVE EQUITY INSTRUMENTS

Equity holdings drive long-term shareholder value. Details of equity grants provided to executives in FY11 are detailed below.

	Type of equity[1]	Number granted	Grant date	First possible vesting date	Date of option expiry	Option exercise price ($)	Equity fair value at grant ($)[2]
Executives							
Paul Little	Nil	Nil					
Hugh Cushing	LTI Options – Tranche 1	118,244	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	134,616					$1.30
Paul Ebsworth	LTI Options – Tranche 1	67,568	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	76,924					$1.30
Mal Grimmond	LTI Options – Tranche 1	67,568	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	76,924					$1.30
Wayne Hunt	LTI Options – Tranche 1	115,541	5 November 2010	5 November 2013	4 November 2015		$1.48
	LTI Options – Tranche 2	131,539				$6.25	$1.30
David Jackson	LTI Options – Tranche 1	118,244	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	134,616					$1.30
Brian Kruger	LTI Options – Tranche 1	256,757	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	292,308					$1.30
Bernard McInerney	LTI Options – Tranche 1	91,217	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	103,847					$1.30
Shane O'Neill	LTI Options – Tranche 1	101,352	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	115,385					$1.30
Stephen Stanley	LTI Options – Tranche 1	146,284	5 November 2010	5 November 2013	4 November 2015	$6.25	$1.48
	LTI Options – Tranche 2	166,539					$1.30

1. All FY10 LTI grants were delivered as Options. The grants are split evenly into two tranches, with each tranche subject to different performance hurdles.
2. The estimated maximum value of the grant can be determined by multiplying the number of options granted by the fair value of the equity instruments. The minimum value of the grants, if the applicable performance conditions are not met, is nil

All options were granted during the financial year and no options have been granted since the end of the financial year.

No ordinary shares were issued during or since the end of the financial year on the exercise of options granted under the Senior Executive Option and Right Plan (2010: nil shares).

Equity valuations

Toll engages an external expert, PricewaterhouseCoopers ("PwC"), to independently value the required Equity taking into account factors including the performance conditions, share price volatility, life of the instrument, dividend yield and share price at grant date. The following table provides details of the valuations of the equity instruments issued to KMP during the year:

Type of Equity	First possible vesting date	Equity fair value ($)	Grant date	Exercise price ($)	Share closing price at valuation ($)	Toll expected volatility	Equity term (years)	Expected dividend yield	Risk free interest rate	Vesting period (years)	Expected life (years)
LTI Options – Tranche 1 (EPS)	4 Nov 2013	$1.48	5 Nov 2010	$6.25	$6.15	35%	5	4.0%	5.14%	3–5	4
LTI Options – Tranche 2 (TSR)	4 Nov 2013	$1.30								3	

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Option holdings – movements in FY11

The numbers of options over ordinary shares in the Company held during the financial year by the Managing Director and the key senior executives are:

	Balance as at 1 July 2010	Granted during the year as remuneration	Exercised during the year	Number changed, forfeited or lapsed during the year	Balance as at 30 June 2011	Vested and exercisable as at 30 June 2011	Balance as at date of report sign off
Managing Director							
Paul Little	2,959,589	–	–	–	2,959,589	–	2,959,589
Executives							
Hugh Cushing	389,764	252,860	–	–	642,624	–	642,624
Paul Ebsworth	143,792	144,492	–	–	288,284	–	288,284
Mal Grimmond	207,972	144,492	–	–	352,464	–	352,464
Wayne Hunt	628,439	247,080	–	–	875,519	–	875,519
David Jackson	389,764	252,860	–	–	642,624	–	642,624
Brian Kruger	473,906	549,065	–	–	1,022,971	–	1,022,971
Bernard McInerney	504,166	195,064	–	–	699,230	–	699,230
Shane O'Neill	166,447	216,737	–	–	383,184	–	383,184
Stephen Stanley	813,685	312,823	–	–	1,126,508	–	1,126,508

No options vested during FY11. No options were exercised, lapsed or forfeited during FY11 by the Managing Director and the key senior executives.

Share holdings – movements in FY11

The numbers of ordinary shares in the Company held during the financial year by the Managing Director and the key senior executives are:

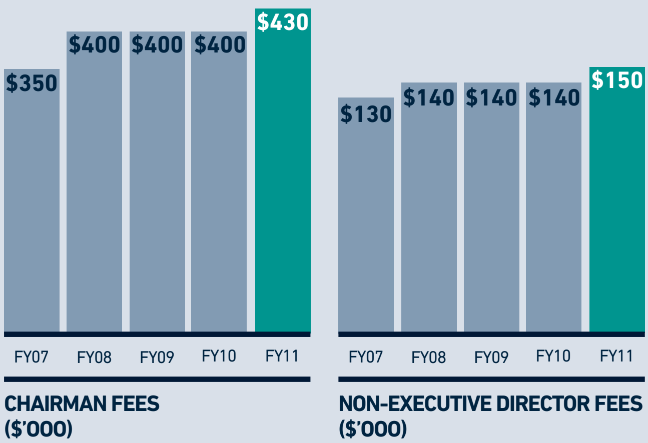
	Opening balance as at 1 July 2010	Purchased	Dividend reinvestment	Sold	Other changes	Balance as at 30 June 2011	Balance as at date of report sign off
Managing Director							
Paul Little	37,535,935	–	–	–	–	37,535,935	37,535,935
Executives							
Hugh Cushing	77,600	–	–	–	–	77,600	77,600
Paul Ebsworth	7,865	288	–	–	–	8,153	8,153
Mal Grimmond	12,500	–	481	–	–	12,981	12,981
Wayne Hunt	1,200	4,000	–	–	–	5,200	5,200
David Jackson	2,100	–	–	–	–	2,100	2,100
Brian Kruger	2,225	34,356	–	–	–	36,581	36,581
Bernard McInerney	362,452	–	–	–	–	362,452	362,452
Shane O'Neill	–	–	–	–	–	–	–
Stephen Stanley	555,333	–	23,040	–	–	578,373	578,373

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

10. NON-EXECUTIVE DIRECTOR REMUNERATION FRAMEWORK

Toll's Non-Executive Director fees remained the same in FY08, FY09 and FY10. This freeze was lifted for FY11 in line with the general market conditions.



In FY11 Non-Executive Director fees (including superannuation and before any salary sacrifice) were based on the following schedule:

Board fees ($ per annum)	Chairman[1]	Director/Member
Board	430,000	150,000
Audit and Financial Risk Committee	40,000	20,000
Remuneration and Executive Succession Planning Committee	35,000	15,000
Nomination and Governance Committee	Nil	Nil

1. The Chairman of the Board does not receive any additional payments for his role as chairman or member of any sub-committee.

Non-Executive Director remuneration consists of Director fees (including committee fees), non-monetary benefits and superannuation. As the Board has the principal oversight responsibility of management and Toll's long-term strategic direction, Non-Executive Director remuneration is not linked to the Company's short-term financial performance. Further, Non-Executive Directors are not entitled to performance-based remuneration or participation in equity incentive plans. Toll does not operate a retirement benefits program for Non-Executive Directors.

An aggregate fee cap of $1,500,000 for Non-Executive Director fees was approved by shareholders at the 2006 AGM. Within this limit, the Board annually reviews the fees payable to Non-Executive Directors, considering:

- Individual Board responsibilities and obligations on committees;
- Advice from specialist advisors regarding fees paid by comparable organisations; and
- Fees appropriate to attract and retain high quality Non-Executive Directors.

Under the Non-Executive Director Share Plan, Directors were previously able to sacrifice a proportion of their fees into shares, which, subject to Toll's securities trading policy, were purchased at a market price on a six-monthly basis. The share plan was suspended in FY10 because of the changes to share scheme tax legislation. Non-Executive Directors can buy shares in Toll in accordance with Toll's securities trading policy.

11. REMUNERATION AND EXECUTIVE SUCCESSION PLANNING COMMITTEE

("REMUNERATION COMMITTEE")

Governance and transparency in remuneration and succession planning is a key focus of the Remuneration Committee.

The Remuneration Committee is a sub-committee of the Board. Its charter sets out its membership, responsibilities, authority and activities. Its terms of reference are described in the Corporate Governance Report and are available online at www.tollgroup.com.

The Remuneration Committee's key responsibilities, as shown opposite, remain unchanged from last year. However, increased focus has been placed on ensuring performance alignment and assessing and reviewing the remuneration strategy as the market continues to develop in the wake of the Global Financial Crisis.

At 30 June 2011, the Remuneration Committee members were Harry Boon (Chairman), Ray Horsburgh and Barry Cusack, all of whom are independent Non-Executive Directors. Where appropriate, the Remuneration Committee also invites members of the management team to assist in its discussions (except those concerning their own remuneration). The Remuneration Committee also takes specialist remuneration advice during the year from external advisers as appropriate.

REMUNERATION AND SUCCESSION PLANNING COMMITTEE FOCUS

EXTERNAL REMUNERATION CONSULTANTS

REMUNERATION GOVERNANCE AND FRAMEWORK

Remuneration framework changes, details, concepts and design require approval from Non-Executive Directors. Governance continues to be a major focus of the Committee.

REMUNERATION

- Monitors the Group's remuneration strategy and framework so that it continues to drive long-term growth and the success of the Group and its employees;
- Reviews and make recommendations to the Board on Non-Executive Director fees;
- Reviews, determines and makes recommendations to the Board on the Managing Director's remuneration and, where required or requested by the Board, considers the appropriateness of remuneration allowances and incentives for contracted senior management;
- Reviews and ratifies other Senior Executives' remuneration, including the remuneration of all first level reports to the Managing Director;
- Oversees compliance with statutory responsibilities relating to remuneration disclosure;
- Reviews policies and reporting responsibilities relating to employee share, option, rights and non-equity based plans; and
- Reviews senior executive, Director and Non-Executive Director retirement and termination payments (if any).

SUCCESSION PLANNING

- Establishes and monitors executive succession planning.
- Oversees the executive succession planning framework.

MANAGEMENT INPUT
(STRATEGY, HUMAN RESOURCES, LEGAL, FINANCE)

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

REMUNERATION REPORT – AUDITED (CONTINUED)

12. STATUTORY REMUNERATION TABLE: NON-EXECUTIVE DIRECTORS

The remuneration for Non-Executive Directors is detailed below:

		Short-term benefits		Post-employment benefits			
		Cash fees $'000	Non-monetary $'000	Super $'000	Other long-term benefits $'000	Termination benefits $'000	Total $'000
Non-Executive Directors							
Ray Horsburgh	**2011**	329	86	15	–	–	430
	2010	262	124	14	–	–	400
Harry Boon	**2011**	170	–	15	–	–	185
	2010	147	–	13	–	–	160
Barry Cusack	**2011**	147	–	18	–	–	165
	2010	123	–	30	–	–	153
Frank Ford	**2011**	156	–	14	–	–	170
	2010	140	–	13	–	–	153
Mark Smith	**2011**	165	–	25	–	–	190
	2010	161	–	14	–	–	175
Nicola Wakefield Evans[1]	**2011**	19	–	2	–	–	21
	2010	–	–	–	–	–	–
Total	**2011**	**986**	**86**	**89**	**–**	**–**	**1,161**
	2010	833	124	84	–	–	1,041

1. Nicola Wakefield Evans commenced on 10 May 2011; however, no fees were actually paid in the FY11 year. The pro-rata payment reflecting service from 10 May 2011 to 30 June 2011 as shown in the table above will be made in the FY12 year.

Share holdings of Non-Executive Directors

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 numbers of ordinary shares in the Company held during the financial year by Non-Executive Directors are:

	Opening balance as at 1 July 2010	Purchased	Dividend reinvestment	Sold	Other changes	Balance as at 30 June 2011	Balance as at date of report sign off
Non-Executive Directors							
Ray Horsburgh	26,875	20,850	–	–	–	47,725	47,725
Harry Boon	27,088	–	–	–	–	27,088	27,088
Barry Cusack	46,300	–	1,921	–	–	48,221	48,221
Frank Ford	–	20,000	–	–	–	20,000	20,000
Mark Smith	26,282	–	–	–	–	26,282	26,282
Nicola Wakefield Evans[1]	–	–	–	–	–	–	–

1. Nicola Wakefield Evans commenced as a Non-Executive Director on 10 May 2011 and the opening balance represents the balance on commencement.

Insurance of officers

During or since the end of the year, the Group paid a premium in respect of a contract insuring each of the Directors of the Company, the Company Secretary and executives of the Company against liabilities that are permitted to be covered by Section 199B of the Corporations Act 2001. It is a condition of the insurance contract that its limits of indemnity, the nature of the liability and the amount of the premium not be disclosed.

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Indemnification of officers

The Company has agreed to indemnify the Directors of the Company and the secretary, and its controlled entities, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or secretary of the Company and its controlled entities, except where the liability arises out of conduct involving a lack of good faith. The agreement stipulates that the Company will meet the full amount of any such liabilities, including costs and expenses.

Rounding off

The Company is of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 (updated by CO 05/641 effective 28 July 2005 and CO 06/51 effective 31 January 2006) and in accordance with that Class Order, amounts in the financial report, and Directors' report have been rounded off to the nearest decimal of a million dollars, unless otherwise stated. All monetary amounts in the remuneration report have been rounded to the nearest thousand dollars (as required under ASIC CO 98/100).

Non-audit services

During the year KPMG, the Company's auditor has performed certain other services in addition to its statutory duties.

The Board has considered the non-audit services provided during the year by the auditor and, in accordance with
a resolution of the Audit and Financial Risk Committee, is satisfied that the provision of those non-audit services during the year by the auditor is compatible with, and did not compromise, the auditor independence requirements of the Corporations Act 2001 for the following reasons:

- all non-audit services were subject to the corporate governance procedures adopted by the Group and have been reviewed by the audit committee to ensure they do not impact the integrity and objectivity of the auditor; and
- the non-audit services provided do not undermine the general principles relating to auditor independence as set out in APES 110 Code of Ethics for Professional Accountants, as they did not involve reviewing or auditing the auditor's own work, acting in a management or decision making capacity for the Group, acting as an advocate for the Group or jointly sharing risks and rewards.

Auditor's Remuneration

Details of the amounts paid to the auditor of the Company, KPMG, and its related practices for audit and non-audit services provided during the year are set out below. In addition, amounts paid to other auditors for statutory audit and other services are also disclosed.

	2011 $'000	2010 $'000
Audit services:		
Auditors of the Company – audit and review of financial reports		
KPMG Australia	2,293	2,205
Overseas KPMG firms	2,148	1,993
Other auditors – audit and review of financial reports (non-KPMG firms)	323	478
	4,764	4,676
Other services:		
Taxation services		
KPMG Australia	449	1,801
Overseas KPMG firms	175	77
Other assurance services		
Overseas KPMG firms	12	22
Other services		
KPMG Australia	23	14
Overseas KPMG firms	26	–
Related practices of KPMG – other	14	–
	699	1,914

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

The lead auditor's independence declaration is set out on the following page and forms part of the directors' report for the year ended 30 June 2011.

Auditor

KPMG continues in office in accordance with Section 327 of the Corporations Act 2001.

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

R Horsburgh AM
Director

P A Little AO
Director

Dated at Melbourne this 25th day of August 2011

DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Toll Holdings Limited

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2011 there have been:

- no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and
- no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne
25th August 2011

CORPORATE GOVERNANCE STATEMENT
FOR THE YEAR ENDED 30 JUNE 2011

Toll's Corporate Governance Statement outlines the key aspects of the Group's corporate governance framework. The Board is committed to the highest standards in corporate governance and believes that good governance plays a major role in the Group's success. As at the date of the Annual Report the Group's governance practices comply with the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations, 2nd Edition (ASX Principles and Recommendations). Toll has also early-adopted, and included commentary in this Corporate Governance Statement on, amendments to the ASX Principles and Recommendations with respect to diversity that were introduced by the ASX Corporate Governance Council on 30 June 2010 (and that will apply to Toll's first financial year commencing after 1 January 2011).

Information about the Group's governance framework and the policies and charters referred to in this statement can be found on our website at www.tollgroup.com/about_corporategovern.html.

1. BOARD OF DIRECTORS

The Board currently has seven members. The Board is chaired by an independent Non-Executive Director and the roles of the Chairman and the Managing Director are separate. The Managing Director is the only Executive Director on the Board and all of the other Directors are independent Non-Executive Directors. In May this year, the Directors welcomed Nicola Wakefield Evans to the Board.

1.1 ROLE OF THE BOARD

The Board is responsible for the overall operation and stewardship of the Group, which includes guiding, assisting and supporting management to achieve the Company's goals. The Board is committed to maintaining a Company which generates sustainable long-term growth and profitability for the benefit of all stakeholders. The Board is keen to ensure the Company understands and acts on its responsibilities as a good corporate citizen in a broad community.

The Board operates under a formal Charter which sets out its role and responsibilities.

In summary the Board is responsible for:

- Strategy – Approving, directing, monitoring and assessing the Group's performance against strategic and business plans as well as approving and monitoring capital management including major capital expenditure, acquisitions and divestments.
- Risk Management – Ensuring processes are in place to identify the principal risks of the Group's business and assessing the integrity of the Group's systems of risk management.
- Reporting and Disclosure – Approving and monitoring financial and other reporting requirements, including reporting to shareholders and other stakeholders and establishing procedures to ensure compliance with the Company's continuous disclosure obligations.
- Management and Performance – evaluating the performance of the Managing Director, approving criteria for assessing, monitoring and evaluating the performance of senior executives, as well as undertaking an annual performance review of the Board's own effectiveness.
- Corporate Governance – Monitoring the Company's compliance with and establishing, corporate governance standards and encouraging ethical behaviour.

Non-Executive Directors are advised of the Board's Charter and the terms and conditions of their appointment in formal letters of appointment.

The Board has established a number of Board Committees, which are described on pages 55 to 56.

In addition to regular Board meetings during the year, the Directors visit a number of Company operations. These visits provide opportunities for Directors to meet with senior executives, employees and key clients in those areas.

1.2 ROLE OF THE CHAIRMAN

The Chairman provides leadership to the Board for the effective discharge of its duties. In doing so the Chairman's responsibilities include:

- ensuring that the Board receives accurate, timely and clear information;
- briefing all Directors on issues arising at meetings;
- facilitating effective discussion and analyses by the Board as a whole; and
- promoting constructive relationships between the Board members and between the Board and management.

1.3 DELEGATION TO MANAGING DIRECTOR AND MANAGEMENT

The Board has delegated the day to day management of the Group's business to the Managing Director and management. The Managing Director and management regularly report to the Board to enable the Directors to discharge their duties.

Management and key staff performance is regularly reviewed. In respect of key individuals, the Board is responsible for setting their major goals and objectives as well as personal development programs for the year ahead, then assessing and measuring their performance against such goals, objectives and programs. Further details of how the performance evaluation process is undertaken, including how performance measures are assessed, are set out in the Remuneration Report. Performance evaluations were undertaken during the reporting period in accordance with this process.

1.4 REVIEW OF BOARD AND BOARD COMMITTEE PERFORMANCE

During the reporting period, the Board determined that an independent performance evaluation of the Board, its Committees and each Director would be conducted. This external evaluation is currently underway and is expected to be completed in September 2011. The evaluation requires each Director to complete a detailed questionnaire and to be individually interviewed by the independent evaluator. Details of all responses will be summarised by the independent evaluator, discussed with the Chairman, and subsequently with both the Board and each Director individually.

Additionally, as part of this review process, the Chairman meets with the Board as a whole and with each Director individually to discuss the effectiveness of the Board and each of the Committees.

The external performance evaluation and internal discussions conducted by the Chairman assist in forming the basis for Board succession planning and ongoing consideration of the appropriate mix of skills and experience required of the Board.

1.5 BOARD COMPOSITION

As noted above, following the appointment of Nicola Wakefield Evans, the Board has seven members including six independent Non-Executive Directors and the Managing Director. The Directors bring a diverse range of skills and experience to the Board. The Board considers it has the range of skills, experience and knowledge to enable it to carry out its responsibilities and to govern the business effectively. The Non-Executive Directors contribute international, corporate management and operational experience, an understanding of the industry in which we operate, and an understanding of safety, environmental and community challenges that are faced by all major corporates.

Directors carry out their duties with integrity and honesty and participate in open and constructive discussions, are proactive in their approach to working through and critiquing proposals and commit to govern the Company to their highest ability.

A summary of the breadth and depth of Director experience and skills is set out below.

The Directors' Report includes a short biography for each Director, including a summary of their skills, experience, qualifications, relevant expertise, tenure and attendance at Board and Committee meetings.

The Nomination and Corporate Governance Committee works with the Board to ensure that there is an appropriate mix of skills and experience on the Board, having regard to the immediate and long-term strategies and objectives of Toll. The Board's policy and procedures for the nomination, selection and appointment of Directors can be found on the Group's website at www.tollgroup.com/about_corporategovern.html.

The Board acknowledges the concerns raised by various corporate governance bodies in relation to the lack of diversity amongst directors in Australia. The Board and the Nomination and Corporate Governance Committee assess diversity criteria, including gender, when assessing Board candidates' skills, experience and expertise. During the year the Board formally adopted an Equal Employment Opportunity and Diversity Policy, a copy of which can be found on the Toll Group website at www.tollgroup.com. The Board is currently in the process of determining the Groups' measurable objectives for achieving gender diversity throughout the Toll Group.

Experience and Skills	Number of Directors
International business	7
Industrial/manufacturing	6
Mining resource industries	3
Railways management	1
Finance and Banking	3
Mergers and acquisitions	5
Transport and Logistics	3
Governance	6
Regulatory compliance	6
Human Resources Management	4
Legal Practice	1
OHS/Risk management	7
Marketing	5
CEO, CFO or COO experience	7
Retail FMCG	3

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

1.6 INDEPENDENCE OF DIRECTORS

The Board's intention is that it should, at all times, be composed of a majority of independent Non-Executive Directors, which includes the Chairman. During the reporting period, none of the Non-Executive Directors had any relationships that could materially interfere, or be perceived to materially interfere with the Director's unfettered and independent judgement and the Board has considered the circumstances of each Director and determined that all its Non-Executive Directors were independent during the reporting period. As such, the Board met this criterion during the reporting period.

The Board is aware of the definition of independence set out in the ASX Principles and Recommendations and considers a Director to be independent if they are not members of management and are free of any business or other relationship that could materially interfere with, or reasonably be perceived to materially interfere with, the exercise of the Director's unfettered and independent judgment and ability to act in the best interests of Toll.

None of the Non-Executive Board members have any of the "Relationships affecting independent status" as described in box 2.1 of the ASX Principles and Recommendations.

The Board does not believe that the existence of one or more of these relationships in the future will necessarily result in a Director not being considered independent. The independence of a Director, including materiality of any relevant relationships, is assessed annually on a case-by-case basis from the perspective of both Toll and the Director and consideration is given to both qualitative and quantitative factors. Without limiting the Board's discretion in this regard, the Board has adopted the following guidelines to assist in making its determination on Director Independence:

- The Board will determine the appropriate base to apply (e.g. revenue, equity or expenses), in the context of each situation.
- In general, the Board will consider a holding of 5% or more of the Company's shares to be material.
- In general, the Board will consider an affiliation with a business which accounts for less than 5% of the relevant base to be immaterial for the purposes of determining independence. However, where this threshold is exceeded, the materiality of the particular circumstance with respect to the independence of the particular director should be reviewed by the Board.

Overriding the quantitative assessment is the qualitative assessment. Specifically, the Board will consider whether there are any factors or considerations which may mean that the director's interest, business or relationship could, or could be reasonably perceived to, materially interfere with the director's independence. Additionally, when assessing independence and evaluating potential candidates, the Board also has regard to the potential for conflicts of interest, whether actual or perceived, and the extent or materiality of potential or actual conflicts of interest.

All Directors, whether independent or not, must act in the best interests of Toll and exercise independent and unfettered judgement.

Additional policies, such as Directors not being present during discussions or decision making on matters in which they have or could be seen to potentially have a material conflict of interest, as well as Directors being excluded from taking part in the appointment of third party service providers where the Director has an interest, provide further safeguards for the maintenance of independence.

In accordance with the Corporations Act 2001 and the Company's Constitution, Directors must keep the Board advised, on an ongoing basis, of any interest that could potentially conflict with those of the Company, and any development which may impact the Director's perceived or actual independence. Procedures are in place for Directors to disclose actual and potential conflicts of interest.

1.7 INDEPENDENT ADVICE, INDUCTION AND TRAINING

In order to assist Directors in fulfilling their responsibilities, each Director has the right to seek independent professional advice at Toll's expense.

When a new Director is appointed, he or she must undertake an induction program which includes information about Toll's strategies, objectives and values as well as Toll's governance framework and business operations as well as meetings with key senior management personnel. In addition, all Directors have ongoing access to information with respect to Toll's business operations and to members of senior management through Board presentations, strategic discussions and site visits.

1.8 TENURE AND RETIREMENT

Directors appointed to casual vacancies during any reporting period are required to stand for election at the next general meeting of members.

All Directors, excluding the Managing Director, are required to retire and, if available and eligible, stand for re-election by members at least once every three years. Before recommending the re-election of any Director to members, the Board has regard to the recommendations of the Nomination and Corporate Governance Committee, any relevant performance assessments and the mix of skills, experience and expertise represented on the Board at the time.

2. BOARD COMMITTEES

To assist in the discharge of its responsibilities, the Board has the following Board Committees:

- Nomination and Corporate Governance Committee;
- Audit and Financial Risk Committee; and
- Remuneration and Executive Succession Planning Committee.

These Committees:

- each have their own Charter, which is reviewed and updated as appropriate;
- report and make recommendations to the Board on matters attended to by them at the first Board meeting following each Committee meeting; and
- are authorised to seek any information they require from any officer or employee of the Company, and may take such independent professional advice at the Group's expense as they consider appropriate.

The Board may, at any time, address matters identified within a Committee's Charter at the full Board level.

Details of the members of each of the committees and their attendance at committee meetings during the year are set out in the Directors' Report.

2.1 NOMINATION AND CORPORATE GOVERNANCE COMMITTEE

The Nomination and Corporate Governance Committee must have at least three Directors, the majority of which must be independent Non-Executive Directors and be chaired by an independent Non-Executive Director. The Committee meets as necessary, and has met on two occasions during the reporting period.

The role and responsibilities of the Nomination and Corporate Governance Committee include:

(a) reviewing the size and composition of the Board and its committees and where necessary making recommendations to the Board;

(b) providing advice to the Board with respect to the necessary and desirable mix of skills and competencies of Directors;

(c) establishing criteria for membership selection and ensuring the criteria is used in making recommendations to the Board for the appointment, re-election and resignation of Directors;

(d) establishing and reviewing Board succession plans to ensure there is an appropriate balance of skills, experience and expertise on the Board and providing recommendations and advice to the Board on those matters;

(e) identifying individuals who are potential candidates for the Board, having regard to such factors as the Committee considers appropriate, including independence, skills, Board diversity, experience with business and other organisations of a comparable size, and the extent to which the candidate would be a desirable addition to the Board and any Board Committees;

(f) ensuring that an effective induction program for new Directors is in place, and reviewing, as necessary, its effectiveness;

(g) establishing procedures for use by the Committee to evaluate the performance of the Board and each Director, including an assessment of whether each Director has devoted appropriate time to their duties;

(h) reviewing the Company's Corporate Governance framework, having regard to the ASX Corporate Governance Principles, and establishing and reviewing policies and procedures to promote compliance, where necessary; and

(i) establishing a diversity policy for the Group and recommending, for adoption by the Board, measurable objectives for achieving gender diversity and processes for monitoring progress towards achieving such measurable objectives.

2.2 REMUNERATION AND EXECUTIVE SUCCESSION PLANNING COMMITTEE

The Remuneration and Executive Succession Planning Committee must be comprised of only Non-Executive Directors, with the majority of the Committee members being independent Non-Executive Directors. The Committee must also be chaired by an independent Non-Executive Director. The Committee meets as necessary, and has met on four occasions during the reporting period.

The Remuneration and Executive Succession Planning Committee reviews and makes recommendations to the Board on remuneration packages and policies applicable to the Managing Director, Non-Executive Directors and, where appropriate, senior executives. The Committee may also review and make recommendations regarding the policies applicable to staff salary reviews generally. One of the requirements of the Committee is to ensure remuneration levels are competitively set in order to attract and retain appropriately qualified and experienced Directors and senior executives.

The duties of the Remuneration and Executive Succession Planning Committee include:

(a) reviewing, determining and making recommendations to the Board regarding Managing Director and senior executive remuneration allowances and incentives, including termination payments;

(b) reviewing and making recommendations to the Board on Non-Executive Directors' fees;

(c) overseeing compliance with requirements regarding disclosure of remuneration arrangements;

(d) reviewing policies relating to employee share, rights, units and option plans;

(e) establishing and monitoring executive succession planning;

(f) reviewing and facilitating stakeholder engagement in relation to remuneration policies and practices;

CORPORATE GOVERNANCE STATEMENT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

(g) reviewing and making recommendations to the Board on remuneration by gender and recommending strategies or changes to address any identified pay gap; and

(h) where independent advice is required in relation to the setting of remuneration for key management personnel, approving and engaging remuneration consultants and receiving any advice and/or recommendations directly from them.

The Company's remuneration framework was reviewed during the reporting period. Further details of this review, as well as the Group's approach to Non-Executive Director, Managing Director and senior executive remuneration are set out in the Remuneration Report. The Group's remuneration framework is designed to support the strategies, objectives and future direction of the business by attracting and retaining high calibre individuals. The level and mix of remuneration of Non-Executive Directors, Executive Directors and other senior executives is determined by reference to the market via survey data and input from external professional remuneration consultants.

The remuneration framework clearly distinguishes the remuneration structure for Non-Executive Directors from that of the Managing Director and other senior executives and Toll does not have any schemes or retirement benefits (other than superannuation) in place for its Non-Executive Directors.

In light of recent changes to the Corporations Act with respect to the engagement and receipt of advice from remuneration consultants, the Remuneration Committee has established the following procedures for engaging external advisors to obtain independent advice and/or recommendations on Director and senior executive remuneration:

(a) The requirements and scope of the advice and/or recommendation being sought is agreed to by the Remuneration Committee;

(b) The Remuneration Committee nominates either the Board Chairman or the Committee Chairman to coordinate obtaining the advice and/or recommendation from an external remuneration advisor;

(c) The Remuneration Committee selects the preferred external advisor to be engaged for the purposes of providing the advice/recommendation;

(d) The nominated Chairman briefs and engages the external advisor in accordance with the agreed scope; and

(e) The advice and/or recommendations provided by the external advisor is to be received by the nominated Chairman directly from the advisor and the nominated Chairman will then provide the advice and/or recommendation to the other members of the Remuneration Committee and, where appropriate, the full Board and/or certain members of management, for consideration.

2.3 AUDIT AND FINANCIAL RISK COMMITTEE

The Audit and Financial Risk Committee must have at least three members who are all Non-Executive Directors, with the majority being independent Non-Executive Directors, and must be chaired by any independent Non-Executive Director who is not the Chair of the Board. The members are all financially literate and have the necessary qualifications and/or experience to enable them to discharge their duties. The Committee met on five occasions during the reporting period.

The Audit and Financial Risk Committee considers any matters relating to the financial affairs of the Group and the external audit. The Committee's duties include:

(a) monitoring compliance with Toll's legal obligations;

(b) reviewing and monitoring compliance with the Company's auditor independence policy and reviewing the annual audit plan;

(c) overseeing the preparation of half year and full year financial statements;

(d) reviewing, and where appropriate recommending changes to Toll's accounting policies;

(e) reviewing effectiveness of internal audit and cross divisional reviews;

(f) managing the process of identification and management of risk;

(g) monitoring risks relating to business continuity, disaster recovery, reputation, currency exposure and interest rate exposure;

(h) assessing the performance of risk management; and

(i) recommending to the Board the selection and appointment, rotation, re-appointment or replacement and compensation of the external auditors.

In carrying out its duties, the Audit and Financial Risk Committee has put in place a number of internal processes that allow it to receive and review reports from management on various aspects of the Group to ensure a high standard of audit and risk management. Declarations are made by the relevant managers on various aspects of risk and financial management, including statements on the operation of, and compliance with a sound system of risk management and internal compliance and control relating to financial reporting and material business risks. The necessary declarations by the Managing Director and Chief Financial Officer are also provided (see "Risk Management" on page 58).

The Audit and Financial Risk Committee reviews the performance and makes recommendations to the Board with respect to the selection, appointment and rotation, of Toll's external auditors in accordance with Toll's Auditor Independence Policy which can be found on the Toll Group website at www.tollgroup.com.

3. DIVERSITY

The Company recognises the value of attracting and retaining employees with different knowledge, abilities and experiences and is committed to creating a working environment that is fair and flexible, promotes personal and professional growth, and benefits from the capabilities of its diverse workforce. Toll believes that a talented and diverse workforce is a key competitive advantage and Toll's success is a reflection of the quality and skills of its people. Toll is committed to providing equal employment opportunities and fostering an environment which attracts, welcomes and retains a diverse and talented workforce, and to treating people equitably with respect, dignity and fairness.

Diversity recognises and values the contribution of people with differences in capabilities, experience and perspectives. Diversity encompasses gender, age, ethnicity, religious, and cultural backgrounds.

Toll is committed to:

- recruitment and selection practices that are focussed on attracting a diverse range of applicants and recruiting the best person for the job, based on relevant job criteria and without regard to individual attributes such as cultural and ethnic background, gender, sexuality, disability or family circumstances;
- a workplace which is free from inappropriate conduct (such as discrimination, bullying, harassment, vilification, victimisation and occupational violence);
- awareness in all staff of their rights and responsibilities in respect of diversity and equal opportunity practices; and
- attracting, developing, selecting and retaining high calibre people with diverse skills and backgrounds to expand the talent pipeline.

The Board and senior management are in the process of developing a set of measurable objectives to support the achievement of Toll's diversity objectives and will report against these criteria in the 2012 Annual Report.

On an ongoing basis Toll will measure and review diversity across the organisation and will report to the Group Senior Executive Committee and the Board on progress in achieving diversity within the Company.

Gender diversity is a key element of the Group's diversity strategy. Toll is dedicated to increasing the representation of women throughout the workforce, with particular regard to female representation at senior levels of management and the Board. The following table discloses the gender diversity of the Company as at 30 June 2011:

Category	% Female	% Male
Board	14.2	85.8
Senior executive	8.3	91.7
Company	20.7	79.3

4. ETHICAL AND RESPONSIBLE DECISION MAKING

Toll is committed to conducting its business in accordance with the highest standards of ethical behaviour. All Directors, managers and employees are expected to act with integrity and objectivity, striving at all times to enhance the reputation and performance of the Group. Accordingly, the Group has established policies in order to maintain confidence in the Group's integrity and encourage compliance with both legal obligations and stakeholder expectations.

Toll's Code of Practice sets out obligations in relation to Toll's Disclosure Hotline, fair trading, insider trading, equal opportunity, health and safety, the environment, pirated software, gifts and favours, conflicts of interest, expenses and claims, confidentiality, public statements and use of Company property. Toll's Ethical Code of Conduct formalises the Group's commitment to the highest standards of integrity, honesty and accountability. The Ethical Code of Conduct deals with matters such as legal compliance, fair trading, bribes and gifts as well as conflicts of interest.

In addition, Toll has adopted a separate Code of Conduct for Directors and Senior Executives, which is based on a code prepared by the Australian Institute of Company Directors.

The Company's Disclosure Hotline policy is to enable all Australian employees the opportunity to anonymously report unethical or inappropriate behaviour via an independent third party. This Hotline has been implemented within Australia and will continue to be implemented progressively into all other major jurisdictions in which the Group operates.

Notwithstanding the above policy, employees are encouraged to report unacceptable behaviour to their nominated supervisors at first instance.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

5. SECURITIES TRADING POLICY

The Board has adopted a Securities Trading Policy, which provides guidance to Directors and employees regarding dealing in Toll securities. All Directors, executives and employees are prohibited from trading in the Company's securities, related financial products and derivatives whenever they have price sensitive information which is not generally available.

Under the Securities Trading Policy, a combination of trading windows and blackout periods is used. Trading for Directors and senior executives is restricted to:

(a) the six-week period commencing on the second full trading day following the release of the half year results;

(b) the six-week period commencing on the second full trading day following the release of the full year results;

(c) the six-week period commencing on the second full trading day following the Annual General Meeting;

(d) the offer period specified in any disclosure document (e.g. a prospectus) issued by Toll; and

(e) any other period the Board determines, if the Board is satisfied that all price sensitive information has been released to the market.

Outside these periods, trading may only occur with prior written approval. Such approval will not be given during the following blackout periods (unless exceptional circumstances apply):

(a) close of trading on 31 December until the commencement of the trading window on the second full trading day following the release of the half year results;

(b) close of trading on 30 June until the commencement of the trading window on the second full trading day following the release of the full year results;

(c) the four-week period prior to the Annual General Meeting; and

(d) any other period the Board determines.

Further, Directors, the Managing Director, senior management and other employees who receive equity-based payments as part of their remuneration are prohibited from entering into "hedging" or any other arrangements which effectively operate to limit the economic risk of their unvested entitlements that they may hold under any of Toll's incentive plans (such as the Senior Executive Option and Rights Plan).

6. RISK MANAGEMENT

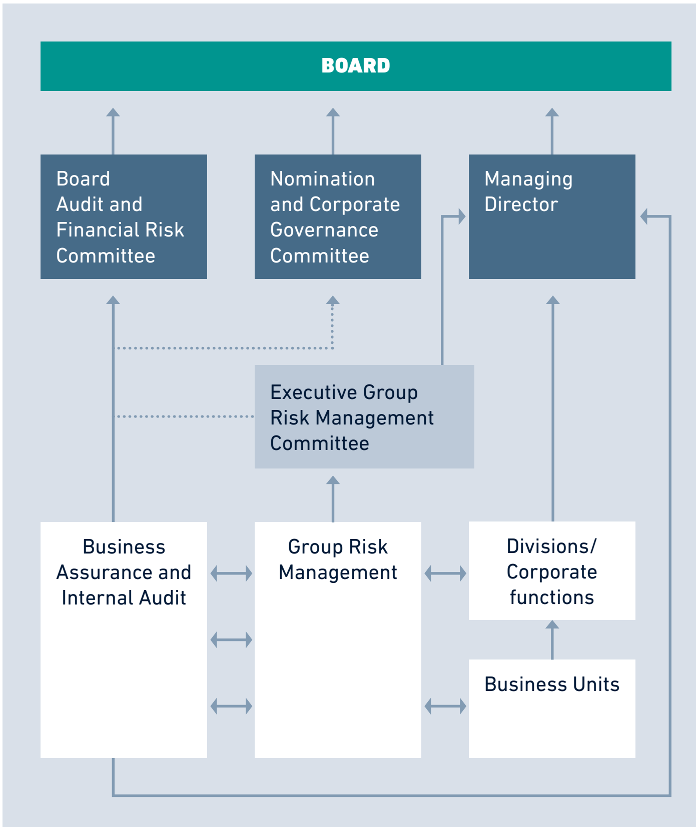
Effective risk management is critical to the Group's success and is an integral part of the culture of Toll. Whilst the acceptance of some risk is necessary to achieving corporate goals, success is derived from the Group's ability to identify key risks in a timely manner and implement appropriate strategies to maximise business opportunities, manage uncertainties and minimise potential hazards. The Group's business risk profile is subject to a formal review as part of the annual strategic and business planning cycle. By continually evaluating the risk and reward balance, and building risk management into daily activities at all levels, the Group's risk management framework addresses the interests of all stakeholders – including shareholders, customers, suppliers, regulators, employees and the community.

The strength of the Group's risk management and internal control framework is founded on a combination of 'formal' policies, procedures, reporting and analysis, as well as 'informal' controls such as management competence, judgement, ethics and values and specific accountability, all of which are actively promoted by senior management.

The full text of the Group's comprehensive Risk Management Policy and Internal Compliance and Control System is set out in the Risk Management Policy Statement in the Corporate Governance section of the Group's website at www.tollgroup.com/about_corporategovern.html.

RISK MANAGEMENT ACCOUNTABILITY FRAMEWORK

The key components of the risk management accountability framework are illustrated and discussed below:



CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

The Board, through the Audit and Financial Risk Committee, oversees the establishment, implementation and ongoing review of the Group's risk management and internal compliance and control system. The internal control system covers strategic, financial, operational and compliance risks. The Audit and Financial Risk Committee also approves the annual program and scope of Business Assurance and Internal Audit (BA&IA) reviews. The Nomination and Corporate Governance Committee reviews corporate governance practice and relevant Company policies where required.

The Managing Director is responsible for the design and implementation of the risk management policy and internal compliance and control system and Divisional Directors are responsible for risk management within their respective divisions. The Group Executive Risk Management Committee, comprised of the Managing Director, Divisional Directors, Company Secretary and other senior corporate executives, has responsibility for identifying, evaluating and monitoring the key business risks of the Group including the adequacy and effectiveness of mitigation strategies, compliance and reporting to the Board as to whether those risks are being managed effectively.

To promote accountability, Divisional Directors delegate day-to-day responsibility for risk management, compliance and control to Business Unit General Managers. This responsibility includes designing and implementing a sound system of risk management and internal control that identifies, assesses, monitors, and manages key risks that impact achievement of business objectives. The Business Unit General Managers, Divisional Directors and selected executives give detailed risk management and governance declarations annually. Specialist risk and occupational health and safety (OHS) managers support business units in establishing and monitoring risk management processes and awareness within their specialist areas.

Group Risk Management and the BA&IA functions adopt a support and monitoring role over Group wide risk management and compliance activities.

Overall, the Group Risk Management function is responsible for:

(a) providing technical advice;

(b) developing risk management policies and procedures; and

(c) coordinating risk reporting to senior management and the Board on matters such as OHS, security, environment, dangerous goods/hazards, crisis management, business interruption, contracts and insurance.

The BA&IA function reports to the Audit and Financial Risk Committee, and:

(a) independently evaluates the effectiveness and efficiency of selected risk management and internal compliance and control systems;

(b) coordinates its program with other Group 'assurance' activities covering OHS, hazardous goods, balance sheet integrity and internal compliance programs;

(c) assists in evaluating and monitoring the effectiveness of the Group and Divisional business risk analysis program; and

(d) liaises and consults with the Group Risk Management function on selected risk and compliance matters.

Toll has identified a number of material business risk areas which are monitored and reported on in accordance with the framework described above. These include:

- Financial and reporting risks – Integrity of financial reports, independence of the external auditor and maintenance of financial records.
- Business/operations risks – Occupational Health & Safety, information systems and technology, human capital and environment.
- Regulatory/compliance risks – Compliance with regulatory guidelines, relevant legislation, and continuous disclosure.
- Strategic risks – Business continuity, managing customer and supplier relationships, transport industry consolidation, and global expansion.

All material price sensitive changes to the Group's business risk profile are disclosed to stakeholders in accordance with the Group's Continuous Disclosure Policy.

Further details regarding management of some of these risks can be found in the 2011 Corporate Social Responsibility Report in the Corporate Governance section of the Group's website at www.tollgroup.com/about_corporategovern.html.

REPORTING TO THE BOARD ON RISK MANAGEMENT FOR THE REPORTING PERIOD

Business risk reporting

During the reporting period, the Board has received and is satisfied with the report from management on the Group's material business risks and the effectiveness of the Company's management of these risks. Integrated risk management programs are aimed at ensuring risks are identified, assessed and appropriately managed, and include regular reports to the Group Executive Risk Management Committee and the Board on the status of business risks. The Audit and Financial Risk Committee is also responsible for reviewing the effectiveness of the Group's risk management and internal control system.

Financial risk reporting

The Board has received and considered the annual declaration from the Managing Director and Chief Financial Officer which states that in their opinion:

(a) the Company's financial records have been properly maintained; and

(b) the financial statements and notes for the year ended 30 June 2011 present a true and fair view of the financial position and performance of the Group and are in accordance with relevant accounting standards.

CORPORATE GOVERNANCE STATEMENT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

The Managing Director and Chief Financial Officer also provided a statement to the Board that, to the best of their knowledge and belief:

(a) the declarations above regarding the integrity of the financial reports are founded on a sound system of risk management and internal compliance and control in relation to financial reporting risks which implements the financial and governance policies adopted by the Board;

(b) the Group's risk management and internal compliance and control systems, relating to financial reporting risks for the year ended 30 June 2011, were operating effectively in all material respects, in relation to financial reporting risks;

(c) nothing has come to their attention since 30 June 2011 that would indicate any material change to the statements made in (i), and (ii) above; and

(d) majority-owned entities and those entities under Toll management control are included for the purposes of this statement.

The declarations and statements by the Managing Director and Chief Financial Officer are supported by the risk management framework detailed above.

7. COMMUNICATING WITH SHAREHOLDERS

The Board is committed to keeping shareholders fully informed about developments and important information affecting the Group and has adopted a Shareholder Communication Policy which can be found in the Corporate Governance section of the Group's website at www.tollgroup.com/about_corporategovern.html. Information is communicated to shareholders in a number of ways:

(a) All matters requiring disclosure under the ASX Listing Rules are announced to the ASX in accordance with the Company's Continuous Disclosure Policy which has been designed to ensure compliance with the ASX Listing Rule disclosure requirements and to ensure accountability at a management level for that compliance.

(b) The Annual Report is distributed to shareholders who have requested it in printed format. It is also available electronically and posted on the Group's website at www.tollgroup.com/about_corporategovern.html.

(c) Shareholders are encouraged to attend the Annual General Meeting, which is the main opportunity for shareholders to hear the Managing Director and Chairman provide updates on Company performance, ask questions of the Board and vote on the various resolutions affecting the business. Shareholders are also given an opportunity to ask questions of the Company's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

(d) The Group's website at www.tollgroup.com/about_corporategovern.html is regularly updated as required to the following information under the "Shareholder" information section:
   (i) latest Annual General Meeting, Proxy voting results, Notices of the Annual General Meeting and explanatory material as well as transcripts of the Chairman's and the Managing Director's addresses;
   (ii) Annual Reports for at least the past 10 years and presentations made to the market regarding annual results;
   (iii) Corporate announcements;
   (iv) Recent significant developments;
   (v) "Toll Today" quarterly newsletters;
   (vi) Diary for events of interest to shareholders; and
   (vii) The live share price of the Company's ordinary shares trading on the ASX (with an approximate delay of 20 minutes).

8. RELATING TO OUR STAKEHOLDERS

The Group believes in openness and transparency within its operations and its relationships with stakeholders. To assist this process, the Group has developed a number of policies which set out what various groups of people may expect when they interact with the Group, and where appropriate, what the Group expects of them. Detailed summaries of these policies are available on the company's website at *About Toll – Company Policies*.

In addition, information on the following matters is accessible under the About Toll – Corporate Governance section of the Group's website www.tollgroup.com:

(a) Board Charter

(b) Charters of the Board committees

(c) Procedure for the selection and appointment of new Directors

(d) Securities trading policy

(e) Ethical Conduct Policy

(f) Code of conduct for Directors and senior executives

(g) Auditor independence policy

(h) Continuous disclosure policy

(i) Communication with shareholders policy

(j) Risk management policy statement

(k) Performance evaluation process for Board and key executives

(l) Codes of conduct with stakeholders.

CORPORATE SOCIAL RESPONSIBILITY REPORT
FOR THE YEAR ENDED 30 JUNE 2011

SUSTAINABLE LOGISTICS

In our increasingly connected world, logistics is a key component of global commerce. It represents around fourteen per cent of the global GDP and connects service providers, suppliers, sellers and buyers, through the movement of goods around the globe.

Logistics is an important activity for both the social progress it delivers and the impact its various modes of transportation can make to sustainability. Logistics has a role in contributing to a more sustainable world, and therefore Toll's contribution is important too.

Toll provides logistics services for its customers, in order to deliver profits to shareholders who provide the investment base. In providing these services we use both human and natural resources and this has a range of impacts that affect people and the planet more broadly.

CORPORATE SOCIAL RESPONSIBILITY

Corporate social responsibility includes elements that maintain the life of an organisation and how we improve sustainability. For Toll, these elements include:

- Our Values
- Our People
- Our Community
- Our Environment, and
- Our Stakeholders.

Each of these elements is individually important, but in combination they are the basis on which we can build and grow a low energy intensive business.

This Corporate Social Responsibility Report aims to provide stakeholders with an understanding of how Toll's activities relate to its values, people, community, environment and stakeholders to ensure the sustainability of its businesses.

Toll's future depends on it being able to access certain resources while managing the long-term impacts that it has on these resources responsibly so that it is able to continue meeting its supply demands both now and for generations to come.

Sustainability is strategically important to Toll for a number of reasons:

- Boosting stakeholder support from customers, staff and shareholders by providing increasingly sustainable services;
- Increasing Toll's brand awareness and ensuring that communities value Toll's presence and contributions;
- Fostering innovation in the development of our services and business models;
- Reducing costs by driving operational efficiency;
- Growing our market share through superior service; and
- Helping to secure our collective future by aligning profits with the creation of sustainable social progress in the long term.

OUR VALUES

Toll's core values form our capabilities and strengths as well as our key strategic competitive advantages which sustain us as one of the Asian region's leading logistics providers. These core values are:

- Brand
- People
- Safety
- Relationships
- Innovation
- Choice
- Integration
- Infrastructure
- Environment, and
- Community.

Further explanation of what our core values are can be found on our website at www.tollgroup.com under *About Toll – Strategy and Core Values*.

Toll prides itself on being a strong corporate citizen – one that acts with integrity and respect, is reliable and innovative and trustworthy, and is driven by its desire for sustainable growth.

Our core values and culture underpins the strength of the Group and feeds the positive manner in which our businesses are managed, operated and expanded.

Over the years, our Toll brand has come to stand for quality, trustworthy, reliable and flexible service. It's the true total integrated logistics solution.

Uppermost in our values, are our people, being our dedicated and highly motivated workforce, managers and contractors. Their safety, wellbeing and effectiveness are of paramount importance.

We also acknowledge and appreciate the value of long-term relationships, with our customers, suppliers, advisers, associates and shareholders. To ensure we continue to maintain these relationships, we strive to deliver state-of-the-art technological solutions, expanded services, a modal choice and an integrated solution.

OUR PEOPLE

Our People are key to our success today and are also vital to our future. Toll is committed to providing a safe, diverse, satisfying and fulfilling workplace where employees can grow and excel.

Growing, delivering and evolving have been at the heart of Toll's success throughout its history. We have grown through multiple economic cycles, boom years, recessions, and global crises, and also in the face of significant technological change, demographic shifts and continuously changing customer expectations. In 1986, Toll operated in Australia with less than 100 employees; in 2011 Toll operates in 55 countries with around 40,000 employees.

Our growth and expansion into the Asia region and to destination markets of Europe, North America and the Middle East means our cultural and geographic footprint is diverse and widespread.

Working with customers, suppliers and employees in places such as Australia, New Zealand, Japan, China, India, Singapore, Thailand, Cambodia, Indonesia, UK, USA, Dubai, Timor-Leste and South Africa requires us to be agile, adaptive, inclusive, collaborative, resilient, and accepting of differences. We embrace our colleagues and customers from all over the world and as we strive to excel in all our markets we know that our success rests heavily on our people.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

OUR CULTURE

Toll's history of empowering our managers and operating autonomous business units has enabled us to be agile and reliable. Our capacity to adapt to rapid growth assists us to compete in our key markets and to quickly and effectively integrate new businesses.

We operate a distinct organisational model with businesses empowered to run independently making day to day commercial decisions with support from the Company. We balance this however, with the reality that we must coordinate our business offerings to provide our customers with integrated solutions and services that add real commercial value. Together we partner for success. We achieve this through our culture and our people.

Empowering our managers to act independently is a key element of our culture and success but so too is collaboration. This approach is a defining feature of the Toll model and is appreciated by our customers and our people.

Managers are encouraged to create new ways of operating, to develop new skills and to be adaptable and flexible in meeting customer requirements.

Culturally, by virtue of our passion for placing the customer first, we are defined by our:

- "Can do" attitude;
- "Get on with it" approach to business;
- Responsiveness to different markets and cultures;
- Responsiveness to changing business conditions; and
- Care and respect for our people.

OUR LEADERS

Our leaders have ownership of our people strategy and genuinely:

- Care for their staff;
- Value and build loyalty;
- Behave with honesty, trust and a winning team mentality;
- Always put safety first;
- Behave ethically;
- Comply with legislation and company policies;
- Encourage our people to grow and develop;
- Reward loyalty and performance; and
- Are passionate and dedicated to assisting stakeholders.

DEVELOPMENT OF FUTURE MANAGERS

Our Leadership @ Toll program was established during the reporting period and we have to date seen over 500 managers participate, who in turn collectively manage and lead in excess of ten thousand employees.

The program was specifically designed to build people management and leadership capability within Toll and truly changing the attitudes and mindsets of our leaders and enables them to use their enhanced leadership skills to positively impact their people and their teams.

Toll also focuses on building the strategic management capabilities of its leaders. Strategy and capability is one of Toll's key result areas for performance management and Toll has partnered with Macquarie University for 11 years to run our five day residential Strategic Management Program. Not only does this program build strategic thinking capability and deliver commercial projects to Toll, it also builds collaboration across our businesses and global network. Toll's key operational and functional managers will be required to undertake this program at some time in their career at Toll.

OUR TALENTED PEOPLE

To be the best, we seek to employ and grow our own talent, promote from within wherever we can, continuously work with our people to build their capabilities and commitment and improve their performance and career experience. We are a Company where employees can achieve their potential, grow and excel.

We work hard at leadership development because, as a build-from-within Company, our future success is entirely dependent on the ongoing strength of our talent pipeline.

Succession planning is an important element of this focus on leadership. We are methodically going about identifying multiple succession candidates for every senior executive leadership position and then ensuring each identified individual gets the experiences and development they need to build their readiness for key roles.

We are introducing tools and resources for all our managers and our people.

Our people vision is:

"…to be a place where every manager has access to people solutions and tools to build employee loyalty and commitment and a place where employees can grow and excel…"

We are becoming a more collaborative organisation. We compensate people to reinforce and reward behaviours that allow us to meet our growth, innovation and operational strategy and capability, customer and profit objectives.

At all times Toll is guided by its values of safety, honesty, respect, trustworthiness, integrity and customer focus.

We continue to embed our key performance indicators across Toll as managers and employees participate in Toll performance management system.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

We continue to create a performance orientated culture focussed on achieving superior outcomes by:

- Having clear structures, objectives and accountabilities;
- Developing and articulating clear requirements and standards by role;
- Establishing annual stretch targets that motivate employees;
- Providing fair and accurate performance feedback to our employees;
- Providing solutions and coaching for day-to-day challenges;
- Measuring an employee's performance against the ongoing requirements of their role as well as annual stretch targets and KPIs;
- Establishing systems and tools to measure an employee's potential to progress to larger and more complex management roles by using valid and reliable tools;
- Making selection decisions based on performance and not discriminating on any other basis;
- Establishing internal systems which provide employees with access to vacancies and which encourage employees to advance across and within businesses;
- Ensuring employees have a development goal and plan in place to achieve this; and
- Building career aspirations into our performance management system to enable meaningful conversations between employees and their managers.

Performance goals are set against Toll's Key Result Areas which drives performance and clarifies expectations. Managers are being trained in their role for managing performance and retaining our people.

RESPECTING EACH OTHER

Toll promotes employee safety, be that physically, emotionally or the right to participate in the workplace free from discrimination. Prospective and current employees are made aware of Toll's policy regarding harassment at the time of initial job interviews, through advertisements and other internal communications channels throughout the Group.

Toll's Code of Practice sets out our standard for appropriate behaviour and covers bullying, harassment, discrimination and health & safety and the environment. There are existing processes within businesses to resolve these "issues and in additional Toll has a disclosure hotline operated independently by Deloitte to enable our employees to raise their issues and concerns.

The Code of Practice is reiterated at all levels throughout the Company from induction as well as 'refresher' programs and site training, with the aim of ensuring all employees understand their legal rights and responsibilities in the area of all forms of harassment, including sex-based harassment.

Toll is progressively rolling out the following requirements globally:

- Equal Employment Opportunity and Diversity Policy;
- Employee Handbook referencing policies, procedures and guides to prevent harassment;
- Preventing Workplace Harassment Guide;
- Employee Grievance Guide;
- Code of Practice;
- Disclosure Hotline;
- Chaplaincy program whereby employees can discuss matters in a confidential environment; and
- Employee Assistance Program whereby employees can discuss matters confidentially with a contracted external third party.

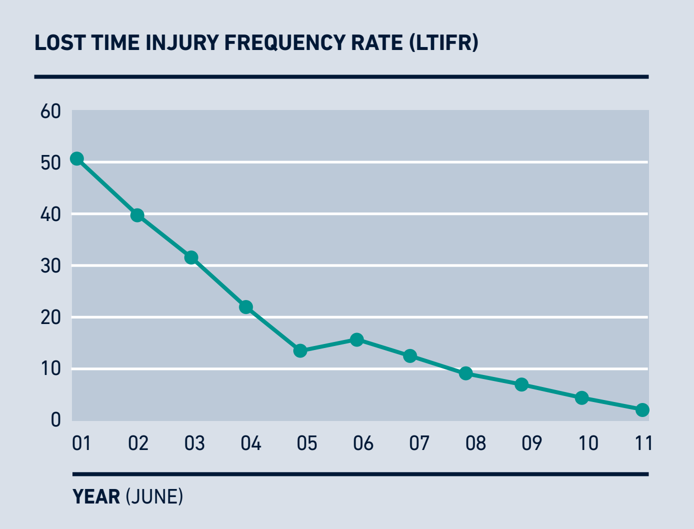
Details regarding these initiatives and policies are accessible to employees from their supervisors, human resources and via the Company intranet where available.

OUR SAFETY GOAL

Management and Toll's employee safety activities continue to make our "NO Injuries" campaign a focus. Further reduction in our lost time injuries and lost time injury frequency rate occurred throughout 2010/2011. However, notwithstanding the significant advances achieved to date, the Board and Executive Management continue to pursue further improvement towards reaching our ultimate goal of no injuries.

Toll is a company built on people working in a number of varied work environments and conditions – attitudes, behaviours and actions towards preventing workplace injury and ill health need to be continually challenged to make this goal a reality.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011



42% REDUCTION IN LOST TIME INJURY FREQUENCY RATE (LTIFR)

Through the Board and management's focus on safety, we have been able to reduce our Lost Time Injury Frequency Rate (LTIFR) by 42% over the past 12 months from 4.02 to 2.31. This reduction has been achieved from the Group-wide attention given to safety management, the implementation and monitoring of our Occupational Health and Safety Performance Standard and procedures, monthly reporting to the Board and constant focus on prevention.

STRATEGIES TO CONTINUE OUR STRIVE TOWARDS ITS GOAL OF ZERO INJURIES AND FURTHER REDUCTIONS IN LTIFR

Toll contracted DuPont Safety Services to provide our executives with safety leadership workshop training during the year. To date we have trained 80 of our executive managers throughout Australia and Asia with additional sessions planned in 2011/2012.

These workshops assist in reinforcing Toll's safety culture and allow executives to develop a better understanding of the conditions and methods required for the implementation of a strong, effective, and ongoing safety management effort within Toll. We believe that the commitment, leadership, and drive of senior management personnel significantly determine the success of the safety effort and the workshop helps leadership align the Toll safety vision, energise commitment and involvement, and sets the stage for rolling out an effective safety improvement effort.

Our businesses and their sites/locations are constantly challenged to adopt and localise the implementation of the Group's OHS Policy, performance standard and procedures. As a minimum, each Business Unit is required to complete an OHS plan that addresses their identified OHS issues together with any audit corrective actions and agreed prevention strategies. OHS audits at Toll sites and locations are conducted by both internal OHS professionals, including dangerous goods specialists, and external OHS auditors. Audit results are communicated within Divisions and to Toll Group Risk. In Australian states of NSW, Victoria and Queensland where Toll is self-insured for Workers Compensation, each State Government Authority conducts OHS audits of the Toll OHS management system to enable Toll to retain their licence. Failure in any such audit may result in a reduced self-insurance licence period or in some instances, loss of licence. During each year, we complete OHS self audits and report to the appropriate authorities. We are pleased to report that Toll has been and remains compliant with its requirements.

Apart from complying with statutory building requirements, we also apply our own minimum safety operational controls such as the design and development of site traffic management, and materials and manual handling design and operational improvements.

Manual handling injury risks are ever present. Our businesses continue to focus on preventing manual handling injuries and this year were successful in reducing manual handling lost time injuries by 41% compared to the previous year.

Driver safety and operational ease is also taken into account when acquiring new on-road vehicles. In a number of instances, our operational expertise, combined with specific business unit safety requirements, have led to innovative design and development of state-of-the-art specialised equipment and procedures to ensure operational safety.

Toll has a comprehensive on line RISC (risks incidents self insurance claims) management system which captures reported hazards and incidents, including near misses which enables statistical analysis for trends and preventive action. The RISC system is used globally which enables each of Toll's Division and Business Units to report on and investigate each and every incident. From this level of information, the businesses are then able to better manage proactive actions in order to do their utmost to prevent reoccurrence and improve safety.

Compliance with our safety and RISC management systems are monitored by various audit processes, including locally based Business Unit self-audit, Cross-Business Unit audits, corporate reviews and external compliance and certification audits.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Given Toll's growth strategy, whether that be organically or by acquisition, our focus on safety within newly built or acquired sites remains a key factor for the successful integration of operations into the Group. New business acquisitions and ventures in developing countries present additional challenges for managing safety and preventing injuries. We move quickly to identify, assess and control major OHS risks in these new geographical areas. The most common issues which arise in developing countries relate to working at heights and inappropriate combinations of people working near vehicles. Toll is acutely aware of these issues and takes action through site inspections and audits to identify development and training needs to change safety procedures and cultures.

To this end, induction training and education in the Toll Group OHS Performance Standard and procedures and Business Unit OHS procedures are provided to the new management to empower them with the information, to communicate and implement the required improvements with employees and contractors.

Toll also successfully works with many of its customers in their OHS programs.

Safety Key Performance Indicators

As is outlined in the Remuneration Report, key management personnel, senior management and executives have an element of their remuneration linked to achieving targeted reductions in LTIFR. These targets, which are set by the Board, are measured at Business Unit, Division and/or Group-wide levels (as appropriate).

Toll Business Units are also measured on their number of OHS audits and OHS site meetings conducted throughout each year, duration rates and outstanding action/preventative actions on at least a monthly basis.

Fleet safety

As a road operator, we maintain rigorous driver safety training and management systems. We conduct investigations of all serious motor vehicle incidents, in order to understand the contributory factors so as to wherever possible prevent the same or similar incident from happening again.

The fitting of "Black Boxes", driver training, fatigue management and other driver management programs have been highly successful in mitigating these risks.

A Fleet Safety Committee consisting of representatives from the Toll Business Units was established during the year to share best practice fleet safety initiatives from within Toll and from other companies, reduce vehicles incidents, encourage employees and contractors to adopt safer driving behaviours, increase driver awareness and adherence to existing fleet safety requirements and to share learnings from analysed motor vehicle incidents. The Fleet Safety Committee reports directly to the Group Senior Executive Committee.

To assist in any investigations that are conducted, we train nominated employees as lead investigators at Business Unit and site levels.

Safety/Incident alerts are developed and circulated as appropriate throughout the Group to share lessons learnt.

When an incident does occur, we take care to look after not only our drivers but also their families with support and counselling through our Chaplaincy and Employee Assistance Program.

Tragically, during the 2011 reporting year, there were three employee and six contractor fatalities across the Group. Of these, six have occurred due to circumstances outside the control of the Group and three incidents remain the subject of ongoing investigation by either police, the coroner or other such bodies. In incidents involving a fatality, appropriate external and internal investigations are conducted; however, in some instances, the cause of such incidents can be indeterminable or take some time to conclude.

Overall Risk Management

Ongoing and effective risk management underpins a successful business and it is an integral part of the culture at Toll. Our processes assist in achieving our overall goals by promoting early detection of hazards and potential issues, and implementing appropriate steps to minimise future potential hazards. By continually evaluating our environment and building risk management into daily activities, our risk management framework addresses all stakeholders – including shareholders, customers, suppliers, regulators, employees and members of the public.

While safety is ultimately a shared responsibility with all employees, responsibility for implementing risk management for the Group rests with senior management, the Managing Director, Divisional Directors and other members of the Group Senior Executive Committee. This senior management group meets quarterly and holds the Risk Management Committee meetings at the same time. The Board receives a detailed risk report each month outlining key indicators by Group and division, for safety, workers compensation, motor vehicle incidents, trend analysis, reporting on major incidents, initiatives and achievements. Through empowering our managers, each Divisional Director promotes accountability for day-to-day responsibility for risk management, compliance and control to Business Unit managers.

During the 2011 reporting year, Toll has refined and further developed a comprehensive Crisis and Emergency Management Team response process that was activated at the time of the Queensland floods and New Zealand earthquakes. This process ensures that we have available, trained personnel, systems and plans to assist the Group, Divisions and Businesses in providing a coordinated and professional response to any emergency situation and to minimise any impact on people, the environment and assets – real and intangible.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

The Crisis and Emergency Management Team comprises of:

- Crisis Management Team – Group level
- Emergency Management Team – Divisional level
- Incident Management Teams – Business Unit level as required and determined by each Division.

The following Support Teams are also in place to assist as required:

- Information Centre – Dedicated team to respond to general enquiries regarding emergencies affecting any Toll business.
- Personnel Assistance Team (PAT) – Group of trained personnel dedicated to assist and facilitate the needs of affected personnel and their families/emergency contacts during an incident.
- Communications Team – To manage all company communications, both internal and external, and work with those at the scene of an event to ensure up-to-date information is available and consistently delivered across the Group.

To assist all levels of the organisation to manage these potential hazards and risks, the Group Risk Management function is able to provide technical advice. Group Risk is also responsible for developing risk management strategies, policies and procedures and coordinating risk reporting to senior executives and the Board.

OUR COMMUNITY

Throughout the year Toll has again continued to be a major supporter of The First Step and Second Step Programs.

First Step

Toll continues to provide the core financial, administrative and IT support for The First Step Program. The First Step Program, based in St Kilda, is a pioneering not-for-profit organisation that is at the forefront of providing comprehensive, innovative and compassionate approaches to overcoming addiction issues.

Addiction is a debilitating illness that touches people from every part of Australian society. The effects of long-term addiction are felt not only by the individual, but also by their children, parents, friends and indeed by society at large.

Recognising that addiction is often only one issue that the clients of the First Step program are dealing with, the program provides a wide range of professional services. The collaborative treatment and response to overlapping issues is a key tool in achieving successful outcomes. First Step provides:

- Addiction Counselling and Support;
- Mental Health Care;
- Legal Service;
- Hepatitis C Clinic;
- General Health Care;
- Preparation for Employment;
- Family Support;
- Naltrexone and associated Pharmacological Treatments; and
- Social Work.

Since Toll began working with First Step in 2004 the clinic has grown in staff size, clients cared for and the range of services provided. In the past seven years, the clinic has treated over 6,000 patients. In the last twelve months alone, close to 1,600 people have been assisted through this centre.

Interaction between The First Step Program and Toll's Second Step employment program has continued to develop.

Other Second Step Partner Programs now access the expertise of First Step for their own clients and so a sharing of expertise and resources is provided.

Second Step

The Second Step supported employment program continues to offer employment opportunities for people whose ability to obtain or retain employment is compromised by a history of addiction or criminal behaviour.

Toll's Second Step is a program started by Paul Little AO who remains a passionate supporter. The program now offers 30 positions a year throughout Australia in a variety of supported and mentored employment positions. The pleasing statistic is that the majority of our Second Steppers are offered full time positions at the end of their initial 12 months supported placement. This is testimony to the success of the program.

Second Step offers opportunities for people in all Australian states and will increase the number of positions available within Toll from 30 to 35 during the coming 12 months.

New and emerging relationships with a number of organisations in Singapore, Hong Kong, Johannesburg and New Jersey are allowing us to lay the foundations for the employment program in our international business.

Every Second Stepper is seen as an opportunity to assist someone less fortunate to get their life back on track. To date Toll has helped over 240 people maintain satisfying and rewarding employment.

Our hope is that Toll's leading role in these initiatives will encourage other corporates to be involved in supporting people dealing with what would otherwise be insurmountable problems.

We continue to speak with other agencies and businesses who wish to engage in their own similar programs.

OTHER COMMUNITY PROGRAMS

Toll features its involvement with some of the initiatives in our quarterly magazine, *Toll Today*, which can be accessed on our website at www.tollgroup.com under Toll Group Newsletter.

It is however not possible to fully describe the broad spectrum of the community and charitable contributions made by Toll businesses globally or the supportive and devoted employees across the globe who donate countless hours of volunteer work to their local efforts.

Toll actively supports and encourages these efforts through our Community Policy and is proud to assist our employees with their contributions to the organisations and activities they support.

Of the many activities undertaken, the following are representative of the valued contribution by many:

Emergency response to natural disasters

In the early months of calendar year 2011, many natural disasters required Toll and our teams around the world to respond. Specifically we were involved in providing relief logistics and support to communities affected by the Australian floods, Christchurch earthquake and the Japanese earthquake and tsunami.

In all of these instances, we provided emergency logistics services to ensure the delivery of essential food, water and medicines to the worst affected communities. A number of our business units were called upon for their expertise in this area and helped to bring hope and essential services to cut off communities. Toll's experts are often found at the centre of Governments' crisis response efforts.

In support of our staff, their families and communities affected by these disasters, Toll launched appeals for each event. Staff around the world gave generously to the appeals which Toll matched dollar for dollar. A series of programs are now being implemented in each location to ensure that the money donated supports those worst effected to start to rebuild their lives.

Annual Toll Charity Golf Classics

The Australian annual Toll Charity Golf Classic was held on 20 August 2010 at the Gold Coast in collaboration with the McGrath Foundation which supports the work of breast cancer nurses across Australia. This one event alone raised over $150,000 for the foundation.

Toll has also held a number of Golf Classics around the world, raising money for local charities and community organisations. The team in New Zealand also raised funds for those affected by the Christchurch earthquake, and the team in WA raised money for their local children's hospital.

Transport and logistics services

The provision of transportation and logistics services is a common thread throughout our businesses to support global, regional and local causes, whether they are responding to an international crisis or local charity needs.

During the year, our businesses have supported:

- The delivery of ward beds to Timor Leste – a number of Toll businesses worked together to transport hospital beds from St Vincent's Hospital in Sydney to Timor Leste;
- East Timor Hearts Foundation, bringing heart operation patients from Timor Leste to Melbourne at no cost to the patient;
- TLC For Kids – all distribution needs free of charge including distraction boxes for sick kids in hospital;
- SIDS Red Nose day – distribution of merchandise for Red Nose Day free of charge;
- Sony Foundation – collection of old mobile phones from around the country and then distributing them to Sony to raise money for their foundation's work. The team also sponsored a Sony Foundation charity dinner;
- Chain Reaction Charity Bike Ride – Supplying driver and support truck for a week;
- St Vincent De Paul Society – transfer donated goods for their opportunity shops between capital cities free of charge;
- Swags for Homeless – Distribution of folding swags for the homeless at cost;
- Sanitarium Weet-Bix Kids TRYathlon;
- The Western Australia City to Surf challenge;
- Shipments for a variety of charities including the Australian Red Cross – Northern Territory division, RSPCA and St John Ambulance Australia, as well as many local Northern Territory schools, community groups and churches;
- Assisted in the distribution of products for Juvenile Diabetes Research Foundation's "Jelly Baby" fundraising events;
- Services to support Convoy for Kids which assists the welfare of sick or disabled children across the Asian region;
- Transport of Christmas presents to the Newman's women's shelter in WA;
- Coordinating donations for the Angel Tree Project in WA, delivering Christmas presents to the children of parents who are incarcerated; and
- Free delivery of merchandise for the Red Puppy Appeal in New Zealand.

Toll also continued its lead role assisting Foodbank Australia in receiving food donations from food and grocery companies, and managed the distribution to over 1,500 accredited welfare agencies around Australia. The program helps to feed over 20,000 Australians daily and is supported by three of our key operating divisions.

Surf Life Saving

The Group continues to value its association with the Surf Life Saving Association through its support of the Sorrento Surf Life Saving Club, Altona Surf Life Saving Club and North Cronulla SLSC. The team supports the excellent work of the Surf Life Saving Clubs in Victoria and in New South Wales with donations of cash to support community events and purchase life-savers uniforms, as well as reduced freight rates for the Australian National Surf Lifesavers competition.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Ad hoc community programs

In addition Toll contributes significantly to the running of teams, programs and initiatives in the communities in which we work. This ranges from taking part in sponsoring local sports teams, to funding gala dinners.

Through our presence in the Northern Territory, Toll invests time and resources in the development and well-being of Indigenous communities in the region. In particular the Group supports the AFL Northern Territory with a particular focus on using football to develop young people and is heavily involved in the educational and business networks in the area supporting the NT Young Achiever Awards, NT Export Awards, Rotary Club of Darwin North and Nhulunbuy, Alyangula Area School, NT Chamber of Commerce and 8Ear Community radio in Nhulunbuy. Toll also provides sponsorship of the Darwin Symphony Orchestra.

OUR ENVIRONMENT

Our journey to sustainable logistics

The logistics sector is an integral part of a growing and prosperous society and its constituent communities. As a regional leader in this industry, Toll is continuing to focus on its journey to sustainable logistics and transport development so that we can play our part responsibly, meeting current needs of society without compromising the ability of future generations to meet their own needs.

As part of our Corporate Social Responsibilities, we are tackling environmental issues directly across our operations. New knowledge and exciting innovations in technology, driven by the need to tackle key issues such as climate change, are providing us with opportunities to improve the way we operate and minimise our environmental impacts in a smarter and more measured way.

In the short term, this means becoming cleaner, greener, quieter and smarter. We will achieve this by applying new technologies and practices which will reduce our consumption of non-renewable resources such as diesel, gas and electricity and reduce their associated greenhouse gas emissions. In the longer term we will move to renewable energy sources, as they become viable and minimise emissions and other environmental impacts.

At the same time, we are keenly aware that Toll is a key component of our customers' and suppliers' supply chains. Our growing scale and global focus, combined with our ability to deliver integrated modal solutions, mean that we have a significant role to play in working with stakeholders to develop smarter, more sustainable solutions to reduce their carbon footprints and other key environmental impacts.

Moving to lower energy impact logistics and transport systems will be a journey for all of us. The "Smarter Green" program outlined below represents Toll's next step in our journey to addressing the key environmental risks and opportunities that face us. In it we are setting targets to reduce our greenhouse gas intensities, developing comprehensive suites of initiatives for our diverse operations to improve environmental performance, putting in place Key Performance Indicators which will give us confidence that we are progressing to achieving our goals, and telling the story of our journey to sustainable transport and logistics to our stakeholders.

As a result, Toll will be very well placed to continue to prosper in the coming low carbon economy and more resource constrained world.

Key environmental issues

The relationships between logistics and the environment are multidimensional and significant challenges need to be addressed over time to lower impact intensity logistics and transport. For Toll, the most important environmental impacts of our logistics activities relate to operational spillages/ leakage (e.g. ships, trucks, etc), climate change, air quality, noise, traffic congestion and our access to, and use of, natural resources.

Toll has been focussed on environment and energy since our earliest days as a company and this has been driven by our ongoing desire for efficient operations and the smart application of the latest technology. As climate change has emerged as a key environmental issue, our historical focus on efficiency and technology applications has placed Toll at the leading edges of practice in many of our varied transport and logistics operations.

Smarter Green program

SMARTER GREEN

We now group this broad program of environmental action as our "Smarter Green" program which we are progressively rolling out to our global operations. Smarter Green is addressing:

Climate Change …
the need to be greener

Society is concerned about greenhouse gas emissions, climate change and its consequences – while there remain uncertainties, the risks of undesired consequences appear high and should therefore be addressed through action.

Globally, transport accounts for around 13% of greenhouse gas emissions. In Australia, road, rail, sea and air freight transport accounts for around 6% of greenhouse gas emissions and this is forecast to increase due to economic and population growth. In the 12 months to 30 June 2010, Toll's Australian emissions (Scope 1 and 2) were around 533,000 tonnes of carbon dioxide equivalents. Our emissions for the 12 months to 30 June 2011 are currently being prepared and will be verified through external assurance. Given the size and scale of Toll's operations, abatement of our greenhouse gas emissions remains a key environmental focus for Toll.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

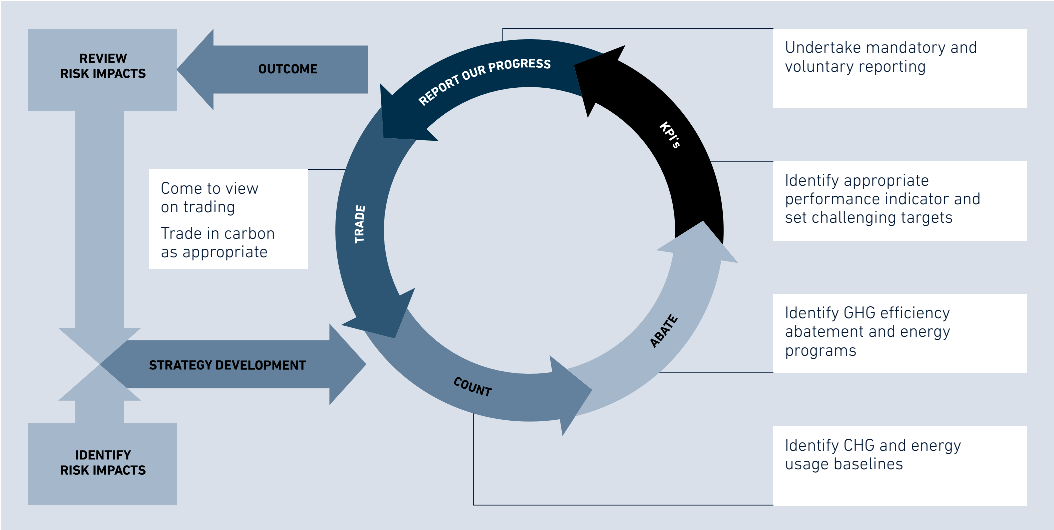


Figure: Toll's Smarter Green approach to Climate Change Risks

The vast majority of our emissions are produced as a part of our logistics activities on behalf of our customers. Toll continues to work with its customers to offer lower energy intensive logistics solutions.

While we believe we have some high levels of carbon efficiency in parts of our operations, when judged against industry practice, there is still more that can be done to achieve lower-intensity logistics. We are therefore acting to further reduce our emissions by targeting a 20% reduction in the rate of our Australian emissions by 2020, compared to our typical reference year of 2009 – 10.

With the expectation of eventually seeing a price being placed on carbon in Australian and overseas operations, we expect such costs to be borne by our customers. Toll is also continuing to research, develop and roll out significant emissions reductions programs to achieve our targets, including:

- Smarter Driving: Our experience shows that driver behaviour can have a significant impact on vehicle fuel economy and emissions. By training our drivers to better anticipate the driving task, keep within ideal engine rev ranges, minimise vehicle idling behaviour, braking and gear changes we estimate that fuel efficiency and associated emission can be improved by up to 10%. Programs such as these have the additional benefit of reducing repairs and maintenance costs, and the frequency of motor vehicle accidents. Toll is currently developing a range of online training and in cab training programs to be rolled out across the Group.
- Smarter Energy: Reliance on fossil fuels such as diesel and the long-term supply and demand picture for a finite resource has driven Toll to develop its smarter energy program. We are actively researching and trialling a range of options including biodiesel, compressed and liquefied natural gas, LPG, ethanol, hydrogen, electric and solar as part of our longer term energy mix in our road, sea, air and facility based operations. These have the potential to both reduce our emissions and provide enhanced access to the energy required to run our road, sea and air fleets and facility operations in the longer term.
- Smarter Vehicles: We are looking at a range of alternative drive trains that we can use in place of the traditional combustion engine. These include the application of electric motors powered by batteries and/or capacitor technology; hybrid electric vehicles which combine traditional combustion engine technology with electric motors to improve fuel efficiency and emissions and mechanical hybrids. We are working closely with our equipment suppliers and on various industry and Government programs trialling and testing a range of smarter vehicles.
- Smarter Fuel Efficiency: Toll has identified a number of new and evolving technologies that can drive improved fleet fuel efficiency into our fleets and at the same time reduce emissions. These include improved: engine efficiency management systems; vehicle aerodynamics; the use of low friction tyres; smarter maintenance regimes; the use of lightweight materials; idle off devices; auxiliary power units and improved refrigeration in our road fleets. Similar opportunities are being investigated in our shipping and air fleets.
- Smarter Planning: Significant scope exists to improve our emissions through smarter logistics planning. This is possible through: improving vehicle capacity and utilisation, network and route optimisation to reduce kilometres travelled; night-time freight movements to reduce congestion, working with our customers to streamline their supply chains – including options to use our lower carbon transport modes in various road, rail, sea and air configurations. Toll's ability to provide multimodal solutions, combined with our Asian focus, means that we are very well placed to be able to deliver this to our customers.
- Smarter Facilities: To help us drive down emissions and energy use in our facilities we have developed an "Environmentaly Sustainable Design Template" for all our new and retrofitted facilities. This includes considerations of building design with regard to environmental conditions (natural light, building orientation, building materials), smart lighting and heating, energy management systems (mechanical and lighting), natural gas cogeneration plants, alternative supplementary power sources (solar and wind power), water harvesting along with environmentally sustainable building fit out and furniture materials.

CORPORATE SOCIAL RESPONSIBILITY REPORT (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Air Quality …
the need to be cleaner

In addition to greenhouse gas emissions from vehicles, marine engines and aircraft cause pollution in the form of gases such as nitrogen oxides, sulphur dioxides and particulates. They have long been recognised as having detrimental effects on human health along with broader environmental damage.

Increasingly stringent government regulations on emissions implemented over the last 20 years means we have seen these emissions drop significantly. New generations of engines, such as the Euro V compliant, means that we now have vehicles with emission levels 100 times lower than they were during the 1980s. In Australia, Toll has the largest fleet of Euro V vehicles, and we are constantly renewing fleet with cleaner more environmentally friendly vehicles.

Noise …
the need to be quieter

Transport noise emanating from the movement of transport vehicles and the operations of ports, airports and facility operations can affect human physical and psychological wellbeing. Toll actively works to ensure compliance with various regulatory requirements on noise.

Traffic Congestion …
the need to move freely

Traffic congestion is characterised by slower speeds, longer trip times, increased vehicular queuing, higher fuel use, increased emissions and ultimately higher costs for consumers. This is a complex problem to solve. Toll is actively engaged in addressing this issue through our participation in various industry working groups, providing input to governments and local planning bodies. At the same time, we are increasingly using smarter transport planning tools to help us avoid congestion. We are also working with our customers to better schedule our activities to tackle this growing issue.

The Future …
the need to continue to prosper

Toll has a vision of a logistics offering in which we reduce our environmental impacts, minimise harmful emissions and increasingly use renewable energy sources as we fulfil community needs for transport and logistics service to move goods across our global communities.

In achieving this, we need to address some significant environmental and technological challenges as we collectively move to a low carbon, and more resource constrained economy. These will manifest through issues of increasing regulation, more limited resource availability, new and emerging technology and business models, and the costs of transitioning.

Our transformation to a low carbon intensity transport and logistics model will be a gradual one. We believe that by understanding the environmental challenges before us and by following a process of early preparation for these new realities. Toll will be positioned well to continue to deliver value to its various stakeholders in the coming era. Environment is, and remains, a key strategic focus for Toll now and into the future.

ENVIRONMENT REPORT

We will be publishing a comprehensive Environment Report later this calendar year. It will detail Toll's environmental risks, programs addressing these risks, case studies and progress to date. We will outline the Company's targets to reduce its carbon footprint and the significant advancements we are making to achieve them.

STAKEHOLDERS

Shareholders, employees, customers, suppliers, unions, governments and members of the public may all be affected by the Group's corporate presence to some extent. The Group believes in openness and transparency within its operations and its relationships with stakeholders.

We have maintained and continue to develop policies which promote this open and transparent objective. These policies set out what various groups of people may expect when they interact with the Group, and where appropriate, what the Group expects of them. Detailed summaries of the Group's policies are available on the Company's website at www.tollgroup.com under the menu selection About Toll – Company Policies, and embrace the following:

- Code of Practice
- Ethical Conduct Policy
- Compliance
- Occupational Health and Safety
- Environment
- Energy
- Personal Information Management
- Health Information Management
- General Terms and Conditions – Toll Website
- Drugs and Alcohol
- Rehabilitation
- Driver Health
- Dangerous Goods
- Securities Trading
- Equal Employment Opportunity and Diversity Policy.

In addition, information on the following matters is accessible under the About Toll – Corporate Governance section of the Group's website at www.tollgroup.com:

- Board Charter
- Board Committees Charters
- Procedure for the selection and appointment of new Directors
- Securities Trading Policy
- Code of Conduct for Directors and Senior Executives
- Auditor Independence Policy
- Continuous Disclosure Policy
- Communications with Shareholders Policy
- Risk Management Policy Statement
- Performance evaluation process for Board and key executives
- Shareholder Communication Policy.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $M	2010 $M
Revenue	5	8,224.5	6,944.0
Other income	6	39.3	56.0
Direct transport and logistics costs		(4,206.2)	(3,477.0)
Repairs and maintenance costs		(149.2)	(139.3)
Employee benefits expense		(2,166.5)	(1,835.9)
Fuel, oil and electricity costs		(315.7)	(246.4)
Occupancy and property costs		(402.4)	(371.6)
Depreciation and amortisation	7	(243.3)	(232.5)
Other operating costs		(350.3)	(326.2)
Results from operating activities		**430.2**	**371.1**
Finance income		13.9	15.1
Finance expenses	7	(49.3)	(52.5)
Net finance costs		**(35.4)**	**(37.4)**
Share of net profit of associates and joint ventures	32	16.0	21.6
Profit before income tax expense		**410.8**	**355.3**
Income tax expense	8	(116.0)	(70.9)
Profit for the year		**294.8**	**284.4**
Other comprehensive income			
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		(126.9)	(20.1)
Effective portion of changes in fair value of cash flow hedges		29.5	3.9
Defined benefit plan actuarial gains and losses		(0.3)	(0.1)
Other comprehensive income		(0.8)	(0.3)
Other comprehensive income for the year, net of income tax		(98.5)	(16.6)
Total comprehensive income for the year		**196.3**	**267.8**
Profit attributable to:			
Owners of the Company		281.4	278.9
Non-controlling interest		13.4	5.5
Profit for the year		**294.8**	**284.4**
Total comprehensive income attributable to:			
Owners of the Company		184.0	263.1
Non-controlling interest		12.3	4.7
Total comprehensive income for the year		**196.3**	**267.8**
Earnings per share:			
Basic earnings per share (cents)	11	39.8	39.9
Diluted earnings per share (cents)	11	39.8	39.8

The notes on pages 78 to 140 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2011

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Note	Contributed equity $M	Treasury shares $M
Balance at 1 July 2010		**2,901.9**	**(5.2)**
Total comprehensive income for the year			
Profit or loss		–	–
Other comprehensive income			
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		–	–
Effective portion of changes in fair value of cash flow hedges		–	–
Defined benefit plan actuarial gains and losses		–	–
Other comprehensive income		–	–
Total other comprehensive income		**–**	**–**
Total comprehensive income for the year		**–**	**–**
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders	12	–	–
Dividend reinvestment plan	25	44.4	–
Interest in dividends paid		–	–
Share option expense	7	–	–
Repayment of treasury shares		–	0.4
Total contributions by and distributions to owners		**44.4**	**0.4**
Changes in ownership interest in controlled entities that do not result in a loss of control			
Acquisition of non-controlling interest		–	–
Total transactions with owners		44.4	0.4
Balance at 30 June 2011		**2,946.3**	**(4.8)**

The notes on pages 78 to 140 are an integral part of these consolidated financial statements.

Retained earnings $M	Foreign currency translation reserve $M	Share based payment reserve $M	Hedging reserve $M	Other reserve $M	Total $M	Non-controlling interests $M	Total equity $M
(160.7)	**(39.2)**	**16.4**	**(7.8)**	**(1.7)**	**2,703.7**	**23.3**	**2,727.0**
281.4	–	–	–	–	281.4	13.4	294.8
–	(125.8)	–	–	–	(125.8)	(1.1)	(126.9)
–	–	–	29.5	–	29.5	–	29.5
–	–	–	–	(0.3)	(0.3)	–	(0.3)
–	–	–	–	(0.8)	(0.8)	–	(0.8)
–	**(125.8)**	**–**	**29.5**	**(1.1)**	**(97.4)**	**(1.1)**	**(98.5)**
281.4	**(125.8)**	**–**	**29.5**	**(1.1)**	**184.0**	**12.3**	**196.3**
(176.1)	–	–	–	–	(176.1)	–	(176.1)
–	–	–	–	–	44.4	–	44.4
–	–	–	–	–	–	(2.6)	(2.6)
–	–	12.4	–	–	12.4	–	12.4
–	–	–	–	–	0.4	–	0.4
(176.1)	**–**	**12.4**	**–**	**–**	**(118.9)**	**(2.6)**	**(121.5)**
(0.2)	–	–	–	–	(0.2)	2.0	1.8
(176.3)	–	12.4	–	–	(119.1)	(0.6)	(119.7)
(55.6)	**(165.0)**	**28.8**	**21.7**	**(2.8)**	**2,768.6**	**35.0**	**2,803.6**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

ATTRIBUTABLE TO THE EQUITY HOLDERS OF THE COMPANY

	Note	Contributed equity $M	Treasury shares $M
Balance at 1 July 2009		**2,846.8**	**(5.7)**
Total comprehensive income for the year			
Profit or loss		–	–
Other comprehensive income			
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		–	–
Effective portion of changes in fair value of cash flow hedges		–	–
Defined benefit plan actuarial gains and losses		–	–
Other comprehensive income		–	–
Total other comprehensive income		**–**	**–**
Total comprehensive income for the year		**–**	**–**
Transactions with owners, recorded directly in equity			
Contributions by and distributions to owners			
Dividends to equity holders	12	–	–
Dividend reinvestment plan	25	55.1	0.3
Interest in dividends paid		–	–
Share option expense		–	–
Repayment of treasury shares		–	0.2
Total contributions by and distributions to owners		**55.1**	**0.5**
Changes in ownership interest in controlled entities that do not result in a loss of control			
Acquisition of non-controlling interest		–	–
Total transactions with owners		55.1	0.5
Balance at 30 June 2010		**2,901.9**	**(5.2)**

The notes on pages 78 to 140 are an integral part of these consolidated financial statements.

	Retained earnings $M	Foreign currency translation reserve $M	Share based payment reserve $M	Hedging reserve $M	Other reserve $M	Total $M	Non-controlling interests $M	Total equity $M
	(256.9)	**(19.9)**	**8.3**	**(11.7)**	**(1.3)**	**2,559.6**	**40.3**	**2,599.9**
	278.9	–	–	–	–	278.9	5.5	284.4
	–	(19.3)	–	–	–	(19.3)	(0.8)	(20.1)
	–	–	–	3.9	–	3.9	–	3.9
	–	–	–	–	(0.1)	(0.1)	–	(0.1)
	–	–	–	–	(0.3)	(0.3)	–	(0.3)
	–	**(19.3)**	**–**	**3.9**	**(0.4)**	**(15.8)**	**(0.8)**	**(16.6)**
	278.9	**(19.3)**	**–**	**3.9**	**(0.4)**	**263.1**	**4.7**	**267.8**
	(174.3)	–	–	–	–	(174.3)	–	(174.3)
	–	–	–	–	–	55.4	–	55.4
	–	–	–	–	–	–	(5.5)	(5.5)
	–	–	8.1	–	–	8.1	–	8.1
	–	–	–	–	–	0.2	–	0.2
	(174.3)	**–**	**8.1**	**–**	**–**	**(110.6)**	**(5.5)**	**(116.1)**
	(8.4)	–	–	–	–	(8.4)	(16.2)	(24.6)
	(182.7)	–	8.1	–	–	(119.0)	(21.7)	(140.7)
	(160.7)	**(39.2)**	**16.4**	**(7.8)**	**(1.7)**	**2,703.7**	**23.3**	**2,727.0**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $M	2010 $M
Current assets			
Cash and cash equivalents	13	496.5	580.4
Receivables	14	1,129.3	1,041.5
Inventories	15	48.4	49.1
Assets held for sale	9	0.6	37.4
Prepayments		65.5	63.7
Current tax receivable		1.7	1.5
Other financial assets	16	20.6	5.7
Total current assets		**1,762.6**	**1,779.3**
Non current assets			
Receivables	14	9.2	42.3
Investments accounted for using the equity method	17	111.7	188.3
Investments	18	6.1	9.5
Property, plant and equipment	19	1,973.0	1,749.2
Intangible assets	20	1,848.9	1,758.6
Deferred tax assets	8	115.3	142.3
Prepayments		2.6	3.2
Other financial assets	16	21.1	19.6
Total non current assets		**4,087.9**	**3,913.0**
Total assets		**5,850.5**	**5,692.3**
Current liabilities			
Payables	21	881.6	801.6
Interest bearing liabilities	22	920.6	113.4
Current tax liabilities		90.8	45.9
Provisions	23	312.3	336.9
Other financial liabilities	24	25.0	39.6
Total current liabilities		**2,230.3**	**1,337.4**
Non current liabilities			
Interest bearing liabilities	22	595.8	1,404.2
Deferred tax liabilities	8	22.1	50.1
Provisions	23	166.0	163.3
Other financial liabilities	24	32.7	10.3
Total non current liabilities		**816.6**	**1,627.9**
Total liabilities		**3,046.9**	**2,965.3**
Net assets		**2,803.6**	**2,727.0**
Equity			
Contributed equity	25	2,946.3	2,901.9
Treasury shares		(4.8)	(5.2)
Reserves		(117.3)	(32.3)
Retained earnings		(55.6)	(160.7)
Total equity attributable to equity holders of the Company		**2,768.6**	**2,703.7**
Non-controlling interests		35.0	23.3
Total equity		**2,803.6**	**2,727.0**

The notes on pages 78 to 140 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $M	2010 $M
Cash flows from operating activities			
Cash receipts in the course of operations		8,848.7	7,344.4
Cash payments in the course of operations		(8,218.3)	(6,779.4)
Cash generated from operations		630.4	565.0
Restructure and integration costs paid		(1.9)	(5.3)
Interest received		13.9	15.1
Dividends received from associates		11.1	5.7
Dividends and distributions received from others		8.1	–
Interests and other costs of finance paid		(44.6)	(51.1)
Income taxes paid		(77.0)	(137.7)
Net cash inflow from operating activities	34	**540.0**	**391.7**
Cash flows from investing activities			
Payment for controlled entities and businesses (net of cash acquired)		(327.9)	(477.2)
Payment for acquisition of non-controlling interest		(0.4)	(21.6)
Payment for acquisition of property, plant and equipment		(506.5)	(385.7)
Proceeds from sale of property, plant and equipment		60.6	75.9
Proceeds from sale of associates and other investments		75.3	38.6
Payment for acquisition of associates and other investments		–	(9.2)
Repayment of loans advanced to other entities		2.0	1.3
Net cash outflow from investing activities		**(696.9)**	**(777.9)**
Cash flows from financing activities			
Proceeds from other borrowings		688.4	458.2
Repayment of borrowings		(468.8)	(257.9)
Dividends paid to ordinary shareholders		(131.5)	(118.9)
Dividends paid to non-controlling interest		(2.6)	(5.5)
Proceeds from share issue		0.2	0.2
Net cash inflow from financing activities		**85.7**	**76.1**
Net decrease in cash and cash equivalents		(71.2)	(310.1)
Cash and cash equivalents at 1 July		564.8	885.6
Effects of exchange rate fluctuations on the balances of cash and cash equivalents held in foreign currencies		(25.3)	(10.7)
Cash and cash equivalents at 30 June	13	**468.3**	**564.8**

The notes on pages 78 to 140 are an integral part of these consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2011

1. REPORTING ENTITY

Toll Holdings Limited (the "Company") is domiciled in Australia. The principal accounting policies which have been adopted in the preparation of this financial report are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The financial report includes the consolidated entity consisting of the Company and its subsidiaries (together referred to as the "Group"), and the Group's interest in associates and joint ventures.

2. BASIS OF PREPARATION

(A) STATEMENT OF COMPLIANCE

The financial report is a general purpose financial report which has been prepared in accordance with Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The financial report of the Group also complies with International Financial Reporting Standards (IFRSs) and interpretations adopted by the International Accounting Standards Board (IASB).

The financial reports were approved by the Board of Directors on 25 August 2011.

(B) BASIS OF MEASUREMENT

The consolidated financial statements have been prepared on the historical cost basis except for the following:

- Derivative financial instruments are measured at fair value.
- Available for sale financial assets are measured at fair value.
- Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.
- Liabilities for cash settled share based payment arrangements are measured at fair value, based on market conditions.

The methods used to measure the fair values are discussed further in note 3.

(C) FUNCTIONAL AND PRESENTATION CURRENCY

These consolidated financial statements are presented in Australian dollars, which is the Company's functional currency and the functional currency of the majority of the Group. The Company is of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 and in accordance with that Class Order, amounts in the financial report, and Directors' report have been rounded off to the nearest decimal of a million dollars, unless otherwise stated.

(D) USE OF ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described below:

Impairment of goodwill and intangibles with indefinite useful lives

The Group assesses whether goodwill and intangibles with indefinite useful lives are impaired at least annually in accordance with the accounting policy in note 3(i). These calculations involve an estimation of the recoverable amount of the cash-generating units to which the goodwill and intangibles with indefinite useful lives are allocated.

Workers compensation self-insurance and defined benefit provisions

Independent actuarial valuations are used to estimate the provision required for workers compensation where the Group is self insured and for defined benefit obligations.

Financial instruments

The Group enters into financial arrangements to manage exposures to interest rates and foreign currency risk. Financial instruments are recognised as financial assets and financial liabilities of the entity. The fair value of these financial assets and financial liabilities must be estimated for recognition and measurement disclosure purposes. These calculations require valuation techniques using various methods and assumptions.

Residual values

The estimate of the useful life and depreciable amount of aircraft requires the use of assumptions regarding the residual value of the aircraft at the estimated time of disposal. Residual value is estimated based on market estimates of future aircraft values and current expectations of the aircraft operations. As the market for aircraft is based on US dollars, residual value estimates are also affected by expectations of future movements in the US dollar against the Australian dollar.

Acquisition accounting

The Group's fair values of the assets and liabilities at acquisition are provisional and subject to review during the period up to twelve months from acquisition date. The provisional fair values are updated to reflect new information that provides better evidence of fair values at acquisition date.

Taxation

The Group's accounting policy for taxation requires management judgements as to the type of arrangements considered to be tax on income in contrast to operating costs. Judgement is also required in assessing whether deferred assets and certain deferred tax liabilities are recognised on the balance sheet. Deferred tax assets, including those arising from unrecouped tax losses, capital losses, and temporary differences, are recognised only where it is considered more likely than not that they will be recovered, which is dependent on the generation of sufficient future tax profits. Deferred tax liabilities arising from temporary differences in investments, caused principally by retained earnings held in foreign tax jurisdictions, are recognised unless repatriation of retained earnings can be controlled and are not expected to occur in the foreseeable future.

Assumptions about the generation of taxable profits and repatriation of earnings depend on management's estimates of future cash flows. These judgements and assumptions are subject to risk and uncertainty, hence there is a possibility that changes in circumstances will alter expectations, which may impact the amount of deferred tax assets and liabilities recognised on the balance sheet and the amount of other tax losses and temporary differences not yet recognised. In such circumstances, some or all of the carrying amounts of recognised deferred tax assets and liabilities may require adjustment, resulting in a corresponding credit charge to the Consolidated Statement of Comprehensive Income.

(E) CHANGES IN ACCOUNTING POLICIES

The accounting policies applied by the Group in this report are the same as those applied in the consolidated Annual Financial Report for the year ended 30 June 2010. There were no additional standards applicable to the Group with effect from 1 July 2010.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

(A) BASIS OF CONSOLIDATION

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable are taken into account.

The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 per cent of the voting power of another entity. The consolidated financial statements includes the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of losses exceeds its interest in an associate, its carrying amount is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of an associate.

(iii) Joint ventures

Interests in joint ventures are accounted for in the consolidated financial statements using the equity method and are carried at cost in the Company's financial statements. Under the equity method, the share of the profits or losses are recognised in the Consolidated Statement of Comprehensive Income, and the share of movements in reserves is recognised in reserves in the balance sheet.

(iv) Transactions eliminated on consolidation

Intra-Group balances and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investment in associates" and "Share of associates' net profit" accounts.

Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment. Gains and losses are recognised as the contributed assets are consumed or sold by the associates and jointly controlled entities or, if not consumed or sold by the associate or jointly controlled entity, when the Group's interest in such entities is disposed of.

(B) FOREIGN CURRENCY

(i) Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at the foreign exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the foreign exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on retranslation are recognised in profit or loss, except for differences arising on the retranslation of available-for-sale equity instruments, a financial liability designated as a hedge of the net investment in a foreign operation, or qualifying cash flow hedges, which are recognised directly in equity.

(ii) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Australian dollars at foreign exchange rates at the reporting date. The income and expenses of foreign operations are translated to Australian dollars at exchange rates at the dates of the transactions. Foreign currency differences are recognised directly in equity in the foreign currency translation reserve (FCTR) and released into the Consolidated Statement of Comprehensive Income upon disposal of the foreign entity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Foreign exchange gains and losses arising from a monetary item receivable from or payable to a foreign operation, the settlement of which is neither planned nor likely in the foreseeable future, are considered to form part of a net investment in a foreign operation and are recognised directly in equity in the FCTR.

(iii) Hedge of net investment in foreign operation

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the FCTR, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged part of a net investment is disposed of, the associated cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

(C) FINANCIAL INSTRUMENTS

(i) Derivative financial instruments

The Group holds derivative financial instruments to hedge its foreign currency, interest rate risk and fuel price exposures. Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are accounted for as described below.

Fair value hedges

Changes in the fair value of derivatives that are designated and qualified as fair value hedges are recorded in profit or loss, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The gain or loss relating to the effective portion of interest rate swaps hedging fixed rate borrowings is recognised in the Consolidated Statement of Comprehensive Income as finance income or finance expense together with the gain or loss relating to the ineffective portion and changes in the fair value of the hedge fixed rate borrowings attributable to interest rate risk.

If the hedge no longer meets the criteria for hedge accounting, the adjustment to the carrying amount of a hedge item for which the effective interest method is used is amortised to profit or loss over the period to maturity using a recalculated effective interest rate.

Cash flow hedges

Changes in the fair value of the derivative hedging instrument designated as a cash flow hedge are recognised directly in equity to the extent that the hedge is effective. To the extent that the hedge is ineffective, changes in fair value are recognised in profit or loss.

If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, then hedge accounting is discontinued prospectively. The cumulative gain or loss previously recognised in equity remains there until the forecast transaction occurs. When the hedged item is a non-financial asset, the amount recognised in equity is transferred to the carrying amount of the asset when it is recognised. In other cases the amount recognised in equity is transferred to profit or loss in the same period that the hedged item affects profit or loss.

Derivatives that do not qualify for hedge accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in profit or loss.

(ii) Share capital

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares and share options are recognised as a deduction from equity, net of any tax effects. Dividends on ordinary shares are recognised as a liability in the period in which they are declared.

Reset preference shares

Reset preference shares are classified as a liability and distributions to holders are treated as a financial expense in the Consolidated Statement of Comprehensive Income.

(iii) Non-derivative financial instruments

Non-derivative financial instruments comprise, investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the Group's contractual rights to the cash flows from the financial assets expire or if the Group transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset. Financial liabilities are derecognised if the Group's obligations specified in the contract expire or are discharged or cancelled.

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Accounting for finance income and expense is discussed in note 3(o)(iv).

Held-to-maturity investments

If the Group has the positive intent and ability to hold debt securities to maturity, then they are classified as held-to-maturity. Held-to-maturity investments are measured at amortised cost using the effective interest method, less any impairment losses.

Available-for-sale financial assets

The Group's investments in equity securities and certain debt securities are classified as available-for-sale financial assets. Subsequent to initial recognition, they are measured at fair value and changes therein, other than impairment losses (see note 3(i)(i)), and foreign exchange gains and losses on available-for-sale monetary items are recognised in equity in the available-for-sale reserve. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Financial assets at fair value through profit or loss

An instrument is classified as at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Group manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Group's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Other

Other non-derivative financial instruments are measured at amortised cost using the effective interest method, less any impairment losses.

(D) FAIR VALUE ESTIMATION

The fair value of financial assets and liabilities must be estimated for recognition and measurement or for disclosure purposes.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives and trading securities) is determined by reference to their quoted bid price at the reporting date. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date for financial instruments which are not traded in an active market. Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine the fair value for remaining financial instruments. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on the terms and maturity of each contract and using market rates at the measurement date. The fair value of forward exchange contracts is determined using forward exchange market rates at the reporting date.

The nominal value less estimated credit adjustments of receivables and payables are assumed to approximate their fair values. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar instruments.

The fair value of options is measured using the Binomial, Monte Carlo or Black Scholes method taking into account the terms and conditions upon which the options were granted. Service and non-market performance conditions attached to the option are not taken into account in determining fair value.

(E) PROPERTY, PLANT AND EQUIPMENT

Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Cost also may include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment. Borrowing costs related to the acquisition or construction of qualifying assets are capitalised.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in the Consolidated Statement of Comprehensive Income.

Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Depreciation

Depreciation is recognised in profit or loss on a straight line basis over the estimated useful lives of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative periods are as follows:

Buildings	10–50 years
Leasehold improvements	2.5–40 years
Plant and equipment:	
– Aircraft and aeronautic related assets	5–10 years
– Base and jetty improvements	Shorter of estimated useful life or lease term
– Vessels	10–25 years
– Rolling stock	5–30 years
– Other plant and equipment	2–15 years
Leased plant and equipment	3–12 years

Depreciation methods and useful lives, as well as residual values, are reviewed at each reporting date.

Repairs and maintenance – owned and finance leased assets

Routine maintenance costs are written off to profit or loss as incurred. Major cyclical maintenance on owned aircraft and vessels are capitalised to the carrying value of the aircraft or vessel as incurred and amortised over the period to the next scheduled major maintenance. Any remaining carrying amount of the cost of the previous inspection is derecognised.

(F) LEASED ASSETS

Leases, the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Other leases are operating leases which are not recognised on the Group's balance sheet.

(G) INTANGIBLE ASSETS

(i) Goodwill

Business combinations

All business combinations are accounted for by applying the acquisition method. The Group measures goodwill as the fair value of the consideration transferred including the recognised amount of any non-controlling interest in the acquiree, less the net recognised amount of the identifiable assets acquired and liabilities assumed at acquisition date.

Negative goodwill arising on an acquisition is recognised directly in profit and loss.

Acquisitions of non-controlling interests are accounted for as transactions with equity holders in their capacity as equity holders, and therefore no goodwill is recognised as a result of such transactions. Previously, goodwill was recognised arising on the acquisition of a non-controlling interest in a subsidiary.

(ii) Other intangible assets

Other intangible assets that are acquired by the Group, which have finite useful lives, are measured at cost less accumulated amortisation and impairment losses.

(iii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

(iv) Amortisation

Amortisation is recognised in profit or loss on a straight line basis over the estimated useful lives of the intangible assets, other than goodwill, from the date that they are available for use.

The estimated useful lives for the current and comparative periods are as follows:

Software and technology	3–10 years
Customer contracts and relationships	1–10 years
Other intangibles	5 years

(H) INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in-first-out principle, or the weighted average cost formula and includes all costs of purchase, production or conversion costs and other costs incurred in bringing them to their present location and condition. The cost of inventory may also include transfers from equity of any gain or loss on qualifying cash flow hedges of foreign currency purchases of inventory. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

(I) IMPAIRMENT

(i) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate. An impairment loss in respect of an available-for-sale financial asset is calculated by reference to its fair value.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost and available-for-sale financial assets that are debt securities, the reversal is recognised in profit or loss. For available-for-sale financial assets that are equity securities, the reversal is recognised directly in equity.

(ii) Non-financial assets

The carrying amounts of the Group's non-financial assets, other than, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, recoverable amount is estimated at each reporting date.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(J) NON CURRENT ASSETS HELD FOR SALE

Non current assets (or disposal groups comprising assets and liabilities) that are expected to be recovered primarily through sale rather than through continuing use are classified as held for sale. Immediately before classification as held for sale, the assets (or components of a disposal group) are remeasured in accordance with the Group's accounting policies. Thereafter generally the assets (or disposal group) are measured at the lower of their carrying amount and fair value less cost to sell. Any impairment loss on a disposal group first is allocated to goodwill, and then to remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, and employee benefit assets which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale and subsequent gains or losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.

(K) PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

(L) EMPLOYEE BENEFITS

(i) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefits expense in profit or loss when they are due. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

(ii) Defined benefit plans

A defined benefit plan is a post-employment benefit plan different from a defined contribution plan. The Group's net obligation in respect to defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value. The calculation is performed annually by a qualified actuary. The Group recognises all actuarial gains and losses arising from defined benefit plans in other comprehensive income.

(iii) Long-term service benefits

The Group's net obligation in respect of long-term employee benefits, other than defined benefit plans is the amount of future benefit that employees have earned in return for their service in the current and prior periods plus related on costs; that benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations.

(iv) Share-based payment transactions

The fair value of options at grant date is recognised as an employee expense with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The amount recognised as an expense is adjusted to reflect the actual number of share options that vest, except for those that fail to vest due to market conditions not being met.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(v) Wages, salaries, annual leave, sick leave and non-monetary benefits

Liabilities for employee benefits for wages, salaries, annual leave and sick leave that are expected to be settled within 12 months of the reporting date represent present obligations resulting from employees' services provided to reporting date, and are calculated at undiscounted amounts based on remuneration wage and salary rates that the Group expects to pay as at reporting date including related on-costs, such as, workers compensation insurance and payroll tax. Non-accumulating non-monetary benefits, such as medical care, housing, cars and free or subsidised goods and services, are expensed based on the net marginal cost to the Group as the benefits are taken by the employees.

A liability is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(vi) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the Group has made an offer encouraging voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably.

(vii) Treasury shares

In 1999, the Company introduced an Employee Share Ownership Plan (ESOP). This plan allows non-recourse, interest free loans to be provided to all employees as the Board may from time to time make offers to employees to acquire shares under the plan. If and when an issue is made to employees, it will be treated as an in-substance grant of options and expensed in the period because of the limited recourse nature of the loans. Since there is no vesting period, there is no recurring expense for this item.

The shares are acquired in the name of the employee and each employee authorises and appoints the Secretary of the Company to act on their behalf. Any dividends paid on the shares of the Company are used to repay the loan. If the employee leaves the employment of the Group, the loan balance must be paid in full or the shares will be sold and the proceeds applied to settle the loan balance.

Shares in the Company held under ESOP are classified and disclosed as Treasury Shares and deducted from equity.

(M) REVENUE

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of returns, trade allowances, duties and taxes paid. Revenue is recognised from major categories as follows:

- Revenue from services provided is recognised following the provision of the service and/or in accordance with agreed contractual terms in the period in which the service is provided;
- Charter hire of vessels is recognised when the service is provided;
- Revenue from sale of products is recognised at the time of delivery;
- Revenue from warehousing services is recognised over the period of the contract;
- Other income from the disposal of property, plant and equipment is recognised when control of the property has passed to the buyer;
- Income from dividends and distributions are recognised when they are declared;
- Rental revenue is recognised on a straight line basis over the term of the lease; and
- Internal recharges are recognised as they are incurred and charged.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, the costs incurred or to be incurred cannot be measured reliably, there is a risk of return of goods or there is a continuing management involvement with the goods.

(N) GOVERNMENT GRANTS

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and that the Group will comply with all attached conditions. These grants are recognised as other income in the Consolidated Statement of Comprehensive Income.

Government grants relating to costs are deferred and recognised in the Consolidated Statement of Comprehensive Income over the period necessary to match them with the costs that they are intended to compensate.

Government grants relating to the purchase of property, plant and equipment are included in non current liabilities as deferred income and are credited to the onsolidated Statement of Comprehensive Income on a straight line basis over the expected lives of the related assets.

(O) EXPENSES

(i) Operating lease payments

Payments made under operating leases are recognised in the profit or loss on a straight line basis over the term of the lease. Lease incentives received are recognised in profit or loss as an integral part of the total lease expense and spread over the lease term.

(ii) Finance lease payments

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(iii) Borrowing costs

Borrowing costs are expensed as incurred unless they relate to qualifying assets. Qualifying assets are assets which take more than 12 months to get ready for their intended use or sale. In these circumstances, borrowing costs are capitalised to the cost of the assets. Where funds are borrowed specifically for the acquisition, construction or production of a qualifying asset, the amount of borrowing costs capitalised are those incurred in relation to those borrowings, net of any interest earned on those borrowings. Where funds are borrowed for the acquisition of a qualifying asset, borrowing costs are capitalised using a weighted average capitalisation rate.

(iv) Finance income and expenses

Finance income comprises interest income on funds invested, gains on the disposal of available-for-sale financial assets, changes in the fair value of financial assets at fair value through profit or loss, and gains on hedging instruments that are recognised in profit or loss. Interest income is recognised as it accrues in the Consolidated Statement of Comprehensive Income, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, dividends on reset preference shares classified as liabilities, changes in the fair value of financial assets at fair value through profit or loss, impairment losses recognised on financial assets, and losses on hedging instruments that are recognised in the Consolidated Statement of Comprehensive Income. All interest expense on borrowings is recognised in the Consolidated Statement of Comprehensive Income using the effective interest method.

(P) INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right of offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

Tax consolidation

The Company and its wholly-owned Australian resident entities have formed a Tax Consolidated Group and are therefore taxed as a single entity from that date. The head entity within the Tax Consolidated Group is Toll Holdings Limited.

The current and deferred tax amounts for the Tax Consolidated Group are allocated among the entities in the Group using a 'group allocation method' approach. Deferred tax assets and deferred tax liabilities are measured by reference to the carrying amounts of the assets and liabilities in the Company's balance sheet and their tax values applying under tax consolidation.

Any current tax liabilities (or assets) and deferred tax assets arising from unused tax losses of the subsidiaries are assumed by the head entity in the Tax Consolidated Group and are recognised as amounts payable/(receivable) to/(from) other entities in the Tax Consolidated Group in conjunction with any tax funding arrangement amounts (refer below). Any difference between these amounts is recognised by the Company as an equity contribution or distribution.

The Company recognises deferred tax assets arising from unused tax losses of the Tax Consolidated Group to the extent that it is probable that future taxable profits of the Tax Consolidated Group will be available against which the asset can be utilised.

Any subsequent period adjustments to deferred tax assets arising from unused tax losses as a result of revised assessments of the probability of recoverability is recognised by the head entity only.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Nature of tax funding arrangements and tax sharing agreements

The head entity, in conjunction with other members of the Tax Consolidated Group, has entered into a tax funding arrangement which sets out the funding obligations of members of the Tax Consolidated Group in respect of tax amounts. Each entity accounts for its inter-entity assets and liabilities that arise for it under the arrangement. These amounts are treated as arising through equity contributions or distributions, in the same way as the head entity's assumption of controlled entities current tax amounts and tax losses/credits, and therefore alter the net amount recognised as tax consolidation contributions by or distributions to equity participants. However, there will be no net contribution or distribution where the amounts arising for the period under the tax funding arrangement equate to the amounts initially recognised by a subsidiary for its current taxes and any tax losses/credits assumed by the head entity.

Contributions to fund the current tax liabilities are payable as per the tax funding arrangement and reflect the timing of the head entity's obligation to make payments for tax liabilities to the relevant tax authorities.

The head entity in conjunction with other members of the Tax Consolidated Group, has also entered into a tax sharing agreement. The tax sharing agreement provides for the determination of the allocation of income tax liabilities between the entities should the head entity default on its tax payment obligations. No amounts have been recognised in the financial statements in respect of this agreement as payment of any amounts under the tax sharing agreement is considered remote.

(Q) GOODS AND SERVICES TAX

Revenues, expenses and assets are recognised net of the amount of Goods and Services Tax (GST), except where the amount of GST incurred is not recoverable from the relevant tax authority. In these circumstances the GST is recognised as part of the cost of acquisition of the asset or as part of an item of expense.

Receivables and payables are stated with the amount of GST included. The net amount of GST recoverable from, or payable to, the tax authority is included as a current asset or liability in the balance sheet.

Cash flows are included in the statement of cash flows on a gross basis. The GST components of cash flows arising from investing and financing activities, which are recoverable from, or payable to, the tax authority are classified as operating cash flows.

(R) SEGMENT REPORTING

The Group determines and presents operating segments based on the information that internally is provided to the CEO, who is the Group's chief operating decision maker. A segment is a distinguishable component of the Group that engages in business activities from which it may earn revenues and incur expenses which are subject to risks and returns that are different from those of other segments.

Inter-segment pricing is determined on an arm's length basis.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

(S) EARNINGS PER SHARE

The Group presents basic and diluted earnings per share (EPS) data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(T) DISCONTINUED OPERATIONS

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations that has been disposed of or is held for sale, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs upon disposal or when the operation meets the criteria to be classified as held for sale, if earlier. When an operation is classified as a discontinued operation, the comparative Consolidated Statement of Comprehensive Income is restated as if the operation had been discontinued from the start of the comparative period.

(U) NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

The following standards, amendments to standards and interpretations have been identified as those which may impact the entity in the period of initial application. They are available for early adoption at 30 June 2011, but have not been applied in preparing this financial report:

- AASB 9 Financial Instruments and consequential amendments in AASB 2010 – 7: Amendments to Australian Accounting Standards arising from AASB 9 (December 2010) and AASB 2009 – 11: Amendments to Australian Accounting Standards arising from AASB 9 includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the project to replace AASB 139 Financial Instruments: Recognition and Measurement. AASB 9 will become mandatory for the Group's 30 June 2014 financial statements. Retrospective application will be required. The Group has not determined the potential effect of the revised standard on the Group's financial report.
- AASB 124 Related Party Disclosures (revised December 2009) and consequential amendments in AASB 2009 – 12: Amendments to Australian Accounting Standards simplifies and clarifies the intended meaning of the definition of a related party and provides a partial exemption from the disclosure requirements for government-related entities. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2010 – 4 Further Amendments to Australian Accounting Standards Arising from the Annual Improvements Process affect various AASB's resulting in minor changes for presentation, disclosure, recognition and measurement purposes. The amendments, which will become mandatory for the Group's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.
- AASB 2009 – 14 Amendments to Australian Accounting Interpretation – Prepayments of a Minimum Funding Requirement – AASB 14 make amendments to Interpretation 14 AASB 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements removing an unintended consequence arising from the treatment of the prepayment of future contributions in some circumstances where there is a minimum funding requirement. The amendments, which became mandatory for the Group's 30 June 2012 financial statements, are not expected to have a significant impact on the financial statements.

4. SEGMENT INFORMATION

The Group has six reportable segments, as described below, which are the Group's strategic divisions. The strategic divisions offer different products and services. For each of the strategic divisions, the Managing Director reviews internal management reports on at least a monthly basis. The following summary describes the operations in each of the Group's reportable segments:

- Toll Global Resources – Logistics services to the mining and resource sector together with project based activities;
- Toll Global Logistics – Integrated logistics services and supply chain management to national and multi-national customers;
- Toll Global Forwarding – Provision of global freight forwarding services by air, sea and land;
- Toll Global Express – Provision of express and overnight parcel services with a focus on the Asia–Pacific region;
- Toll Domestic Forwarding – Intermodal freight forwarding services within Australia and New Zealand by road, rail and sea; and
- Toll Specialised & Domestic Freight – Provides specialised full container load (FCL) and less than a container load (LCL) forwarding services including bulk liquids and road operations within Australia.

Inter-segment pricing is determined on an arm's length basis. Segment results and assets include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

4. SEGMENT INFORMATION (CONTINUED)

The Group comprises the following main business segments, based on the Group's management reporting system.

	Toll Global Express $M	Toll Domestic Forwarding $M
Business Segment – 2011		
External revenue	**2,140.2**	**1,097.1**
Result		
Segment result	166.6	61.3
Share of profit of associates and joint ventures	3.3	–
Total segment result	**169.9**	**61.3**
Depreciation and amortisation arising from acquisitions through business combinations	(3.2)	(0.2)
Unallocated profit:		
– Release of earnout provision		
– Gain on disposal of investment in associate (Shenzhen Chiwan Petroleum Supply Base Co. Ltd), net of $6.1 million capital gains tax		
Net finance costs		
Income tax expense		
Profit for the year		
Total segment assets	**977.2**	**567.6**
Unallocated tax assets		
Total assets		
Business Segment – 2010 (restated)		
External revenue	**1,790.2**	**1,067.1**
Result		
Segment result	131.0	69.2
Share of profit of associates and joint ventures	2.8	–
Total segment result	**133.8**	**69.2**
Depreciation and amortisation arising from acquisitions through business combinations	(4.5)	–
Unallocated profit/(expenses):		
– Remeasurement of investment		
– Release of earnout provision		
– Gain on disposal of investment in associate (Pacorini Toll Pty Ltd)		
Net finance costs		
Income tax expense		
Profit for the year		
Total segment assets	**973.5**	**564.0**
Unallocated tax assets		
Total assets		

The contribution from and equity accounted investment in Footwork Express Company Limited ("Footwork") are included in Toll Global Logistics prior to the Group's acquisition of the remaining 63% interest in Footwork on 23 October 2009. Subsequent to the acquisition, contribution from Footwork is included in Toll Global Express. Due to a minor restructuring during the year ended 30 June 2011, comparative segment information has been re-presented at 30 June 2010.

Toll Specialised & Domestic Freight $M	Toll Global Logistics $M	Toll Global Resources $M	Toll Global Forwarding $M	Total Operating Segments $M	Corporate $M	Total $M
1,201.1	**1,357.3**	**784.2**	**1,635.0**	**8,214.9**	**9.6**	**8,224.5**
72.1	85.8	85.9	28.8	500.5	(51.3)	449.2
–	4.7	2.7	5.1	15.8	0.2	16.0
72.1	**90.5**	**88.6**	**33.9**	**516.3**	**(51.1)**	**465.2**
–	(12.1)	(3.9)	(8.6)	(28.0)	(0.8)	(28.8)
						1.7
						2.0
						(35.4)
						(109.9)
						294.8
337.2	**1,090.1**	**1,149.3**	**1,092.3**	**5,213.7**	**519.8**	**5,733.5**
						117.0
						5,860.5

Toll Specialised & Domestic Freight $M	Toll Global Logistics $M	Toll Global Resources $M	Toll Global Forwarding $M	Total Operating Segments $M	Corporate $M	Total $M
1,004.2	**1,307.8**	**695.5**	**1,066.1**	**6,930.9**	**13.1**	**6,944.0**
65.6	92.5	88.5	15.3	462.1	(49.1)	413.0
–	6.2	5.8	5.0	19.8	1.8	21.6
65.6	**98.7**	**94.3**	**20.3**	**481.9**	**(47.3)**	**434.6**
–	(13.9)	(4.0)	(4.7)	(27.1)	(0.8)	(27.9)
						(37.4)
						13.0
						10.4
						(37.4)
						(70.9)
						284.4
311.5	**1,197.6**	**921.7**	**1,005.6**	**4,973.9**	**574.6**	**5,548.5**
						143.8
						5,692.3

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

4. SEGMENT INFORMATION (CONTINUED)

GEOGRAPHICAL INFORMATION

The Group operates in the following geographical segments:
- Australia and New Zealand;
- Asia – incorporates a number of Asian countries including Singapore, Hong Kong, China, India and Japan;
- EMEA – includes countries in Europe, Middle East and Africa; and
- North America – includes United States of America and Canada.

	Australia and New Zealand $M	Asia $M	EMEA $M	North America $M	Total $M
Geographical segments – 2011					
Revenue by location	5,473.0	1,792.6	581.2	377.7	8,224.5
Non current assets by location	2,029.8	1,690.3	174.6	77.9	3,972.6
Geographical segments – 2010 (restated)					
Revenue by location	5,174.3	1,335.2	268.5	166.0	6,944.0
Non current assets by location	1,905.5	1,776.6	6.3	82.3	3,770.7

5. REVENUE

	2011 $M	2010 $M
Transport and logistics services rendered	8,224.5	6,944.0
	8,224.5	**6,944.0**

6. OTHER INCOME

	Note	2011 $M	2010 $M
Dividend income		8.1	0.1
Government grants		0.5	2.0
Net foreign exchange gains		–	1.1
Net gain on disposal of investments and businesses		8.9	19.7
Net gain on disposal of property, plant and equipment		8.0	5.6
Release of earnout provision	10	1.7	13.0
Other		12.1	14.5
		39.3	**56.0**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

7. EXPENSES

Profit before income tax expense includes the following specific expenses:

	2011 $M	2010 $M
Depreciation		
Buildings	10.3	9.1
Leasehold improvements	15.3	13.2
Plant and equipment	168.9	156.9
Leased plant and equipment	7.2	8.5
	201.7	**187.7**
Amortisation		
Capitalised software and technology	13.6	18.2
Customer contracts and relationships	27.0	22.6
Other intangibles	1.0	4.0
	41.6	**44.8**
Finance expenses		
Other interest and finance charges paid/payable	49.3	52.5
	49.3	**52.5**
Other expenses		
Net foreign exchange losses	5.0	–
Impairment losses		
Receivables	6.1	3.1
Associates	–	37.4
Property, plant and equipment	–	5.2
Operating lease expense		
Property	273.6	247.8
Plant and equipment	82.6	73.2
Share option expense	12.4	8.1
Employee benefit expenses		
Defined contribution superannuation expense	106.8	100.8

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

8. INCOME TAX EXPENSE

RECOGNISED IN THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2011 $M	2010 $M
Current tax expense		
Current year	110.1	60.0
Adjustments for prior years	0.1	(12.9)
	110.2	**47.1**
Deferred tax expense		
Origination and reversal of temporary differences	5.8	23.8
Total income tax expense	**116.0**	**70.9**
Numerical reconciliation between income tax expense and pre-tax net profit		
Profit before income tax expense	410.8	355.3
Net profit before tax	410.8	355.3
Income tax expense using the domestic corporation income tax rate of 30% (2010: 30%)	123.2	106.6
Increase in income tax expense due to:		
Non-deductible expenditure	15.5	35.0
Tax losses not recognised	17.5	5.8
Capital gains	2.8	5.3
Decrease in income tax expense due to:		
Investment allowance	(0.3)	(9.2)
Other non-assessable items	(9.7)	(26.1)
Tax exempt income	(10.5)	(7.0)
Utilisation and recognition of tax losses previously not recognised	(9.1)	(6.0)
Effect of tax rate in foreign jurisdictions	(11.1)	(16.8)
Share of net profit of associates and joint ventures	(2.4)	(3.8)
	115.9	**83.8**
Over provision in prior years	0.1	(12.9)
Income tax expense	**116.0**	**70.9**
Deferred tax expense recognised directly in equity		
Relating to:		
Changes in fair value of cash flow hedges	5.4	1.6
Hedges of net investments in foreign controlled entities	7.1	6.0
	12.5	**7.6**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

DEFERRED INCOME TAX

Deferred tax assets and liabilities are attributed to the following:

	2011 $M	2010 $M
Deferred tax assets		
Property, plant and equipment	23.7	1.8
Intangible assets	13.6	–
Payables	38.0	22.1
Provisions	96.6	166.0
Other financial liabilities	1.3	5.7
Unrealised foreign exchange loss	1.0	–
Tax losses recognised	2.5	3.3
Set off of tax (see below)	(61.4)	(56.6)
	115.3	**142.3**

	2011 $M	2010 $M
Deferred tax liabilities		
Receivables	1.6	1.3
Inventories	1.1	1.9
Prepayments	5.7	4.1
Property, plant and equipment	42.3	56.3
Intangible assets	19.7	37.0
Provisions	0.6	–
Other financial assets	10.1	–
Unrealised foreign exchange gain	2.4	6.1
Set off of tax (see above)	(61.4)	(56.6)
	22.1	**50.1**

On 1 July 2006 Patrick Corporation Limited and its wholly owned controlled entities (the “Patrick Group”) joined the Toll Holdings Limited Tax Consolidated Group (the “Toll Group”). As a result of the acquisition of the Patrick Group, the Toll Group also acquired the Pacific National Tax Consolidated Group (the “PN Group”), headed by Pacific National Limited.

In accordance with the tax consolidation rules, on 1 July 2006, both the PN Group and Patrick Group transferred their Group losses (revenue and/or capital) to the Toll Group. These losses totalled $174.6 million and represented a combination of capital losses and transferred tax losses (“loss bundles”).

The continuing legislative compliance requirements in respect to the utilisation of these losses are complex and accordingly no tax benefit with respect to these transferred losses has been recognised. The total amount of unutilised tax losses at 30 June 2011 was $102.1 million (2010: $118.9 million). There are further unutilised capital and revenue losses within the Toll Group of $80.4 million (2010: $77.8 million) for which no tax benefit has been recognised.

9. ASSETS HELD FOR SALE

	2011 $M	2010 $M
Property, plant and equipment	0.6	37.4
	0.6	**37.4**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

10. ACQUISITIONS AND DISPOSALS

(A) ACQUISITION OF FOOTWORK EXPRESS COMPANY LIMITED

On 23 October 2009, the Group acquired Footwork Express Company Limited ("Footwork"), a Japan-based logistics company. The Group already held approximately 37% of Footwork prior to acquiring the remaining shares.

The following summarises the major classes of consideration transferred, and the recognised amounts of assets acquired and liabilities assumed at acquisition date:

	$M
Consideration transferred	
Cash	209.6
Contingent consideration	11.8
	221.4

Contingent consideration

The Group had agreed to pay the selling shareholders additional consideration subject to achievement of certain performance criteria. During the previous financial year, it was determined that these performance criteria would not be met. As a result, the entire sum of the contingent consideration (JPY 992.1 million, AUD 13.0 million) recognised was reversed to profit and loss during the prior year.

Identifiable assets acquired and liabilities assumed

	Recognised values at 30 June 2010 $M	Final fair value adjustments $M	Final balance recognised at 30 June 2011 $M
Cash and cash equivalents	35.9	–	35.9
Receivables	135.0	–	135.0
Investments	7.5	–	7.5
Property, plant and equipment	201.1	15.2	216.3
Intangible assets	23.6	(7.3)	16.3
Deferred tax assets	62.1	30.9	93.0
Prepayments	6.9	–	6.9
Other assets	20.3	(2.0)	18.3
Payables and other liabilities	(127.9)	(0.3)	(128.2)
Interest bearing liabilities	(87.8)	–	(87.8)
Provisions	(98.1)	(34.4)	(132.5)
Current tax liabilities	(1.7)	–	(1.7)
Deferred tax liabilities	(4.4)	(28.1)	(32.5)
Net identifiable assets acquired	**172.5**	**(26.0)**	**146.5**

Acquisition accounting has been finalised for Footwork.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$M
Total consideration transferred	221.4
Fair value of previous interest in the acquiree	51.0
Less fair value of net identifiable assets acquired	(146.5)
Goodwill	**125.9**

The remeasurement to fair value of the Group's existing 37% interest in the acquiree resulted in a loss of $37.4 million, which has been recognised in other operating costs during the previous financial year.

The goodwill is attributable mainly to the logistics network of the Footwork business in the Japanese domestic market, the assembled workforce and other intangible assets that do not qualify for separate recognition.

(B) OTHER ACQUISITIONS FINALISED DURING THE YEAR ENDED 30 JUNE 2011

During the year ended 30 June 2010, the Group acquired other logistics companies in the Global Forwarding, Global Express and Specialised and Domestic Freight operations. These acquisitions include Express Logistics ("ELG"), Logistics Distribution Systems ("LDS"), Summit Logistics International, Australian Armoured Express Pty Ltd and Concord Park. At 30 June 2010, the fair values of the assets and liabilities of these acquisitions were provisional.

The following summarises the major classes of consideration transferred for the finalised other acquisitions and the recognised amounts of assets acquired and liabilities assumed at acquisition date arising from these acquisitions:

	$M
Consideration transferred	
Cash	214.7
	214.7

Identifiable assets acquired and liabilities assumed

	Recognised values at 30 June 2010 $M	Final fair value adjustments $M	Final balance recognised at 30 June 2011 $M
Cash and cash equivalents	10.9	(1.7)	9.2
Receivables	64.8	2.6	67.4
Property, plant and equipment	38.6	(0.5)	38.1
Intangible assets	0.5	12.2	12.7
Deferred tax assets	0.3	13.8	14.1
Other assets	–	4.2	4.2
Payables and other liabilities	(44.6)	2.4	(42.2)
Interest bearing liabilities	(3.0)	(1.6)	(4.6)
Provisions	(1.6)	(13.3)	(14.9)
Current tax liabilities	(0.2)	(8.5)	(8.7)
Deferred tax liabilities	–	(2.8)	(2.8)
Net identifiable assets acquired	**65.7**	**6.8**	**72.5**

Acquisition accounting has been finalised for these entities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

10. ACQUISITIONS AND DISPOSALS (CONTINUED)

Goodwill

Goodwill was recognised as a result of the acquisitions as follows:

	$M
Total consideration transferred	214.7
Less fair value of net identifiable assets acquired	(72.5)
Goodwill	**142.2**

(C) OTHER ACQUISITIONS PROVISIONAL AS AT 30 JUNE 2011

During the year ended 30 June 2011, the Group acquired other logistics companies in the Global Forwarding, Global Express, Global Logistics, Domestic Forwarding and Global Resource operations. Acquisitions include the WT Sea Air Group, Genesis Forwarding Group ("Genesis"), Qantas Freight Holding Pty Ltd ("DPEX"), Truck Gleam, 2nd Digit Pty Ltd ("Magpie Couriers"), North Queensland Couriers Pty Ltd, McLaughlin Freightlines, Mitchell Corporation Australia Pty Ltd, 1st Fleet Pty Ltd ("Zip Express Couriers"), Patrick Container Ports Pty Ltd and SAT Albatros Sea Air Transport FZE ("SAT").

The following summarises the major classes of consideration transferred for the provisional other acquisitions and the recognised amounts of assets acquired and liabilities assumed at acquisition date arising from these acquisitions:

	$M
Consideration transferred	
Cash	315.8
Contingent consideration	20.0
	335.8

Contingent consideration

The Group had agreed to pay the selling shareholders of Genesis additional consideration subject to achievement of certain performance criteria. During the financial year, it was determined that not all of these performance criteria would be met. As a result, contingent consideration of GBP 1.1 million (AUD 1.7 million) previously recognised on acquisition was reversed to profit and loss during the current year. Finalisation of the contingent consideration will occur in the 2013 financial year.

Identifiable assets acquired and liabilities assumed

	Recognised value on acquisition $M	Provisional fair value adjustments $M	Provisional balances recognised at 30 June 2011 $M
Cash and cash equivalents	14.0	(1.2)	12.8
Receivables	90.9	3.0	93.9
Property, plant and equipment	106.2	(0.2)	106.0
Intangible assets	5.0	11.6	16.6
Deferred tax assets	5.7	–	5.7
Current tax receivable	–	1.2	1.2
Other assets	6.6	(0.2)	6.4
Payables and other liabilities	(90.7)	(5.2)	(95.9)
Interest bearing liabilities	(17.2)	(2.3)	(19.5)
Provisions	(6.5)	(1.6)	(8.1)
Current tax liabilities	(1.0)	0.7	(0.3)
Deferred tax liabilities	(3.6)	–	(3.6)
Net identifiable assets acquired	**109.4**	**5.8**	**115.2**

The Group is currently in the process of assessing the fair values of the assets and liabilities acquired. As a result, the fair values provided above are provisional and will be subject to finalisation during the period up to twelve months from acquisition date.

Goodwill

Goodwill was recognised as a result of the acquisitions as follows:

	$M
Total consideration transferred	335.8
Less fair value of net identifiable assets acquired	(115.2)
Goodwill	**220.6**

(D) DISPOSAL OF ASSOCIATE – SHENZHEN CHIWAN PETROLEUM SUPPLY BASE ("SCP")

During the financial year, the Group disposed of the majority of its shareholding in SCP for $69.8 million, resulting in a net gain of $2.0 million for the Group. Of the $2.0 million, $8.3 million is attributable to non-controlling interest, and is offset by a loss of $6.3 million attributable to owners of the Company. The loss for the owners of the Company resulted from a higher carrying value recognised for the SCP shares as part of the acquisition of SembCorp Logistics.

For the financial year ended 30 June 2011, $8.1 million has been recognised within other income (see note 6), while $6.1 million capital gains tax has been recognised in income tax expense (see note 8).

The remaining shareholding is classified as an investment at 30 June 2011 (see note 18).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

11. EARNINGS PER SHARE

BASIC EARNINGS PER SHARE

The calculation of basic earnings per share at 30 June 2011 was based on the profit attributable to owners of the Company of $281.4 million (2010: $278.9 million) and a weighted average number of ordinary shares outstanding of 706.3 million (2010: 699.0 million), calculated as follows:

	2011 $M	2010 $M
Profit attributable to owners of the Company		
Profit	294.8	284.4
Profit – attributable to non-controlling interests	(13.4)	(5.5)
Profit attributable to owners of the Company	**281.4**	**278.9**

	Million shares	Million shares
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	702.9	695.6
Effect of shares issued	3.4	3.4
Weighted average number of ordinary shares at 30 June	**706.3**	**699.0**

DILUTED EARNINGS PER SHARE

The calculation of diluted earnings per share at 30 June 2011 was based on the profit attributable to owners of the Company of $281.4 million (2010: $278.9 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 706.5 million (2010: 700.6 million), calculated as follows:

	2011 $M	2010 $M
Profit attributable to owners of the Company (diluted)	**281.4**	**278.9**

Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 1 July (basic)	706.3	699.0
Effect of shares issued	0.2	1.6
Weighted average number of ordinary shares at 30 June (diluted)	**706.5**	**700.6**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

12. DIVIDENDS PAID AND DECLARED

DIVIDENDS PROVIDED OR PAID BY THE COMPANY DURING THE YEAR

	Cents per share	Total $M	Franked/ unfranked	Payment date
Ordinary shares				
2011				
2010 Final dividend	13.5	94.9	Franked	27/10/2010
2011 Interim dividend	11.5	81.2	Franked	01/04/2011
		176.1		
2010				
2009 Final dividend	13.5	93.9	Franked	23/10/2009
2010 Interim dividend	11.5	80.4	Franked	02/04/2010
		174.3		

Franked dividends paid or declared during the year were franked at the tax rate of 30%.

SUBSEQUENT EVENTS

After the balance sheet date the Directors declared the following dividend. The dividend has not been provided for.

	Cents per share	Total $M	Franked/ unfranked	Payment date
Final dividend	13.5	95.9	Franked	10/10/2011

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2011 and will be recognised in subsequent financial reports.

	The Company	
	2011 $M	2010 $M
Dividend franking account		
Net Class C (30%) franking credits (2010: 30%) available to shareholders of the parent entity for subsequent financial years	**39.3**	**39.7**

The above available amounts are based on the balance of the dividend franking account at year end adjusted for:

(a) Franking credits that will arise from the payment of the amount of the current tax liability;

(b) Franking debits that will arise from the payment of dividends recognised as a liability at year end;

(c) Franking credits that will arise from the receipt of dividends recognised as receivables at year end; and

(d) Franking credits that the entity may be prevented from distributing in subsequent years.

The ability to utilise the franking credits is dependent upon there being sufficient available profits to declare dividends. The impact on the dividend franking account of dividends declared after the balance sheet date but not recognised as a liability is to reduce it by $35.0 million (2010: $40.7 million).

In accordance with the tax consolidation legislation the Company as the head entity in the Tax Consolidated Group has also assumed the benefit of nil franking credits (2010: $13.2 million).

Dividends actually paid, satisfied by the issue of shares under the dividend reinvestment plan or satisfied by the reduction in employee loans under the employee share ownership plan during the years ended 30 June 2011 and 30 June 2010, were as follows:

	2011 $M	2010 $M
Dividends paid and declared		
Total dividends paid in cash	131.5	118.8
Satisfied by issue of shares in Toll Holdings Limited	44.4	55.1
Satisfied by reduction in employee share plan loans	0.2	0.4
Total dividends paid and declared	**176.1**	**174.3**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

13. CASH AND CASH EQUIVALENTS

	Note	2011 $M	2010 $M
Cash at bank and on hand		271.8	283.2
Deposits at call		224.7	297.2
Cash and cash equivalents		**496.5**	**580.4**
Bank overdraft	22	(28.2)	(15.6)
Net cash and cash equivalents		**468.3**	**564.8**

14. RECEIVABLES

	2011 $M	2010 $M
Current		
Trade receivables	961.9	898.5
Allowance for impairment losses	(22.4)	(18.7)
Net trade receivables	939.5	879.8
Other receivables	189.8	161.7
Total current receivables	**1,129.3**	**1,041.5**
Non current		
Loans to associates	3.5	5.9
Other receivables	4.0	35.2
Other loans	1.7	1.2
Total non current receivables	**9.2**	**42.3**
	1,138.5	**1,083.8**

15. INVENTORIES

	2011 $M	2010 $M
Stores and materials	29.8	28.3
Finished goods at net realisable value	18.6	20.8
	48.4	**49.1**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

16. OTHER FINANCIAL ASSETS

	2011 $M	2010 $M
Current		
Derivative financial instruments	20.6	5.7
Total current other financial assets	**20.6**	**5.7**
Non current		
Derivative financial instruments	3.8	–
Other deposits	17.3	19.6
Total non current other financial assets	**21.1**	**19.6**
	41.7	**25.3**

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2011 $M	2010 $M
Associated and joint ventures	32	111.7	188.3
		111.7	**188.3**

18. INVESTMENTS

	2011 $M	2010 $M
Listed equity securities – at market value	1.8	0.3
Unlisted equity securities – at cost	4.3	9.2
	6.1	**9.5**

Unlisted equity securities are carried at cost and are not measured at fair value because their fair value cannot be reliably measured. There is no identifiable active market in which the fair value of these investments can be reliably determined. The Group has no intention to sell these securities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

19. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land $M
Carrying amount		
Balance as at 1 July 2010		347.0
Acquisitions through business combinations	10	8.0
Additions		84.0
Transfer from capital work in progress		12.3
Reclassifications		1.7
Disposals		(3.0)
Depreciation	7	–
Effect of movements in foreign exchange		(3.4)
Impairment loss		(20.4)
Balance as at 30 June 2011		**426.2**
Cost		426.2
Accumulated depreciation		–
Balance as at 30 June 2011		**426.2**

	Note	Freehold land $M
Carrying amount		
Balance as at 1 July 2009		297.5
Acquisitions through business combinations		90.2
Additions		–
Transfer from capital work in progress		16.1
Reclassifications		(16.7)
Disposals		(33.0)
Depreciation	7	–
Effect of movement in foreign exchange		(1.9)
Impairment loss		(5.2)
Balance as at 30 June 2010		**347.0**
Cost		347.0
Accumulated depreciation		–
Balance as at 30 June 2010		**347.0**

Buildings $M	Leasehold improvements $M	Plant and equipment $M	Leased plant and equipment $M	Capital work in progress $M	Total $M
226.3	115.0	880.1	92.8	88.0	1,749.2
1.1	3.7	100.5	7.4	–	120.7
26.8	16.9	218.1	4.4	153.0	503.2
28.5	24.2	26.6	–	(91.6)	–
30.9	(29.3)	0.4	–	–	3.7
(0.3)	(1.3)	(32.6)	(68.4)	(19.4)	(125.0)
(10.3)	(15.3)	(168.9)	(7.2)	–	(201.7)
(6.1)	(6.0)	(22.8)	(8.8)	(3.3)	(50.4)
(6.3)	–	–	–	–	(26.7)
290.6	**107.9**	**1,001.4**	**20.2**	**126.7**	**1,973.0**
360.9	257.4	1,891.2	38.9	126.7	3,101.3
(70.3)	(149.5)	(889.8)	(18.7)	–	(1,128.3)
290.6	**107.9**	**1,001.4**	**20.2**	**126.7**	**1,973.0**

Buildings $M	Leasehold improvements $M	Plant and equipment $M	Leased plant and equipment $M	Capital work in progress $M	Total $M
208.8	73.3	736.9	8.3	73.0	1,397.8
38.1	2.2	54.9	94.8	0.1	280.3
11.0	20.9	235.0	0.1	155.2	422.2
–	36.5	64.3	–	(116.9)	–
(19.6)	(0.7)	(0.4)	–	–	(37.4)
(0.3)	(1.9)	(44.9)	0.3	(21.5)	(101.3)
(9.1)	(13.2)	(156.9)	(8.5)	–	(187.7)
(2.6)	(2.1)	(8.8)	(2.2)	(1.9)	(19.5)
–	–	–	–	–	(5.2)
226.3	**115.0**	**880.1**	**92.8**	**88.0**	**1,749.2**
286.6	259.0	1,670.9	103.5	88.0	2,755.0
(60.3)	(144.0)	(790.8)	(10.7)	–	(1,005.8)
226.3	**115.0**	**880.1**	**92.8**	**88.0**	**1,749.2**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

20. INTANGIBLE ASSETS

	Note	Goodwill $M	Capitalised software and technology $M	Customer contracts and relat-ionships $M	Other intangibles $M	Total $M
Carrying amount						
Balance at 1 July 2010		1,599.3	70.4	75.3	13.6	1,758.6
Acquisitions through business combinations	10	245.4	0.2	27.0	(5.7)	266.9
Additions		–	36.1	–	0.7	36.8
Disposals		–	(0.2)	–	–	(0.2)
Amortisation	7	–	(13.6)	(27.0)	(1.0)	(41.6)
Effect of movements in foreign exchange		(161.2)	(2.2)	(8.0)	(0.2)	(171.6)
Balance as at 30 June 2011		**1,683.5**	**90.7**	**67.3**	**7.4**	**1,848.9**
Cost		1,683.5	179.3	176.1	16.2	2,055.1
Accumulated amortisation		–	(88.6)	(108.8)	(8.8)	(206.2)
Balance as at 30 June 2011		**1,683.5**	**90.7**	**67.3**	**7.4**	**1,848.9**
Carrying amount						
Balance at 1 July 2009		1,337.2	68.0	87.4	9.5	1,502.1
Acquisitions through business combinations		305.8	6.8	18.3	8.8	339.7
Additions		–	14.2	–	–	14.2
Disposals		–	–	–	–	–
Amortisation	7	–	(18.2)	(22.6)	(4.0)	(44.8)
Effect of movements in foreign exchange		(43.7)	(0.4)	(7.8)	(0.7)	(52.6)
Balance as at 30 June 2010		**1,599.3**	**70.4**	**75.3**	**13.6**	**1,758.6**
Cost		1,599.3	145.8	173.3	23.1	1,941.5
Accumulated amortisation		–	(75.4)	(98.0)	(9.5)	(182.9)
Balance as at 30 June 2010		**1,599.3**	**70.4**	**75.3**	**13.6**	**1,758.6**

(A) IMPAIRMENT

For the purpose of undertaking impairment testing, goodwill is allocated to the Group's business segments which represent the lowest level within the Group at which goodwill is monitored for management purposes. These business segments are the smallest group of assets that generate cash inflows that are largely independent of the cash inflows from other assets or group of assets. The seven business segments in 2011 and the comparable 2010 disclosures are presented below:

	Goodwill as at 30 June 2011 $M	Goodwill as at 30 June 2010 $M	Intangible assets with indefinite useful lives as at 30 June 2011 $M	Intangible assets with indefinite useful lives as at 30 June 2010 $M
Toll Global Express	135.0	114.1	–	–
Footwork Express	125.6	107.4	–	–
Toll Domestic Forwarding	72.6	63.2	–	–
Toll Specialised & Domestic Freight	18.7	18.1	–	–
Toll Global Logistics	459.9	490.3	–	–
Toll Global Resources	303.5	281.4	–	–
Toll Global Forwarding	568.2	524.8	–	–
	1,683.5	**1,599.3**	**–**	**–**

(B) IMPAIRMENT TESTING

Impairment testing compares the carrying value to the recoverable amount which was determined using a 'value in use' calculation. Assumptions for ascertaining the recoverable amount are based on management's past experience and future expectations. Cash flow projections are based on five year forecasts. Forecasts use current management estimates, based on past management experience and future expectations to determine revenue, margins, capital expenditure and cash flows.

The Group acquired Footwork on 23 October 2009. For the purpose of 30 June 2010 impairment testing Footwork was assessed using the 'fair value less cost to sell' method.

The following key assumptions have been used in determining the recoverable amount of cash generating units to which goodwill has been allocated:

	Discount rate as at 30 June 2011 % (a)	Discount rate as at 30 June 2010 % (a)	Terminal value growth rate as at 30 June 2011 % (b)	Terminal value growth rate as at 30 June 2010 % (b)
Toll Global Express	14.78	13.61	2.00	2.00
Footwork Express	8.15	–	0.50	–
Toll Domestic Forwarding	13.86	12.86	2.00	2.00
Toll Specialised & Domestic Freight	13.79	14.25	2.00	2.00
Toll Global Logistics	10.83	9.77	2.50	2.50
Toll Global Resources	10.37	8.91	2.50	2.50
Toll Global Forwarding	9.67	9.34	2.25	2.25

(a) Discount rate represents the pre-tax discount rate applied to the cash flow projections. The discount rate reflects the market determined and risk adjusted discount rate, adjusted as required for country specific risks. The discount rate is a derived rate where there are two or more material country-specific cash flows per business segment.
(b) Terminal value growth rate represents the growth rate applied to extrapolate cash flow projections beyond the five year forecast period. These growth rates are based on forecasted long-term performance in the appropriate markets.

Management have determined that there are no reasonably possible changes in key assumptions which could occur in isolation of an appropriate management response which could cause the carrying amount of these business segments to exceed their recoverable amount.

21. PAYABLES

	2011 $M	2010 $M
Trade creditors	366.5	327.7
Other creditors and accruals	515.1	473.9
	881.6	**801.6**

DEED OF CROSS GUARANTEE

The Company has a Deed of Cross Guarantee ("the Deed") with certain controlled entities as listed in note 31. Under the terms of the Deed, the Company has guaranteed the repayment of all current and future creditors in the event any of the entities party to the Deed are wound up. Details of the consolidated financial position of the Company and controlled entities party to the Deed are set out in note 33.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

22. INTEREST BEARING LIABILITIES

	Note	2011 $M	2010 $M
Current			
Term and other loans – unsecured		883.3	73.8
Term and other loans – secured		3.2	1.8
Finance lease liabilities – secured		5.3	21.8
Hire purchase liabilities		0.6	0.4
Bank overdraft – secured	13	–	0.4
Bank overdraft – unsecured	13	28.2	15.2
Total current interest bearing liabilities		**920.6**	**113.4**
Non current			
Term and other loans – unsecured		582.9	1,300.7
Term and other loans – secured		3.1	3.5
Finance lease liabilities – secured		9.6	99.8
Hire purchase liabilities		0.2	0.2
Total non current interest bearing liabilities		**595.8**	**1,404.2**
		1,516.4	**1,517.6**

Subsequent to 30 June 2011, the Group has refinanced its Singapore dollar ("S$") denominated debt into a single S$1 billion syndicated debt facility. The new facility has a S$500 million three year tranche, a S$300 million four year tranche and a S$200 million five year tranche which would reclassify $708.9 million of current debt at 30 June 2011 as non current.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

TERMS AND DEBT REPAYMENT SCHEDULE

Terms and conditions of outstanding loans were as follows:

	Currency	Weighted average rate	Year of maturity	Face value 2011 $M	Carrying amount 2011 $M	Face value 2010 $M	Carrying amount 2010 $M
Bank overdraft	EUR	2.20%	On demand	1.8	1.8	2.3	2.3
Bank overdraft	GBP	2.80%	On demand	15.8	15.8	–	–
Bank overdraft	HKD	6.25%	On demand	1.1	1.1	1.9	1.9
Bank overdraft	ZAR	7.50%	On demand	9.5	9.5	12.9	12.9
Secured bank facility	JPY	2.15%	FY12	0.8	0.8	–	–
Secured bank facility	SGD	1.96%	FY12	1.4	1.4	2.2	2.2
Secured bank facility	SGD	1.70%	FY13	0.2	0.2	–	–
Secured bank facility	SGD	1.76%	FY15	3.7	3.7	3.0	3.0
Secured bank facility	USD	5.00%	On demand	0.1	0.1	–	–
Secured bank facility	USD	1.30%	FY12	0.1	0.1	0.1	0.1
Secured bank facility	ZAR		FY11	–	–	0.4	0.4
Unsecured bank facility	AUD	5.80%	FY13	26.0	26.0	–	–
Unsecured bank facility	CNY		FY11	–	–	7.5	7.5
Unsecured bank facility	GBP	2.32%	FY14	50.2	50.2	–	–
Unsecured bank facility	HKD		FY12	–	–	147.1	146.5
Unsecured bank facility	HKD		FY13	–	–	35.6	35.6
Unsecured bank facility	INR	11.25%	On demand	0.4	0.4	–	–
Unsecured bank facilities	JPY		FY11	–	–	45.8	45.8
Unsecured bank facility	JPY	1.12%	FY12	139.0	139.0	–	–
Unsecured bank facility	JPY	1.48%	FY12	16.9	16.9	–	–
Unsecured bank facility	JPY		FY11	–	–	2.5	2.5
Unsecured bank facilities	JPY	1.50%	FY13	67.4	67.4	84.9	84.9
Unsecured bank facility	JPY	1.23%	FY15	12.4	12.4	–	–
Unsecured bank facility	RMB	6.44%	FY12	6.6	6.6	–	–
Unsecured bank facility	SGD	1.31%	FY12	134.2	134.2	144.3	144.3
Unsecured bank facility	SGD		FY11	–	–	3.0	3.0
Unsecured bank facility	THB		FY11	–	–	2.5	2.5
Unsecured bank facility	TWD		FY11	–	–	0.7	0.7
Unsecured bank facilities	USD	2.61%	FY12	0.3	0.3	0.5	0.5
Unsecured bank facility	USD		FY12	–	–	0.1	0.1
Unsecured bank facility	USD	2.40%	FY13	62.7	62.7	55.7	55.7
Unsecured bank facility	VND		FY12	–	–	0.2	0.2
Unsecured syndicated bank facility	HKD	1.11%	FY14	118.9	118.3	–	–
Unsecured syndicated bank facility	SGD	2.18%	FY12	76.7	76.4	82.4	81.4
Unsecured syndicated bank facility	SGD	1.53%	FY12	498.5	496.8	762.7	761.2
Unsecured U.S. private placement notes	USD	2.95%	FY16	94.6	94.0	–	–
Unsecured U.S. private placement notes	USD	3.65%	FY18	94.6	94.0	–	–
Unsecured U.S. private placement notes	USD	4.34%	FY21	70.9	70.5	–	–
Finance lease and hire purchase liabilities	Various	7.54%	FY11–FY16	15.7	15.7	122.2	122.2
Loan from non-controlling interest shareholders	USD	1.70%	FY12	0.1	0.1	0.2	0.2
Total interest bearing liabilities				**1,520.6**	**1,516.4**	**1,520.7**	**1,517.6**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

22. INTEREST BEARING LIABILITIES (CONTINUED)

TERMS AND DEBT REPAYMENT SCHEDULE (CONTINUED)

(a) Secured bank facilities

Included in secured interest bearing liabilities are current and non current term loans totalling $6.3 million (2010: $5.7 million) which have been secured by the assets of the Toll Global Logistics and Toll Global Resources groups. At year end, the carrying amounts of assets pledged as security are $13.9 million (2010: $46.6 million).

All other unsecured bank facilities are subject to negative pledge arrangements.

(b) US private placement notes

In December 2010, Toll completed an issue of US$275 million guaranteed senior fixed rate 5, 7 and 10 year notes in the US private placement debt market.

(c) Unsecured bank facilities

Bank loans, bilateral and syndicated, are denominated in various currencies, principally SGD. These loans are repayable at various times between July 2011 and September 2014 (2010: July 2010 and September 2014) and are guaranteed.

During the year, Toll refinanced its HKD facilities with a new USD$400 million three year multi-currency syndicated debt facility.

(d) Finance lease liabilities

At 30 June 2010, the Group had finance lease liabilities containing a shipping vessel lease which was denominated in NZD and will mature in 2016. A financial asset had been recognised for the same amount which represented the sub-lease of the shipping vessel at the same terms and conditions as the head lease. During the year ended 30 June 2011, both the head lease and the sub-lease were novated.

At 30 June 2010, the Group had finance lease liabilities relating to land and buildings which were acquired as part of the Footwork acquisition. During the year ended 30 June 2011, the Group acquired land and buildings which were previously held under the majority of the finance leases.

(e) Defaults and breaches

During the current and prior year there were no defaults or breaches of covenants on any loans.

23. PROVISIONS

	2011 $M	2010 $M
Current		
Employee benefits	229.9	202.7
Workers' compensation/self insurance	27.7	27.3
Property related	12.2	11.0
Other	42.5	95.9
Total current provisions	**312.3**	**336.9**
Non current		
Employee benefits	45.4	48.8
Workers' compensation/self insurance	42.7	41.4
Property related	26.1	24.9
Other	51.8	48.2
Total non current provisions	**166.0**	**163.3**
	478.3	**500.2**
Employee benefits		
Aggregate employee benefits, including on-costs:		
Current	229.9	202.7
Non current	45.4	48.8
	275.3	**251.5**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

23. PROVISIONS (CONTINUED)

(A) RECONCILIATION OF PROVISIONS

	Note	Employee benefits $M	Workers' compen-sation/self insurance $M	Property related $M	Other $M	Total $M
Balance as at 1 July 2010		251.5	68.7	35.9	144.1	500.2
Acquisitions through business combinations	10	14.6	0.6	19.3	21.3	55.8
Provision additions		151.4	76.0	8.7	90.2	326.3
Provisions utilised		(126.8)	(73.2)	(4.1)	(131.0)	(335.1)
Provisions released		(14.6)	(4.7)	(19.1)	(18.4)	(56.8)
Effects of movement in foreign exchange		(4.9)	(0.1)	(2.4)	(11.9)	(19.3)
Unwind of discount		4.1	3.1	–	–	7.2
Balance as at 30 June 2011		**275.3**	**70.4**	**38.3**	**94.3**	**478.3**
Current		229.9	27.7	12.2	42.5	312.3
Non current		45.4	42.7	26.1	51.8	166.0
Balance as at 30 June 2011		**275.3**	**70.4**	**38.3**	**94.3**	**478.3**

(i) Employee benefits

	2011 $M	2010 $M
Present value of unfunded obligations	29.6	28.3
Present value of funded obligations	–	–
Total present value of defined benefit obligations	**29.6**	**28.3**
Other employee benefits liabilities	245.7	223.2
Total employee benefits liabilities	**275.3**	**251.5**

A defined benefit plan was acquired as part of the Footwork acquisition. The plan entitles a retired employee to receive a lump sum payment calculated on the basis of competency grade and qualifying years of service. The actuarially assessed liability has been fully provided for. The structure of the plan is that there are no plan assets and no contributions made by the Group.

Movement in the present value of the defined benefit obligations

	2011 $M	2010 $M
Defined benefit obligations as at 1 July	28.3	–
Acquired in business combination	–	26.5
Final fair value adjustments	4.1	–
Benefits paid by the plan	(2.0)	(1.3)
Current service costs and interest	1.4	1.1
Foreign exchange movements	(2.2)	2.0
Actuarial gains/losses	–	–
Defined benefit obligations as at 30 June	**29.6**	**28.3**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

23. PROVISIONS (CONTINUED)

(A) RECONCILIATION OF PROVISIONS (CONTINUED)

(i) Employee benefits (continued)

Expenses recognised in the Consolidated Statement of Comprehensive Income

	2011 $M	2010 $M
Current service costs	1.1	0.8
Interest on obligation	0.3	0.3
	1.4	**1.1**

The expense is recognised in the following line items in the Consolidated Statement of Comprehensive Income:

	2011 $M	2010 $M
Employee benefits expense	1.1	0.8
Finance expenses	0.3	0.3
	1.4	**1.1**

Actuarial gains and losses recognised in other comprehensive income

	2011 $M	2010 $M
Cumulative amount as at 1 July	0.1	–
Recognised during the period	0.3	0.1
Cumulative amount as at 30 June	**0.4**	**0.1**

Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2011	2010
Discount rate at 30 June	1.5%	1.5%
Future salary increases	0.0%	0.0%

Historical Information

	2011 $M	2010 $M
Present value of the defined benefit obligation	29.6	28.3
Experience adjustments arising on plan liabilities	–	–

The Group expects $2.1 million in benefits to be paid by its defined benefit plan during the year ending 30 June 2012.

(ii) Workers' compensation/self insurance

The Group self insures for risks associated with workers' compensation in certain states of Australia. Outstanding claims are recognised when an incident occurs that may give rise to a claim and are measured at the cost that the Group expects to incur in settling the claims, discounted using a government bond rate with a maturity date approximating the term of the obligation. Such assessments are based upon an independent actuarial assessment.

(iii) Property related

Make-good provisions were made during the year ended 30 June 2011, mainly in respect of obligations under lease arrangements and environmental regulations.

(iv) Other

This relates mainly to provisions for legal claims and other liabilities arising from acquisitions.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

24. OTHER FINANCIAL LIABILITIES

	2011 $M	2010 $M
Current		
Derivative financial instruments	13.2	25.5
Other	11.8	14.1
Total current other financial liabilities	**25.0**	**39.6**
Non current		
Derivative financial instruments	29.1	3.7
Other	3.6	6.6
Total non current other financial liabilities	**32.7**	**10.3**
	57.7	**49.9**

25. CONTRIBUTED EQUITY

	2011 $M	2010 $M
Issued and paid up capital		
710,128,531 ordinary shares fully paid (2010: 702,867,609)	**2,946.3**	**2,901.9**

(a) Effective 1 July 1998, the Company Law Review Act abolished the concept of par value shares and the concept of authorised capital. Accordingly, the Company does not have authorised capital or par value in respect of its issued shares.

(b) The Company has an established Dividend Reinvestment Plan ("DRP") for the purpose of providing shareholders the opportunity to apply dividends paid or declared by the Company in subscribing for shares rather than receiving those dividends in cash. Information on the Pricing Period and whether ordinary shares acquired under the DRP are allocated at a discount below the Average Market Price of Shares, are announced to the market through the ASX company announcement platform.

(c) Movements in issued and paid up ordinary share capital of the Company during the year were as follows:

Date	Details	Number of shares	Issue price $	Contributed equity $M
01/07/10	Opening balance	702,867,609		2,901.9
27/10/10	Dividend Reinvestment Plan	3,710,007	6.6206	24.6
01/04/11	Dividend Reinvestment Plan	3,550,915	5.5742	19.8
30/06/11	**Closing balance**	**710,128,531**		**2,946.3**

Holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholder meetings and are also entitled to proceeds on winding up of the Company in proportion to the number of shares held.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

26. SHARE BASED PAYMENTS

Toll operates a number of employee equity schemes under the Senior Executive Option and Rights Plan (SEORP) and the Toll Phantom Unit Plan. No modifications of terms of share based payments transactions have been made for the FY11 year.

EXECUTIVE LONG-TERM INCENTIVE (LTI) PLAN

Options are granted to executives as part of the Group's LTI program under the SEORP. As at 30 June 2011, unissued ordinary shares of the Company under option are:

Grant Date	First possible vesting date	Expiry Date	Exercise price $	Opening balance as at 01/07/2010 '000	Options Granted '000	Options Forfeited '000	Options Expired '000	Options Exercised '000	Closing balance as at 30/06/2011 '000
5 Nov 2010	5 Nov 2013	4 Nov 2015	6.25	–	5,413	(77)	–	–	5,336
24 Feb 2010	24 Feb 2013	12 Mar 2015	8.52	6,283	–	(220)	–	–	6,063
26 Nov 2008	26 Nov 2011	25 Nov 2013	5.75	5,912	–	(233)	–	–	5,679
25 June 2008	25 June 2011[1]	24 June 2013	6.32	1,063	–	(125)	–	–	938
11 Jan 2008	10 Jan 2011[1]	10 Jan 2013	10.55	3,381	–	(125)	–	–	3,256
4 Oct 2006	26 July 2009[1]	25 July 2011	10.29	140	–	(40)	–	–	100
Total				**16,779**	**5,413**	**(820)**	**0**	**0**	**21,372**

[1] Tests/re-tests have been undertaken for these grants but no vesting has occurred as at 30 June 2011

No options vested during the year ended 30 June 2011 (2010: nil shares). Nil ordinary shares were issued during the financial year on the exercise of options granted under the executive share option scheme (2010: nil shares).

The Company allocates the performance options under the SEORP rules which have been approved by shareholders at previous Annual General Meetings. Each performance option allocated is convertible into one ordinary share once certain performance criteria are met.

November 2010 and February 2010 grants:

Two independently tested performance criteria apply, being Relative Total Shareholder Return against the ASX 100 for 50% of the dollar allocation and cumulative compound growth in EPS (pre-amortisation) for ongoing business operations excluding abnormal items (relevant EPS) for the other 50% of the dollar allocation.

Relative Total Shareholder Return against the ASX 100

Measurement dates are:

- November 2010 grant: 1 July 2010 to 30 June 2013; and
- February 2010 grant: 1 January 2010 to 31 December 2012.

Total Shareholder Return (TSR) options will vest, subject to Board approval, if the following performance criteria are achieved:

Company's TSR ranking in the comparator group	% that vest (subject to Board approval)
Up to 50th percentile	Nil
50th percentile up to 75th percentile	Progressive/pro-rata vesting from 50% to < 100%
75th percentile or better	100%

There will be no re-test periods for unvested TSR options.

Relevant EPS

Measurement dates are:

- November 2010 grant: 1 July 2010 to 30 June 2013, 30 June 2014 and 30 June 2015; and
- February 2010 grant: 1 January 2010 to 31 December 2012, 31 December 2013 and 31 December 2014 (i.e. two re-tests).

Options which do not vest in the third and final performance period will lapse.

Relevant EPS growth over the period	% that vest (subject to Board approval)
Up to 10% p.a. growth	Nil
10% p.a. up to 15% p.a. growth	Progressive/pro-rata vesting from 50% to < 100%
15% p.a. growth or better	100%

November 2008, June 2008, January 2008 and October 2006 grants:

Measurement dates are:

- November 2008 grant: 1 July 2008 to 30 June 2011, 30 June 2012 and 30 June 2013;
- June 2008 grant: 1 January 2008 to 31 December 2010, 31 December 2011 and 31 December 2012;
- January 2008 grant: 1 July 2007 to 30 June 2010, 30 June 2011 and 30 June 2012; and
- October 2006 grant: 1 July 2006 to 30 June 2009, 30 June 2010 and 30 June 2011.

The proportion of options that vest at the end of a relevant performance period depends on the cumulative compound growth in the Group's EPS, pre-amortisation and abnormal items for ongoing business operations calculated on a fully diluted basis (relevant EPS).

RESTRICTED RIGHTS – HIGH PERFORMANCE RECOGNITION PLAN

The High Performance Recognition Plan was introduced in FY10 and provides selected key contributors (who do not participate in the Executive LTI Plan), with a grant of restricted rights. Rights are granted under the SEORP. The first grant was in November 2010 and provides the right to acquire Toll shares at nil cost after a specified vesting period.

Restricted rights were provided to nominated high performing employees with a standard restriction period of two years – refer to details of tranche 3 in the table below.

In addition, the Board approved some exceptional grants to recognise key contributors and/or serve as retention with specific restriction periods – refer to details of tranches 1 and 2 in the table below:

Grant Date	First possible vesting date	Expiry Date	Exercise price $	Opening balance as at 01/07/2010 '000	Rights Granted '000	Rights Forfeited '000	Rights Expired '000	Rights Exercised '000	Closing balance as at 30/06/2011 '000
5 Nov 2010	30 June 2011	4 Nov 2015	nil	–	17	–	–	–	17
5 Nov 2010	3 Oct 2013	4 Nov 2015	nil	–	27	–	–	–	27
5 Nov 2010	4 Nov 2012	4 Nov 2015	nil	–	68	–	–	–	68
Total				**–**	**112**	**–**	**–**	**–**	**112**

Rights granted under tranche 1 were eligible to vest, subject to Board approval, post 30 June 2011. No other rights vested during the year. Nil ordinary shares were issued during the financial year on the exercise of the rights granted under the restricted rights plan.

The Company allocates the rights under the SEORP rules. Each right allocated is convertible into one ordinary share once specified vesting periods are met.

November 2010 grants:

All tranches of restricted rights are subject to continued employment and Board approval at the vesting date. The fair value of the rights was independently determined by PricewaterhouseCoopers (PwC) taking into account factors such as the absence of dividends during the restriction period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

26. SHARE BASED PAYMENTS (CONTINUED)

NON-EQUITY UNITS

Cash settled share based payment arrangements (non-equity units) are only issued in jurisdictions where actual options cannot be issued. Non-equity units are issued under the terms of the Toll Phantom Unit Plan. At 30 June 2011, the non-equity units are:

Grant Date	First possible vesting date	Expiry Date	Exercise price $	Opening balance as at 01/07/2010 '000	Units Granted '000	Units Forfeited '000	Units Expired '000	Units Exercised '000	Closing balance as at 30/06/2011 '000
5 Nov 2010	5 Nov 2013	4 Nov 2015	6.25	–	126	–	–	–	126
24 Feb 2010	24 Feb 2013	12 Mar 2015	8.52	180	–	–	–	–	180
26 Nov 2008	26 Nov 2011	25 Nov 2013	5.75	281	–	(30)	–	–	251
25 June 2008	25 June 2011[1]	24 June 2013	6.32	284	–	(8)	–	–	276
Total				**745**	**126**	**(38)**	**0**	**0**	**833**

[1] The initial test has been undertaken for this grant but no vesting has occurred as at 30 June 2011

No non-equity units vested or were exercised during the year ended 30 June 2011.

November 2010 and February 2010 non-equity units:

- The performance measures, measurement dates and vesting schedules mirror those attaching to the Executive LTI grants made on the same dates outlined above.
- The redemption of each vested unit will result in the payment of the market value of the notional number of Toll shares in respect of each Toll non-equity unit, as at the close of trading on the ASX business date before the redemption of the vested non-equity unit less the exercise price, provided the amount is greater than zero. If the amount is zero, the non-equity units will expire without redemption and no cash is payable.

November 2008 and June 2008 non-equity units:

- The performance measures, measurement dates and vesting schedules mirror those attaching to the Executive LTI grants made on the same dates outlined above.
- The redemption of each vested unit under the November 2008 grant will result in the payment of the market value of the notional number of Toll shares in respect of each Toll non-equity unit, as at the close of trading on the ASX business date before the redemption of the vested non-equity unit less the exercise price, provided the amount is greater than zero. If the amount is zero, the non-equity units will expire without redemption and no cash is payable.
- The redemption of each vested unit under the June 2008 grant will result in the payment of the value of the notional number of Toll shares at the redemption date, less the notional issue price of the unit. The value of a Toll share will be equal to the 5 trading day Volume Weighted Average Price (VWAP) of Toll shares up to and including the redemption date.

EQUITY VALUATIONS

Toll engages an external expert, PwC, to independently value the required equity. PwC uses two well accepted option valuation models generally in use (and accepted by AASB 2), i.e. the Black-Scholes Option Pricing Model and the Binomial Option Pricing Model. These models take into account factors including the performance conditions, share price volatility, life of the instrument, dividend yield and share price at grant date.
In estimating the expected future volatility of Toll shares over the life of the instruments, PwC had regard to the historic volatility of Toll over the past five years.

The following table provides details of the inputs and the valuations of the equity instruments issued during the year:

<table>
<tr><th>Type of Equity</th><th>First possible vesting date</th><th>Equity fair value ($)</th><th>Grant date</th><th>Exercise price ($)</th><th>Share closing price at valuation ($)</th><th>Toll expected volatility (%)</th><th>Equity term (years)</th><th>Expected dividend yield (%)</th><th>Risk free interest rate (%)</th><th>Vesting period (years)</th><th>Expected life (years)</th></tr>
<tr><td>LTI Options – Tranche 1 (EPS)</td><td>4 Nov 2013</td><td>$1.48</td><td rowspan="2">5 Nov 2010</td><td rowspan="2">$6.25</td><td rowspan="2">$6.15</td><td rowspan="2">35%</td><td rowspan="2">5</td><td rowspan="2">4.0%</td><td rowspan="2">5.14%</td><td>3.00 – 5.00</td><td rowspan="2">4</td></tr>
<tr><td>LTI Options – Tranche 2 (TSR)</td><td>4 Nov 2013</td><td>$1.30</td><td>3.00</td></tr>
<tr><td rowspan="3">Restricted Rights – Tranche 1</td><td>30 June 2011</td><td>$6.01</td><td rowspan="3">5 Nov 2010</td><td rowspan="3">$6.25</td><td rowspan="3">$6.15</td><td rowspan="3">35%</td><td rowspan="3">5</td><td rowspan="3">4.0%</td><td rowspan="3">5.14%</td><td>0.65</td><td>0.65</td></tr>
<tr><td>3 Oct 2013</td><td>$5.50</td><td>2.91</td><td>2.91</td></tr>
<tr><td>4 Nov 2012</td><td>$5.70</td><td>2.00</td><td>2.00</td></tr>
</table>

27. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANGEMENT

OVERVIEW

The Group has exposure to the following risks in its normal course of business:

- credit risk
- liquidity risk
- market risk

This note presents information about the Group's exposure to each of the above risks, their objectives, policies and processes for measuring and managing risk, and the management of capital. Further quantitative disclosures are included throughout this financial report.

The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework. The Board, through the Audit and Financial Risk Committee, oversees the establishment, implementation and ongoing review of the Group's risk management and internal compliance and control system. The internal control system covers financial risks.

The Audit and Financial Risk Committee considers any matters relating to the financial affairs of the Group that it determines to be necessary. In addition, the Committee examines any other matters referred to it by the Board.

The duties of the Audit and Financial Risk Committee include, amongst others, duties relating specifically to financial risk management including monitoring corporate risk assessment and internal controls and monitoring risks relating to credit, liquidity, currency, interest rate, and other market exposures. The Audit and Financial Risk Committee reports regularly to the Board of Directors on its activities.

The Group enters into derivative instruments for risk management purposes only. Derivative transactions are entered into to hedge the risks relating to underlying physical positions arising from business activities. Group policy is not to enter, issue or hold derivative financial instruments for speculative trading purposes.

CREDIT RISK

Credit risk represents the risk of financial loss that would be recognised if counterparties failed to perform as contracted, and arises principally on the Group's receivables from customers, investments, cash held with financial institutions, and derivatives held with various counterparties.

At balance sheet date there were no significant concentrations of credit risk.

Trade and other receivables

The Group minimises concentrations of credit risk by undertaking transactions with a large number of individual customers. The Group is not materially exposed to any individual customer, which is consistent with its diverse customer base.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The exposure to credit risk is further diversified through the demographics of the Group's customer base, including the default risk of the industry and country in which customers operate.

The Group has established an allowance for impairment losses that represents an estimate of incurred losses in respect of trade and other receivables.

Investments (cash and cash deposits)

The Group limits its exposure to credit risk by only investing in liquid securities and only with counterparties that have a credit rating of at least A from Standard & Poor's or A2 from Moody's. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations.

Derivative Financial Instruments

The Group enters into derivative financial instruments for foreign exchange and interest rates with financial institutions that have a credit rating of at least A from Standard & Poor's or A2 from Moody's. The Group also enters into commodity based derivative transactions with other counterparties with ratings above A/A2. Given these high credit ratings, management does not expect any counterparty to fail to meet its obligations. Management has established policies which limit the exposure of the Group to any individual counterparty.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding as required and the ability to close-out market positions if necessary. Due to the dynamic nature of the underlying businesses, Group Treasury aims at maintaining flexibility in funding by keeping adequate liquidity available so as to be able to take advantage of new investment opportunities that may arise. The Group's policy is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans, notes and the overnight money market across a range of maturities. Although the bank loans have fixed maturity dates, from time to time they are reviewed and extended, thus deferring the repayment of principal. The Group aims to spread maturities evenly to avoid excessive refinancing in any period.

Liquidity risk is managed by using the operating cash flows of the underlying business. The Group regularly forecasts future cash flows, in addition to the annual budgeting process, to gauge future funding requirements and ensure sufficient capacity to meet those requirements.

The Group aims to maintain flexibility in funding by keeping committed credit lines available with a variety of counterparties. At 30 June 2011 the Group had unutilised committed debt facilities of $806.5 million (2010: $646.3 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS (CONTINUED)

MARKET RISK

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates, fuel prices and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

The Group enters into derivative financial instruments, and also incurs financial liabilities, in order to manage market risks. All such transactions are carried out within the guidelines set out in the Group Treasury policy which has been approved by the Audit and Financial Risk Committee. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

At 30 June 2011, the Group held various types of derivative financial instruments that were designated as cash flow hedges of future transactions. These were:

- Hedging of future interest payments with interest rate derivative contracts (swaps); and
- Hedging of certain foreign currency revenue receipts and operational payments in foreign currency with foreign exchange derivative contracts (forwards).

Any gains/losses on contracts entered into to hedge anticipated specific sales and purchase of goods and services, together with the cost of contracts are recognised in the profit or loss at the time the underlying transaction occurs.

At 30 June 2011, the Group held various types of derivative financial instruments that were designated as cash flow hedges of future transactions. The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur and are expected to impact profit or loss.

	Carrying amount $M	Expected cash flows $M	6 months or less $M	6 to 12 months $M	1 to 2 years $M	2 to 5 years $M	More than 5 years $M
30 June 2011							
Interest rate swaps							
Assets	0.9	1.0	–	–	(0.7)	1.6	0.1
Liabilities	(10.0)	(10.9)	(5.2)	(3.0)	(3.5)	0.4	0.4
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	(1.4)	(1.4)	(0.7)	(0.6)	(0.1)	–	–
	(10.5)	**(11.3)**	**(5.9)**	**(3.6)**	**(4.3)**	**2.0**	**0.5**
30 June 2010							
Interest rate swaps							
Assets	–	–	–	–	–	–	–
Liabilities	(11.0)	(12.6)	(6.4)	(3.9)	(2.1)	(0.2)	–
Forward exchange contracts							
Assets	–	–	–	–	–	–	–
Liabilities	(0.5)	(0.6)	(0.2)	(0.2)	(0.2)	–	–
	(11.5)	**(13.2)**	**(6.6)**	**(4.1)**	**(2.3)**	**(0.2)**	**–**

Currency risk

The Group is exposed to foreign currency risk on sales, purchases and borrowings that are denominated in a currency other than the entity's respective functional currency. The currencies giving rise to this risk are primarily Singapore dollar, Hong Kong dollar, United States dollar and sterling.

The Group uses forward exchange contracts to hedge its currency risk.

The Group classifies its forward exchange contracts hedging forecast transactions as cash flow hedges. The cash flows are expected to occur at various dates between 1 month and 13 months from the balance sheet date. For the year ended 30 June 2011, other financial assets and liabilities of the Group include derivative financial instruments used to hedge forecast foreign currency transactions with a cumulative net fair value loss of $1.4 million (2010: $0.5 million).

Interest on borrowings is denominated in currencies that match the cash flows generated by the underlying operations of the Group, primarily Singapore dollar and Hong Kong dollar. These provide economic hedges.

During the year the Group issued US private placement notes. The proceeds of this transaction were converted into Singapore dollars and Hong Kong dollars via cross currency interest rate swaps.

A portion of the Group's Singapore dollar denominated borrowings are designated as a net investment hedge of the Group's investment in its Singapore controlled entities. The carrying amount of the debt used to hedge the Singapore investment at 30 June 2011 was $575.3 million (2010: $845.2 million). In addition the SGD leg of the USD/SGD cross currency interest rate swaps are designated as a net investment hedge of the Group's investment in its Singapore controlled entities.

A portion of the Group's Hong Kong dollar denominated borrowings are designated as a net investment hedge of the Group's investment in its Hong Kong controlled entities. The carrying amount of the debt used to hedge the Hong Kong investment at 30 June 2011 was $118.9 million (2010: $182.7 million). The Group has a floating-for-floating AUD/HKD cross currency interest rate swap which is designated as a net investment hedge of the Group's investment in its Hong Kong controlled entities. The cumulative fair value gain of the cross currency interest rate swap as at 30 June 2011 was $11.3 million (2010: loss $12.2 million). In addition the HKD leg of the USD/HKD cross currency interest rate swaps are designated as a net investment of the Group's investment in its Hong Kong controlled entities.

A portion of the Group's sterling denominated borrowings are designed as a net investment hedge of the Group's investment in its UK controlled entities. The carrying amount of the debt used to hedge the UK investment at 30 June 2011 was $50.2 million (2010: nil).

During the year ended 30 June 2011, the Group entered into a floating-for-floating AUD/GBP cross currency interest rate swap which is designated as a net investment hedge of the Group's investment in the UK controlled entities. The cumulative fair value gain of the cross currency interest rate swap as at 30 June 2011 was $3.7 million (2010: nil).

Interest rate risk

The Group is exposed to interest rate risk arising from its borrowings.

The Group enters into interest rate swaps to manage cash flow interest rate risks associated with movements in interest rates on borrowings and leases.

The majority of the Group's term and other loans attract floating interest rates. In addition the Group held floating-for-floating cross currency interest rate swaps and had an operating lease which attracts floating interest rates. The Group adopts a policy of ensuring that per currency between 40 and 80% of its exposure to changes in interest rates is on a fixed rate basis. The Group uses floating-to-fixed interest rate swaps to achieve an appropriate mix of fixed and floating rate exposure.

In terms of principal outstanding at 30 June 2011, floating-to-fixed interest rate swaps currently in place cover approximately 40% (2010: 54%) of the Group's term and other loans and cross currency interest rate swaps. The fixed interest rates of all swaps range between 1.01% and 5.78% (2010: 1.01% and 5.78%) and the variable rates between 0.21% and 5.03% (2010: 0.28% and 4.97%). The contracts require settlement of net interest receivable or payable every 90 days.

OTHER MARKET PRICE RISK

Commodity price risk

Commodity price risk mainly arises on the Group's exposure to diesel and jet fuel prices through certain customer contracts. The Group seeks to have fuel surcharge mechanisms in place within customer contracts to mitigate the effects of rising diesel prices on the Group.

During the years ended 30 June 2011 and 2010, the Group's fuel price management strategy aimed to provide the Group with protection against sudden and significant increases in fuel prices while ensuring that the Group was not competitively disadvantaged in the event of a substantial rise or fall in the price of fuel.

Group Treasury is responsible for managing the current fuel price exposure by using swap contracts designated as hedges of price risk on specific volumes of future jet fuel and diesel sales. The Group uses swaps on jet fuel and diesel to hedge the exposure to movements in the price of jet fuel and diesel where it considers there are customer contracts that do not mitigate the effects of rising jet fuel and diesel prices on the Group. Hedging is conducted in accordance with Toll Group Policy. As at 30 June 2011, the Group held no fuel hedges (2010: nil).

The Group does not enter into commodity contracts other than to meet the Group's expected usage and sale requirements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS (CONTINUED)

CAPITAL MANAGEMENT

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence, to sustain future development of the business, to safeguard the Group's ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain the appropriate capital structure, the Group may adjust the amount of dividends paid to shareholders, utilise a dividend reinvestment plan, return capital to shareholders or issue new equity, in addition to incurring an appropriate mix of long and short-term borrowings.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by net debt plus shareholders' equity. In addition, the Group monitors various other credit metrics, principally interest cover ratio (EBIT divided by net financing costs), leverage (net debt divided by EBITDA), return on capital (EBIT divided by net debt plus shareholders' equity) and also the level of dividends to owners of the Company.

The interest cover and leverage are also monitored to ensure an adequate buffer against covenant levels under various facilities.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

CREDIT RISK

The carrying amount of the Group's financial assets represents the maximum credit exposure. The Group's maximum exposure to credit risk at balance sheet date was:

		Carrying amount	
	Note	2011 $M	2010 $M
Other deposits	16	17.3	19.6
Receivables	14	1,138.4	1,083.8
Cash and cash equivalents	13	496.5	580.4
Investments	18	6.1	9.5
Interest rate swaps	16	0.9	–
Cross currency interest rate swaps used for net investment	16	18.8	0.2
Other forward exchange contracts	16	4.7	4.3
		1,682.7	**1,697.8**

The Group's maximum exposure to credit risk for loans and receivables at balance sheet date by geographic region was:

	Carrying amount	
	2011 $M	2010 $M
Australia/New Zealand	600.9	543.6
Asia	339.8	456.5
Other regions	197.7	83.7
	1,138.4	**1,083.8**

The Group has no significant concentration of credit risk with any one customer due to its diverse customer base.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

IMPAIRMENT LOSSES

The aging of the Group's trade receivables at balance sheet date was:

	Gross 2011 $M	Impairment 2011 $M	Gross 2010 $M	Impairment 2010 $M
Net past due	671.3	(1.1)	624.9	(1.8)
Past due 1-30 days	173.4	(1.5)	180.4	(1.0)
Past due 31-120 days	85.1	(0.6)	76.6	(3.7)
Past due 121 days to one year	32.1	(19.2)	16.6	(12.2)
	961.9	**(22.4)**	**898.5**	**(18.7)**

Trade receivables are carried at the amount invoiced. Receivables that are not past due and not impaired are considered recoverable. Payment terms are generally 30 days. A risk assessment process is used for all accounts, with a stop credit process in place for most long overdue accounts.

The movement in the allowance for impairment in respect of trade receivables during the year was as follows:

	2011 $M	2010 $M
Balance as at 1 July	18.7	24.4
Impairment loss recognised	9.9	7.9
Impairment loss reversed	(3.8)	(4.8)
Impairment loss utilised	(2.3)	(8.8)
Foreign exchange movement	(0.1)	–
Balance as at 30 June	**22.4**	**18.7**

The impairment loss at 30 June 2011 relates mainly to collective impairment raised on past due receivables in accordance with Toll Group policy, which reflect historical default rates on similar receivable balances. There were no individually significant impaired receivables from particular customers.

No collateral is held by the Group in respect of receivable balances from customers.

During the year ended 30 June 2011, there were no renegotiations of trade receivables by the Group (2010: nil).

The allowance for impairment in respect of trade receivables is used to record impairment losses unless the Group is satisfied that no recovery of the amount owing is possible; at that point the amount is considered irrecoverable and is written off against the receivable directly.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS (CONTINUED)

LIQUIDITY RISK

The following are the contractual maturities of financial liabilities, including estimated interest payments based on conditions existing at balance sheet date and including the impact of netting agreements for derivatives:

	Carrying amount $M	Contractual cash flows $M	6 months or less $M	6 to 12 months $M	1 to 2 years $M	2 to 5 years $M	More than 5 years $M
30 June 2011							
Non-derivative financial liabilities							
Term and other loans and bank overdrafts[1]	1,500.7	1,590.6	917.9	19.6	161.7	306.8	184.6
Finance lease liabilities	14.9	17.2	3.3	2.9	3.7	7.3	–
Hire-purchase liabilities	0.8	1.1	0.6	0.2	0.2	0.1	–
Trade and other payables	881.6	881.6	842.4	34.7	4.4	0.1	–
Other financial liabilities	15.4	12.7	9.7	0.1	0.5	1.2	1.2
Derivative financial liabilities							
Interest rate swaps used for cash flow hedging	10.0	10.9	5.2	3.0	3.5	(0.4)	(0.4)
Cross currency interest rate swaps used for net investment hedging							
Outflow	26.3	465.4	86.2	5.2	33.4	136.6	204.0
Inflow	(18.8)	(447.9)	(98.7)	(6.3)	(37.3)	(121.1)	(184.5)
Forward exchange contracts used for cash flow hedging	1.4	1.4	0.7	0.6	0.1	–	–
Other forward exchange contracts	4.6	4.6	3.3	1.3	–	–	–
	2,436.9	**2,537.6**	**1,770.6**	**61.3**	**170.2**	**330.6**	**204.9**
30 June 2010							
Non-derivative financial liabilities							
Term and other loans and bank overdrafts	1,395.4	1,436.6	89.7	23.6	1,155.5	167.8	–
Finance lease liabilities	121.6	134.1	14.7	9.4	5.6	17.8	86.6
Hire-purchase liabilities	0.6	0.7	0.4	0.1	0.2	–	–
Trade and other payables	801.6	801.6	744.0	54.7	2.3	0.6	–
Other financial liabilities	20.7	20.7	2.5	11.7	3.4	–	3.1
Derivative financial liabilities							
Interest rate swaps used for cash flow hedging	11.0	12.6	6.4	3.9	2.1	0.2	–
Cross currency interest rate swaps used for net investment hedging							
Outflow	12.2	210.6	210.6	–	–	–	–
Inflow	–	(202.7)	(202.7)	–	–	–	–
Forward exchange contracts used for cash flow hedging	0.5	0.6	0.2	0.2	0.2	–	–
Other forward exchange contracts	4.3	4.3	3.0	1.3	–	–	–
	2,367.9	**2,419.1**	**868.8**	**104.9**	**1,169.3**	**186.4**	**89.7**

1. Post 30 June 2011, $708.9 million of cash flows due in 6 months or less have been deferred to 2 to 5 years resulting from refinancing Toll's Singapore debt facility (see note 35 for further details).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

CURRENCY RISK

Exposure to currency risk

The Group's exposure to foreign currency risk at balance sheet date was as follows, based on notional amounts and in Australian dollar equivalents:

	USD $M	NZD $M	SGD $M	HKD $M	Other $M
30 June 2011					
Cash at bank	27.1	0.3	0.2	1.8	11.9
Trade receivables	43.0	0.5	–	0.7	11.1
Term and other loans	(261.0)	–	(575.3)	(119.4)	(52.3)
Trade payables	(20.6)	(0.1)	(3.1)	(1.5)	(7.6)
Gross statement of financial position exposure	(211.5)	0.7	(578.2)	(118.4)	(36.9)
Cross currency interest rate swaps	260.0	–	(212.8)	(47.3)	–
Net exposure	**48.5**	**0.7**	**(791.0)**	**(165.7)**	**(36.9)**
30 June 2010					
Cash at bank	36.5	7.0	5.9	0.3	8.3
Trade receivables	55.5	11.9	8.6	0.9	6.4
Term and other loans	(0.8)	–	(842.7)	(182.1)	–
Trade payables	(23.2)	(5.2)	(6.3)	(2.0)	(17.5)
Gross statement of financial position exposure	68.0	13.7	(834.5)	(182.9)	(2.8)
Cross currency interest rate swaps	–	–	–	–	–
Net exposure	**68.0**	**13.7**	**(834.5)**	**(182.9)**	**(2.8)**

The following significant exchange rates applied during the year:

	Average rate		Balance sheet spot rate	
	2011	2010	2011	2010
USD	0.9904	0.8824	1.0575	0.8739
NZD	1.3049	1.2546	1.2793	1.2241
SGD	1.2788	1.2400	1.3037	1.2128
HKD	7.7002	6.8476	8.2359	6.7968

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS (CONTINUED)

Sensitivity analysis

A 10% strengthening/weakening of the Australian dollar against the following currencies at the balance sheet date would have increased/(decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2010.

	10% strengthening of AUD		10% weakening of AUD	
Effect	Equity $M	Profit or loss $M	Equity $M	Profit or loss $M
30 June 2011				
USD	(1.4)	(4.4)	1.8	5.4
NZD	–	(0.1)	–	0.1
SGD	75.6	0.3	(92.4)	(0.3)
HKD	14.5	(0.2)	(17.8)	0.2
Other	4.2	(1.2)	(5.2)	1.5
30 June 2010				
USD	–	(6.3)	–	7.7
NZD	–	(1.2)	–	1.5
SGD	76.6	(0.7)	(93.6)	0.9
HKD	16.6	0.1	(20.2)	(0.1)
Other	–	0.2	–	(0.2)

INTEREST RATE RISK

Profile

At balance sheet date the interest rate profile of the Group's interest bearing financial instruments was:

	Carrying amount	
	2011 $M	2010 $M
Fixed rate instruments		
Financial assets	130.0	169.4
Financial liabilities	(683.4)	(877.1)
	(553.4)	**(707.7)**
Variable rate instruments		
Financial assets	368.4	416.9
Financial liabilities	(837.3)	(640.7)
	(468.9)	**(223.8)**

FAIR VALUE SENSITIVITY ANALYSIS FOR FIXED RATE INSTRUMENTS

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

CASH FLOW SENSITIVITY ANALYSIS FOR VARIABLE RATE INSTRUMENTS

A change of 100 basis points (bp) in interest rates at the balance sheet date would have increased/(decreased) equity and profit or loss before tax by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. The analysis is performed on the same basis for 2010.

	Profit or loss		Equity	
	100bp increase $M	100bp decrease $M	100bp increase $M	100bp decrease $M
30 June 2011				
Variable rate instruments	(9.0)	1.5	–	–
Interest rate swaps	(2.7)	(0.1)	1.4	(1.0)
Cash flow sensitivity (net)	**(11.7)**	**1.4**	**1.4**	**(1.0)**
30 June 2010				
Variable rate instruments	(2.3)	3.8	–	–
Interest rate swaps	–	(0.3)	6.5	(5.9)
Cash flow sensitivity (net)	**(2.3)**	**3.5**	**6.5**	**(5.9)**

FAIR VALUES

The fair values of financial assets and liabilities, together with the carrying amounts shown in the balance sheet, are as follows:

		30 June 2011		30 June 2010	
	Note	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Investments	18	6.1	6.1	9.5	9.5
Listed investments in associates	32	–	–	67.3	47.2
Receivables	14	1,138.4	1,138.4	1,083.8	1,083.8
Cash and cash equivalents	13	496.5	496.5	580.4	580.4
Interest rate swaps used for hedging:					
Assets		0.9	0.9	–	–
Liabilities		(10.0)	(10.0)	(11.0)	(11.0)
Cross currency interest rate swaps used for net investment hedging:					
Assets		18.8	18.8	0.2	0.2
Liabilities		(26.3)	(26.3)	(12.2)	(12.2)
Forward exchange contracts used for cash flow hedging:					
Assets		–	–	–	–
Liabilities		(1.4)	(1.4)	(0.5)	(0.5)
Other forward exchange contracts:					
Assets		4.7	4.7	4.3	4.3
Liabilities		(4.6)	(4.6)	(4.3)	(4.3)
Term and other loans and bank overdrafts	22	(1,500.7)	(1,500.7)	(1,395.4)	(1,395.4)
Finance lease liabilities	22	(14.9)	(14.9)	(121.5)	(121.5)
Hire purchase liabilities	22	(0.8)	(0.8)	(0.7)	(0.7)
Other financial liabilities	24	(15.4)	(15.4)	(20.7)	(20.7)
Payables	21	(881.6)	(881.6)	(801.6)	(801.6)
		(790.3)	**(790.3)**	**(622.4)**	**(642.5)**

The basis for determining fair values is disclosed in note 3.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

27. FINANCIAL INSTRUMENTS (CONTINUED)

FAIR VALUE HIERARCHY

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as 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 (i.e. as prices) or indirectly (i.e. derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 $M	Level 2 $M	Level 3 $M
30 June 2011			
Listed equity securities	1.8	–	–
Derivative financial assets	–	24.4	–
	1.8	**24.4**	**–**
Derivative financial liabilities	–	(42.3)	–
	–	**(42.3)**	**–**
30 June 2010			
Listed equity securities	0.3	–	–
Derivative financial assets	–	4.5	–
	0.3	**4.5**	**–**
Derivative financial liabilities	–	(28.0)	–
	–	**(28.0)**	**–**

28. CONTINGENCIES

The following contingent liabilities are generally considered remote. However, the Directors consider they should be disclosed. The Directors are of the opinion that provisions are not required.

- There are a number of legal claims and exposures which arise from the ordinary course of business. There is significant uncertainty as to whether a future liability will arise in respect of these items. The amount of liability, if any, which may arise cannot be reliably measured at this time.
- There are guarantees relating to certain leases of property arising in the ordinary course of business.
- Consistent with other companies of the size of Toll, the Group is subject to periodic information requests, investigations and audit activities by the Australian Taxation Office and other tax authorities. Provisions for such matters will be recognised if a present obligation in relation to a taxation liability exists which can be reliably measured.

29. COMMITMENTS FOR EXPENDITURE

	Note	2011 $M	2010 $M
(a) Capital expenditure commitments			
Total capital expenditure contracted at balance date but not provided for in the financial statements, payable:			
Not later than one year		109.8	168.0
Later than one year but not later than five years		0.1	–
Later than five years		–	–
		109.9	**168.0**
Comprising:			
Property		76.3	163.2
Aircraft		15.9	–
Plant and equipment		17.7	4.8
		109.9	**168.0**
(b) Non-cancellable operating lease commitments			
Future non-cancellable operating lease rentals of property, plant and equipment, not provided for in the financial statements, payable:			
Not later than one year		256.9	316.2
Later than one year but not later than five years		569.3	676.7
Later than five years		247.1	248.4
		1,073.3	**1,241.3**
Comprising:			
Property		924.2	998.6
Aircraft		25.6	29.8
Other plant and equipment		123.5	212.9
		1,073.3	**1,241.3**
(c) Finance lease and hire purchase commitments			
Finance lease and hire purchase payable are as follows:			
Not later than one year		5.9	24.8
Later than one year but not later than five years		9.8	87.0
Later than five years		–	23.3
Future lease repayments		**15.7**	**135.1**
Less: future finance charges		–	(12.9)
Total finance lease and hire purchase commitments in the financial statements		**15.7**	**122.2**
Finance lease commitment			
Current	22	5.3	21.8
Non current	22	9.6	99.8
Total lease liability		**14.9**	**121.6**
Hire purchase liability			
Current	22	0.6	0.4
Non current	22	0.2	0.2
Total hire purchase liability		**0.8**	**0.6**
		15.7	**122.2**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

30. RELATED PARTIES

Apart from the details disclosed in this note, no key management personnel have entered into a material contract with the Company or the Group since the end of the previous financial year and there are no material contracts involving key management personnel interests existing at year end.

REMUNERATION, RETIREMENT BENEFITS AND SERVICE ARRANGEMENTS OF KEY MANAGEMENT PERSONNEL

The key management personnel compensation included in the employee benefits expense is as follows:

	2011 $'000	2010 $'000
Primary benefits[1]	15,482	15,452
Post-employment benefits	364	2,268
Equity compensation	3,885	4,124
	19,731	**21,844**

1. The primary benefits amount for the year ended 30 June 2010 has been restated to include an amount that was omitted from the 30 June 2010 figures – refer Remuneration Report, Section 7, Statutory Remuneration Table.

Information regarding individual Directors' and executives' compensation and some equity instruments disclosures as required by Corporations Regulation 2M.3.03 is provided in the Remuneration Report section of the Directors' Report.

OTHER TRANSACTIONS OF DIRECTORS AND DIRECTOR RELATED ENTITIES AND KEY MANAGEMENT PERSONNEL WITH THE GROUP

The Group hired aircraft from Little Aviation Pty Ltd during the year. Paul Little is a Director of Little Aviation Pty Ltd. An amount of $372,820 (2010: $108,040) was charged to the Group by Little Aviation Pty Ltd during the year. Of this amount, $27,922 (2010: $103,200) remained payable at 30 June 2011.

During the year the Group provided a sponsorship of $100,909 to the Essendon Football Club. This sponsorship provides marketing opportunities for the Group and was based on commercial terms. Paul Little and Ray Horsburgh are both Directors of the Group and also Directors of the Essendon Football Club.

OWNERSHIP INTERESTS IN RELATED PARTIES

Interests held in related parties are set out in notes 31 and 32.

TRANSACTIONS WITH RELATED PARTIES

The Group has entered into contracts in relation to the supply of transport and logistics services with certain related parties. The terms and conditions of those transactions were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to unrelated entities on an arm's length basis.

	2011 $'000	2010 $'000
Purchases of goods and services:		
Associates	947	707
Revenue from services provided:		
Associates		
Revenue for sales, rental and management fee	7,112	18,631

OTHER BALANCES WITH RELATED PARTIES

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2011 $'000	2010 $'000
Receivables:		
Associates	1,597	5,939
Payables:		
Associates	114	276

Outstanding balances at year end are unsecured and settlement occurs in cash.

No guarantees are provided or received for any related party receivables or payables.

No allowance for impairment losses has been recognised in respect of amounts due from related parties.

31. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

				Ownership interest	
Name of entity	Note	Date relief granted[(a)]	Country of incorporation	2011 %	2010 %
The Company					
Toll Holdings Limited					
Controlled entities of Toll Holdings Limited					
246 Miller Pty Ltd			Australia	100	100
ACN 124 936 143 Pty Ltd			Australia	100	100
Albany Nominees Pty Ltd			Australia	100	–
Asia Express Holdings Pte Ltd			Singapore	100	–
Autotrans Express (Aust) Pty Ltd	(a)	26 May 2010	Australia	100	100
BALtrans (China) Ltd			Hong Kong	100	100
BALtrans (Macau) Ltd	(b)		Macau	–	60
BALtrans Exhibition & Removal Ltd			Hong Kong	60	60
BALtrans International Cargo Ltd			Peoples Republic of China	100	100
BALtrans International Moving Ltd			Hong Kong	70	70
BALtrans International Moving Pte Ltd			Singapore	70	70
BALtrans International Special Freight Ltd			Peoples Republic of China	60	60
BALtrans Logistics (China) Ltd			Peoples Republic of China	100	100
BALtrans Logistics (Shanghai) Ltd			Peoples Republic of China	100	100
BALtrans Logistics Ltd			Hong Kong	100	100
BALtrans Ltd Xian			Peoples Republic of China	60	60
BALtrans Ocean Inc			USA	100	100
Bulkships (Hull 4381 & 4382) Pty Ltd	(a)	26 May 2010	Australia	100	100
C J Dean Transport Pty Ltd	(a)	26 May 2010	Australia	100	100
Cat-Link Ship Investments Pty Ltd			Australia	75	75
CFLAI Inc			USA	100	100
Cement Goliath Pte Ltd	(b)		Singapore	–	100
Complete Logistics Company Ltd			Thailand	100	100
Condor Marine Services (Luxembourg) SA	(c)		Luxembourg	100	100
Corporate Century Ltd			British Virgin Islands	100	100
Courier Australia Group Pty Ltd	(a)	26 May 2010	Australia	100	100
Courier Holdings Pty Ltd	(a)	26 May 2010	Australia	100	100
Cumberlane Holdings Pty Ltd			Australia	100	100
Dangerous Goods Management (Singapore) Pte Ltd			Singapore	70	70
Dilmun Navigation (PNG) Ltd	(b)		Papua New Guinea	–	100
DPEX Transport Group Pte Ltd			Singapore	100	–
DPEX Worldwide Express Pte Ltd			Singapore	100	–
DPEX Worldwide Express Ltd			Hong Kong	100	–
DPEX Worldwide Co. Ltd			Peoples Republic of China	100	–
Dynamic Container Line Ltd			British Virgin Islands	100	100
Dynamic Logistics (Hong Kong) Ltd			Hong Kong	100	100
Exhibitstrans Logistics Ltd			Hong Kong	60	60
Extra Equipment Rentals Pty Ltd	(a)	26 May 2010	Australia	100	100
Footwork Express Chubu Co. Ltd			Japan	96	96
Footwork Express Co. Ltd			Japan	100	100
Footwork Express Fleet Co. Ltd			Japan	100	100
Footwork Insurance Co. Ltd			Japan	100	–
Footwork Insurance Service Co. Ltd			Japan	100	–

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

31. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (CONTINUED)

Name of entity	Note	Date relief granted[a]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Footwork Logistics Co. Ltd	(d)		Japan	–	100
Footwork Onenet Co. Ltd	(d)		Japan	–	100
Footwork Real Estate Co. Ltd	(d)		Japan	–	100
FMI HoldCo Inc			USA	100	100
FMI Inc			USA	100	100
FMI West (ML) Inc			USA	100	100
FNet Co. Ltd			Japan	100	100
Fracht Forwarding & Travels (Private) Ltd			India	100	100
Freight Solutions International LLC	(c)		USA	100	100
Fuel Handling Systems Limited			United Kingdom	100	100
Fukuoka Sanko Butsuryu Co. Ltd	(e)		Japan	–	100
Genesis Forwarding Group Limited			United Kingdom	100	–
Genesis Forwarding Group USA Inc.			USA	100	–
Genesis Forwarding Property Services Limited			United Kingdom	100	–
Genesis Forwarding Services (Ireland) Limited			Ireland	100	–
Genesis Forwarding Services CA Inc.			USA	100	–
Genesis Forwarding Services HK Holdings Limited			Hong Kong	100	–
Genesis Forwarding Services HK Limited			Hong Kong	100	–
Genesis Forwarding Services IL Inc.			USA	100	–
Genesis Forwarding Services Limited			United Kingdom	100	–
Genesis Forwarding Services NY Inc.			USA	100	–
Genesis Freight Forwarding Services Inc.			USA	100	–
Gluck Pty Ltd	(a)	26 May 2010	Australia	100	100
Guangdong Supreme International Forwarding Agency Company Ltd	(c)		Peoples Republic of China	100	100
Guangzhou – Toll Warehousing Services Co. Ltd			Peoples Republic of China	100	100
Gulf Freight Services Pty Ltd			Australia	100	100
Helicorp Pty Ltd			Australia	100	100
Helijet Services Pty Ltd			Australia	100	100
Holyman (Luxembourg) SA	(c)		Luxembourg	100	100
Holyman (NZ) Pty Ltd			Australia	100	100
Holyman (South East Asia) Pte Ltd	(b)		Singapore	–	100
Holyman (UK) Ltd	(c)		United Kingdom	100	100
Holyman Ferries Pte Ltd	(b)		Singapore	–	100
Holyman Operations Pty Ltd			Australia	100	100
Holyman Pty Ltd			Australia	100	100
Holyman Shipping Services SPRL			Democratic Republic of the Congo	100	–
Holyman Superannuation Pty Ltd			Australia	100	100
Holyman Transport Pty Ltd	(a)	26 May 2010	Australia	100	100
Intelligent Logistics Co. Ltd	(d)		Japan	–	100
Intelligent Logistics Technology Co. Ltd	(d)		Japan	–	100
Intravest Pty Ltd	(a)	26 May 2010	Australia	100	100
Invarlael Pty Ltd	(a)	26 May 2010	Australia	100	100
Jamison Equity Pty Ltd	(a)	26 May 2010	Australia	100	100
JLS Logistics (Hong Kong) Ltd			Hong Kong	100	100
JLS Logistics (Malaysia) Ltd	(b)		Malaysia	–	100
JLS Logistics (Singapore) Pte Ltd			Singapore	100	100
JLS Logistics (Thailand) Ltd			Thailand	100	100

Name of entity	Note	Date relief granted[a]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
JLS Transport Services (China) Ltd			Hong Kong	100	100
JTS Transport Services (Delaware) Ltd			USA	100	100
Kilda Express Pte Ltd			Singapore	100	–
Kyushu Sankyo Unyu Co. Ltd			Japan	100	100
Lang Securities Pty Ltd	(a)	26 May 2010	Australia	100	100
Liberty Cargo Systems Pty Ltd			Australia	100	100
Liberty Pacific Pty Ltd			Australia	100	100
Logistics 21 Pte Ltd			Singapore	100	100
Logistics Distributions System LLC			United Arab Emirates	100	100
Maremma Pty Ltd	(a)	26 May 2010	Australia	100	100
Marigold Logistics Limited			Hong Kong	100	100
Mather & Platt (Engineering) Ltd			Hong Kong	100	100
Mather & Platt Investments Pty Ltd			Australia	100	100
Minami Kyushu Sanko Butsuryu Co. Ltd	(e)		Japan	–	100
Mulgara Pty Ltd	(a)	26 May 2010	Australia	100	100
Mitchell Corporation Australia Pty Ltd	(a)	17 June 2011	Australia	100	–
Mitchell East Pty Ltd			Australia	100	–
Mitchell Fleet Partners Pty Ltd			Australia	100	–
Mitchell Helidon Pty Ltd	(a)	17 June 2011	Australia	100	–
Mitchell North Pty Ltd			Australia	100	–
Mitchell Resources Pty Ltd			Australia	100	–
Mitchell Transfleet Pty Ltd			Australia	100	–
Mitchell West Pty Ltd	(a)	17 June 2011	Australia	100	–
Muragawa Logistics Ltd			Hong Kong	100	100
National Stevedores Tasmania Pty Ltd	(b)		Australia	–	100
Offshore Joint Services (Bases) Company of Singapore Pte Ltd			Singapore	75	75
Oil Tex (Thailand) Co. Ltd			Thailand	60	60
OTI Holdco Inc.			USA	100	100
Patrick Logistics Superannuation Pty Ltd			Australia	100	100
Patrick Packing Services Pty Ltd			Australia	100	100
Patrick Shipping Pty Ltd			Australia	100	100
Patrick Stevedores No.1 Pty Ltd	(b)		Australia	–	100
Patrick Stevedores No.2 Pty Ltd	(b)		Australia	–	100
Patrick Stevedores No.3 Pty Ltd	(b)		Australia	–	100
PDL Toll USA Inc.			USA	100	100
Plexis Services Inc.			USA	100	100
Perkins Group Holdings Pty Ltd	(a)	26 May 2010	Australia	100	100
Perkins Industries Pty Ltd	(a)	26 May 2010	Australia	100	100
Perkins Lady Jane Pty Ltd			Australia	100	100
Perkins Maritime Pty Ltd			Australia	100	100
Perkins Properties Pty Ltd			Australia	100	100
Perkins Shipping (Singapore) Pte Ltd			Singapore	100	100
Perkins Shipping Pty Ltd	(a)	26 May 2010	Australia	100	100
Perkins Trisha Kate Pty Ltd			Australia	100	100
PRK Corporation Pty Ltd	(a)	26 May 2010	Australia	100	100
PT Bahana Perintis Indonesia			Indonesia	100	100
PT BALtransindo			Indonesia	90	90
PT Interglobal Jasa Karya Indonesia			Indonesia	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

31. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (CONTINUED)

Name of entity	Note	Date relief granted[a]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
PT Sin Kepri Logistik			Indonesia	95	95
PT SK Logistik Indonesia			Indonesia	100	100
PT SK Pelarayan Indonesia			Indonesia	100	100
PT Toll Global Forwarding Indonesia			Indonesia	100	100
PT Toll Indonesia			Indonesia	51	51
Quexton Pty Ltd	(a)	26 May 2010	Australia	100	100
R&H Nominees Pty Ltd	(b)		Australia	–	100
R&H Transport Services Pty Ltd			Australia	100	100
Refrigerated Roadways Pty Ltd			Australia	100	100
Resarta Pty Ltd	(a)	26 May 2010	Australia	100	100
Roper Properties Pty Ltd			Australia	100	100
Sanko-Mic Co. Ltd			Japan	100	100
Sanko Unyu Butsuryu Service Co. Ltd			Japan	100	100
SAT Albatross Sea Air Transport FZE			United Arab Emirates	100	–
Scarabus Pty Ltd	(a)	26 May 2010	Australia	100	100
Seamaster Global Forwarding (HK) Limited (formerly Summit International Logistics Ltd)			Hong Kong	100	100
Seamaster Global Forwarding (Shanghai) Ltd			Peoples Republic of China	100	–
Seamaster Logistics (China) Ltd			Peoples Republic of China	100	100
Seamaster Logistics (Shanghai) Ltd			Peoples Republic of China	100	100
Seamaster Logistics Inc			USA	100	100
Summit Logistics International Holdings (HK) Ltd	(c)		Hong Kong	100	100
Seatons Container Freight Station Pty Ltd			Australia	100	100
Sembawang Kimtrans Marine Pte Ltd			Singapore	100	100
Serenade Pty Ltd	(a)	26 May 2010	Australia	100	100
Shanghai Footwork Supply Chain Co. Ltd			Japan	100	100
Shenzhen ST-Anda Logistics Co. Ltd			Peoples Republic of China	100	100
Singapore Technologies Logistics Pte Ltd			Singapore	100	100
SOPS (Bangladesh) Private Ltd	(c)		Bangladesh	100	100
SOPS (Cambodia) Co. Ltd			Cambodia	100	100
SOPS Orient Caspian Pte Ltd			Bermuda	65	65
ST Airport Services Pte Ltd			Singapore	67	67
ST Engineering and Technology Solutions Pte Ltd			Singapore	100	100
ST Logistics (UK) Ltd			United Kingdom	100	100
ST Logistics (USA) Inc			USA	100	100
ST Logistics Pte Ltd			Singapore	100	100
ST Medical Services Pte Ltd			Singapore	100	100
STARS (TL) Lda			Timor Leste	67	67
Stream Solutions (Holdings) Pty Ltd	(a)	26 May 2010	Australia	100	100
Stream Solutions Pty Ltd	(a)	26 May 2010	Australia	100	100
Summit Logistics International (SCM HK) Ltd			Hong Kong	100	100
Supreme Freight Consolidators (Ocean) Ltd			Hong Kong	100	100
Supreme Logistics (Hong Kong) Limited			Hong Kong	100	100
TGF Customhouse Brokers Inc. (formerly Summit Logistics Customhouse Brokers Inc.)			USA	100	100
TGF Global Forwarding Americas Inc. (formerly Summit Logistics International Inc.)			USA	100	100
TGF Management Group Holdco Inc. (formerly Summit Management Group Holdco Inc.)			USA	100	100
Toll (Asia) Pte Ltd			Singapore	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

Name of entity	Note	Date relief granted[(a)]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Toll (Corporate Services) Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll (Cowra) Pty Ltd			Australia	100	100
Toll (FHL) Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll (HK) Ltd			Hong Kong	100	100
Toll (India) Logistics Pvt Ltd			India	100	100
Toll (New Zealand) Ltd			New Zealand	100	100
Toll (PNG) Ltd			Papua New Guinea	100	100
Toll (PRK) Finance Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll (PRK) Tasmania Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll (Qingdao) Warehousing Services Co. Ltd			Peoples Republic of China	100	100
Toll (SCL) Ltd			Singapore	100	100
Toll (Taiwan) Ltd			Taiwan	100	100
Toll (Thailand) Ltd			Thailand	100	100
Toll (TL) Unipessol Lda			Timor Leste	100	100
Toll (UK) Limited Partnership			Australia	100	100
Toll (USA) Inc			USA	100	100
Toll (USA) Partnership			USA	100	100
Toll (Vietnam) Limited			Vietnam	100	100
Toll Aircraft Maintenance Pty Ltd			Australia	100	100
Toll ANL Bass Strait Shipping Pty Ltd			Australia	85	85
Toll Auto Logistics Investments (No.1) Pte Limited			Singapore	100	100
Toll Aviation Components Pty Ltd			Australia	100	100
Toll Aviation Engineering Pty Ltd			Australia	100	100
Toll Aviation Pty Ltd			Australia	100	100
Toll Carriers Limited			New Zealand	100	100
Toll Energy Logistics Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Equipment (FFM) Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Express (Asia) Pte Ltd			Singapore	100	100
Toll Finance (NZ) Limited			New Zealand	100	100
Toll Finance Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Fleet Equipment (Malaysia) Sdn Bhd			Malaysia	70	70
Toll Funding (Singapore) Pte Ltd			Singapore	100	100
Toll Global Express Asia Holdings Pte Ltd			Singapore	100	–
Toll Global Express Holdings Pty Ltd (formerly Qantas Freight Holdings Pty Limited)			Australia	100	–
Toll Global Forwarding (BVI) Ltd			British Virgin Islands	100	100
Toll Global Forwarding Group (UK) Limited (formerly WT Sea-Air Limited)			United Kingdom	100	–
Toll Global Forwarding (Hong Kong) Ltd			Hong Kong	100	100
Toll Global Forwarding (Shenzhen) Ltd			Peoples Republic of China	100	100
Toll Global Forwarding (Canada) Ltd			Canada	100	100
Toll Global Forwarding (China) Ltd			Peoples Republic of China	100	100
Toll Global Forwarding (France) SAS			France	100	100
Toll Global Forwarding (Germany) GMBH			Germany	100	100
Toll Global Forwarding (India) Private Ltd			India	100	100
Toll Global Forwarding (Lanka) Pvt Ltd			Sri Lanka	84	84
Toll Global Forwarding (Malaysia) Sdn Bhd			Malaysia	100	100
Toll Global Forwarding (Middle East) Ltd			Hong Kong	100	100
Toll Global Forwarding (Netherlands) B.V.			Netherlands	100	100

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2011

31. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (CONTINUED)

Name of entity	Note	Date relief granted[a]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Toll Global Forwarding (SA) (Pty) Ltd			South Africa	82	82
Toll Global Forwarding (SA) Investments (Pty) Ltd			South Africa	82	82
Toll Global Forwarding (Singapore) Pte Ltd			Singapore	100	100
Toll Global Forwarding (Switzerland) AG			Switzerland	100	100
Toll Global Forwarding (Taiwan) Ltd			Taiwan	100	100
Toll Global Forwarding (Thailand) Co. Ltd			Thailand	100	100
Toll Global Forwarding (UAE) LLC			Dubai	100	100
Toll Global Forwarding (USA) Inc			USA	100	100
Toll Global Forwarding AB			Sweden	100	100
Toll Global Forwarding Cooperatief U.A.			Netherlands	100	100
Toll Global Forwarding Holdings (SA) (Pty) Ltd			South Africa	82	82
Toll Global Forwarding Holdings (USA) Inc			USA	100	100
Toll Global Forwarding Holdings AB			Sweden	100	100
Toll Global Forwarding Holdings Limited			British Virgin Islands	100	100
Toll Global Forwarding International (BVI) Ltd			British Virgin Islands	100	100
Toll Global Forwarding Ltd			Bermuda	100	100
Toll Global Forwarding Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Global Forwarding Services (Malaysia) Sdn Bhd			Malaysia	100	100
Toll Global Forwarding (UK) Ltd			United Kingdom	100	100
Toll Global Forwarding WC (SA) (Pty) Ltd			South Africa	82	82
Toll Global Forwarding Services Ltd			Hong Kong	100	100
Toll Global Logistics (Korea) Ltd			Republic of Korea	100	100
Toll Global Logistics Lanka (Pvt) Ltd			Sri Lanka	100	71
Toll Group (NZ) Ltd			New Zealand	100	100
Toll Group (UK) Ltd			United Kingdom	100	100
Toll Group (USA) LLC			USA	100	100
Toll Holdings (Thailand) Ltd			Thailand	100	100
Toll Holdings Property Trust			Australia	100	100
Toll Integrated Feeder Pte Ltd			Singapore	100	100
Toll Integrated Logistics (M) Sdn Bhd			Malaysia	100	100
Toll International Investments Pty Limited	(a)	26 May 2010	Australia	100	100
Toll Investments (NA) Ltd			United Kingdom	100	100
Toll Investments (UK) Limited			United Kingdom	100	100
Toll IPEC Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Japan GK			Japan	100	100
Toll Logistics (Asia) Ltd			Singapore	100	100
Toll Logistics (NZ) Ltd			New Zealand	100	100
Toll Logistics (Shanghai) Co Ltd	(c)		Peoples Republic of China	100	100
Toll Logistics (Thailand) Ltd			Thailand	100	100
Toll Logistics Asia (M) Sdn Bhd			Malaysia	100	100
Toll Logistics Australia Pty Ltd	(c)		Australia	100	100
Toll-Macro Asia Philippines Inc			Philippines	51	51
Toll Networks (NZ) Limited			New Zealand	100	100
Toll North Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Offshore Petroleum Services Pte Ltd			Singapore	100	100
Toll PDI Investments Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Personnel Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Perishables (UK) Limited (formerly W.T. Perishables Ltd)			United Kingdom	75	–

Name of entity	Note	Date relief granted[(a)]	Country of incorporation	Ownership interest 2011 %	Ownership interest 2010 %
Toll Prima (UK) Limited			United Kingdom	75	–
Toll Properties Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Property Fund Holdings Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll RE Pty Ltd (formally Toll RE Limited)			Australia	100	100
Toll Remote Logistics Pty Ltd (formerly Holyman Shipping Services Pty Ltd)	(a)	26 May 2010	Australia	100	100
Toll (Cambodia) Limited			Cambodia	55	55
Toll Technologies Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll-SGN Vietnam Co.Ltd.			Vietnam	60	60
Toll Shipping (IOM) Ltd	(b)		Isle of Man	–	100
Toll Shipping Seagoing Officers Superannuation Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Supply Chain Solutions Limited (formerly W.T. Supply Chain Solutions Limited)	(c)		United Kingdom	100	–
Toll Support Services Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Technologies Investments Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Transport Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Warehouse (Thailand) Limited			Thailand	100	100
Toll Zenecon Pte Ltd			Singapore	51	51
Tridec Acquisition Co. Inc.			USA	100	100
T.S. Container Line			United Kingdom	100	–
Twala Global Cargo (Pty) Ltd			South Africa	61	61
Union Corporate Services Pty Ltd			Australia	100	100
United Asia Terminals (Shenzhen) Ltd			Peoples Republic of China	100	100
United Asia Terminals (Yantian) Ltd			Hong Kong	100	100
United Distribution Services (Far East) Ltd			Hong Kong	100	100
Victorian Express Pty Ltd	(a)	26 May 2010	Australia	100	100
Villawood Unit Trust			Australia	100	100
W.T. Air-Cargo Limited			United Kingdom	100	–
W.T. First Line Limited			United Kingdom	100	–
W.T. Installations Limited			United Kingdom	100	–
W.T. Shipping Group Limited			United Kingdom	100	–
W.T. Shipping Limited			United Kingdom	100	–
W.T. Unique Limited			United Kingdom	50	–
Wilgroup Pty Ltd			Australia	100	100
Win Profit Corporation Ltd			Hong Kong	100	100
Woden Investments Pty Ltd	(a)	26 May 2010	Australia	100	100
Zimbery Investment (Lanka) Pvt Ltd			Sri Lanka	100	100
Zimbery Ltd			Hong Kong	100	100

(a) Entities are parties to a Deed of Cross Guarantee with Toll Holdings Limited in respect of relief granted from specific accounting and financial reporting requirements in accordance with ASIC class order 98/1418. Refer to note 33.
(b) Disposed/liquidated during the year.
(c) In voluntary liquidation as at 30 June 2011.
(d) Amalgamated with Footwork Express Co. Ltd during the year.
(e) Amalgamated with Kyushu Sanko Unyu Co. Ltd during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

32. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

The Group accounts for investments in associates and joint ventures using the equity method. The Group has the following investments in associates and joint ventures:

			Ordinary share ownership interest		Investment carrying value	
Name	**Note**	**Principal activities**	**2011 %**	**2010 %**	**2011 $M**	**2010 $M**
AMI Asia HK Ltd	(a)	Freight forwarding	50	50	0.1	0.1
BIC Logistics Ventures Limited		Freight forwarding	40	40	8.5	10.1
BES Technology Pte Ltd	(a)	Provision of biomedical equipment and technical services for medical equipment	35	35	0.2	0.2
Bharat STARS Services Pvt Ltd		Freight forwarding	34	34	2.4	2.5
Cargo Consortium (Klia) Sdn Bhd	(c)	In voluntary liquidation	34	34	–	–
Cargo Services Group		Freight consolidation business	25	25	48.9	58.1
Commonwealth Steamship Insurance Company Limited		Run off of insurance claims	30	30	–	–
CWT-SML Logistics LLC	(a)	Warehouse distribution	30	30	3.6	3.7
DGM Support (Asia) Pte Ltd	(a)	Provision of specialised training and related activities in dangerous goods management	21	21	0.1	–
Hubei Nan Yang (Shenzhen) Air Express Ltd	(a)	Dormant	50	50	–	–
Jet Quay Pte Ltd	(b)	Airport facilitation service	–	27	–	–
JPM Logistics Inc		Dormant	28	28	–	–
Macquarie Textile Holdings Pty Ltd		Manufacturer of woollen and worsted fabrics	34	34	3.0	3.0
Prixcar Services Pty Ltd		Pre-dealer motor vehicle preparation	50	50	21.8	21.6
QLM Pty Ltd		Dormant	50	50	–	–
SembCorp-Translink Parami Logistics Ltd	(a)	Freight forwarding	30	30	–	–
Shenyang-SML International Distripark Ltd	(a)	Operation of a distripark	49	49	3.1	3.5
Shenzhen-Chiwan Petroleum Supply Base Co Ltd	(b),(d)	Operation of an offshore supply base	–	17	–	67.3
Shenzhen Yantian Port Logistics Services Co. Ltd	(a)	Freight forwarding	30	30	0.5	0.7
Skynet Worldwide Express Management Co. Ltd	(a)	Holding company for Skynet business	23	–	–	–
SOPS Limited Liability Company	(a),(c)	Provision of offshore logistics services	32	32	0.1	–
Toll Dnata Airport Services Pty Ltd		Airport ground handling services	50	50	12.6	9.3
Toll Goodman Property Services Pty Ltd		Property developer and owner	50	50	0.6	1.6
Toll – Jalco Distribution Pty Ltd		Distribution	50	50	0.7	0.8
Toll Mermaid Logistics Broome Pty Ltd		Provides supply base and logistics services to oil and gas industry companies	50	50	4.8	4.9
Toll Zari Holdings Malaysia Sdn Bhd		Investment holding	30	30	–	–
UOT (Thailand) Limited	(a)	Oil field equipment machine and repair	29	29	0.7	0.9
Zari Haulage Sdn Bhd		Logistics provider	45	45	–	–
					111.7	**188.3**

The financial year end for all associates and joint ventures is 30 June unless otherwise disclosed:

(a) Balance date of entity is 31 December.
(b) Disposed/liquidated during the year.
(c) In voluntary liquidation.
(d) Disposed during the year. The Group had significant influence over Shenzhen-Chiwan Petroleum Supply Base Company Ltd through a 20.2% ownership interest held by one of the Group's non-100% owned controlled entities.

RESULTS OF ASSOCIATES AND JOINT VENTURES

	2011 $M	2010 $M
Share of net profit of associates and joint ventures from continuing operations[1]	16.0	21.6

1. Net profit accounted for using the equity method

FAIR VALUE OF LISTED INVESTMENTS IN ASSOCIATES

	2011 $M	2010 $M
Shenzhen-Chiwan Petroleum Supply Base Co Limited	–	47.2

SUMMARISED FINANCIAL INFORMATION OF EQUITY ACCOUNTED ASSOCIATES, NOT ADJUSTED FOR THE PERCENTAGE OWNERSHIP HELD BY THE GROUP

	2011 $M	2010 $M
Total assets	323.1	823.5
Total liabilities	94.8	422.1
Total revenue	495.5	1,301.0
Total profit	23.2	72.5

33. DEED OF CROSS GUARANTEE

The Australian wholly owned subsidiaries set out in note 31 are parties to a deed of cross guarantee executed on 26 May 2010 ("Deed").

The effect of the new Deed is that:

- Each party to the Deed guarantees to each creditor payment in full of the debts of the other parties to the Deed in the event of their winding up; and
- ASIC Class Order 98/1418 relieves eligible wholly owned subsidiaries who are parties to the Deed from the Corporations Act 2001 requirements for preparation, audit and lodgement of Financial Reports and Directors' Reports.

The Consolidated Statement of Comprehensive Income and Consolidated Statement of Financial Position as at 30 June 2011 for the Company and the controlled entities which are party to the new Deed after eliminating all transactions between parties to the Deed at 30 June 2011 is set out below:

	2011 $M	2010 $M
Consolidated Statement of Comprehensive Income		
Profit/(loss) before income tax	346.7	336.6
Income tax expense	(68.7)	(57.2)
Profit/(loss) for the year	278.0	279.4
Retained earnings at the beginning of the financial year	(177.7)	(282.8)
Dividends provided for or paid	(176.1)	(174.3)
Retained earnings at the end of the financial year	**(75.8)**	**(177.7)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

33. DEED OF CROSS GUARANTEE (CONTINUED)

	2011 $M	2010 $M
Consolidated Statement of Financial Position		
Cash and cash equivalents	246.7	343.9
Receivables	576.8	493.1
Inventories	19.2	27.8
Investments	–	–
Assets classified as held for sale	0.6	37.4
Prepayments	43.3	37.8
Current tax receivable	–	–
Other financial assets	16.0	1.4
Total current assets	**902.6**	**941.4**
Receivables	31.6	32.2
Investments accounted for using the equity method	43.5	41.3
Investments	2,114.1	1,938.9
Investment property	–	–
Property, plant and equipment	1,184.6	1,107.6
Intangible assets	467.7	411.1
Deferred tax assets	49.9	42.3
Prepayments	2.0	2.5
Other financial assets	3.8	–
Total non current assets	**3,897.2**	**3,575.9**
Total assets	**4,799.8**	**4,517.3**
Payables	539.9	409.6
Interest bearing liabilities	568.9	1.0
Current tax liabilities	52.9	20.6
Provisions	258.8	251.6
Other financial liabilities	8.5	21.3
Total current liabilities	**1,429.0**	**704.1**
Interest bearing liabilities	457.6	1,031.4
Deferred tax liabilities	–	–
Provisions	57.4	64.8
Other financial liabilities	29.1	3.7
Total non current liabilities	**544.1**	**1,099.9**
Total liabilities	**1,973.1**	**1,804.0**
Net assets	**2,826.7**	**2,713.3**
Contributed equity	2,946.3	2,901.9
Treasury shares	(4.8)	(5.2)
Reserves	(39.0)	(5.7)
Retained earnings	(75.8)	(177.7)
Total equity	**2,826.7**	**2,713.3**

34. NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

	2011 $M	2010 $M
Reconciliation of profit from continuing operations after income tax to net cash provided by operating activities		
Profit for the year after income tax	294.8	284.4
Share of net profit of associates and joint ventures	(16.0)	(21.6)
Dividends received from associates	11.1	5.7
Net gain on disposal of property, plant and equipment	(8.0)	(5.6)
Net gain on disposal of investments and businesses	(8.9)	(19.7)
Effective interest on debt establishment costs	2.9	2.2
Add/(less) non-cash items:		
Depreciation and amortisation	243.3	232.5
Share option expense	12.4	8.1
Impairment of property, plant and equipment	–	5.2
Revaluation of investment	–	37.4
Release of earnout provision	(1.7)	(13.0)
Net cash inflow from operating activities before changes in assets and liabilities	529.9	515.6
Changes in assets and liabilities adjusted for effect of purchase and disposal of controlled entities during the financial year:		
(Increase)/decrease in receivables	15.0	(136.3)
(Increase)/decrease in inventories	0.5	(5.2)
(Increase)/decrease in prepayments	7.3	2.6
(Increase)/decrease in other financial assets	2.4	0.7
Increase/(decrease) in payables	(16.7)	34.9
Increase/(decrease) in provisions	(53.9)	45.8
Increase/(decrease) in other financial liabilities	16.5	0.3
Increase/(decrease) in current tax receivables and liabilities	37.1	(74.1)
Increase/(decrease) in deferred tax assets and liabilities	1.9	7.4
Net cash inflow from operating activities	**540.0**	**391.7**

35. EVENTS SUBSEQUENT TO BALANCE DATE

DIVIDENDS

A final dividend of 13.5 cents per share has been declared by the Directors which is payable on 10 October 2011.

REFINANCING

At 30 June 2011, the Group had total current liabilities in excess of total current assets of $467.7 million. This current asset deficiency is due to the classification of Singapore debt at 30 June 2011 as current liabilities; as they are due to mature in the year ending 30 June 2012. Subsequent to 30 June 2011, the Group has refinanced its Singapore debt into a single S$1 billion syndicated debt facility. The new facility has a S$500 million three year tranche, a S$300 million four year tranche and a S$200 million five year tranche which spreads the maturity profile of Toll's debt and would reclassify $708.9 million of current debt at 30 June 2011 as non current.

CHANGE IN MANAGEMENT

The Board of Toll Holdings Limited announced on 4 August 2011 that CFO, Brian Kruger, will become the Company's Managing Director on 1 January 2012.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

36. UNDERTAKINGS TO THE ACCC

Toll provided Undertakings to the ACCC on 11 March 2006 in connection with regulatory clearance of the Group's acquisition of Patrick, which were subsequently varied on 18 April 2007 due to the Group's restructure in June 2007.

These Undertakings and Variation ceased to have effect on 31 March 2011.

37. PARENT ENTITY DISCLOSURES

(a) As at, and throughout, the financial year ending 30 June 2011 the parent Company of the Group was Toll Holdings Limited.

	The Company	
	2011 $M	2010 $M
Result of the parent entity		
Profit for the period	197.0	110.3
Other comprehensive income	–	–
Total comprehensive income	**197.0**	**110.3**
Financial position of parent entity at year end		
Current assets	1,205.3	2,109.5
Total assets	3,168.1	3,047.1
Current liabilities	107.8	66.4
Total liabilities	139.3	96.3
Total equity of the parent entity comprising of:		
Issued capital	2,946.3	2,901.9
Treasury shares	(4.8)	(5.2)
Reserves	28.8	16.4
Retained earnings	58.5	37.7
Total equity	**3,028.8**	**2,950.8**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

(b) Commitments for expenditure

	The Company	
	2011 $M	2010 $M
(i) Capital expenditure commitments		
Total capital expenditure contracted at balance date but not provided for in the financial statements payable:		
Not later than one year	31.9	32.3
Later than one year but not later than five years	–	–
Later than five years	–	–
	31.9	**32.3**
Comprising:		
Other property, plant and equipment	**31.9**	**32.3**
(ii) Non-cancellable operating lease commitments		
Future non-cancellable operating lease rentals of property, plant and equipment, not provided for in the financial statements, payable:		
Not later than one year	2.4	2.5
Later than one year but not later than five years	–	2.4
Later than five years	–	–
	2.4	**4.9**
Comprising:		
Other property, plant and equipment	**2.4**	**4.9**

(c) Contingencies

Details of contingent liabilities and contingent assets where the probability of future payments/receipts is not considered remote, as well as details of contingent liabilities and contingent assets, which although considered remote, the Directors consider should be disclosed.

From time to time the Company is subject to claims and litigation during the normal course of business. The Directors have given consideration to such matters, which are or may be subject to litigation at year end, and subject to specific provisions raised are of the opinion that no material liability exits.

(d) Contingent liabilities

The Company has issued bank guarantees in favour of certain controlled entities in respect of various banking and commercial arrangements. Under the terms of the financial guarantee contracts, the Company will make payments to reimburse the lenders upon failure of the guaranteed entity to make payments when due.

Terms and face values of the liabilities guaranteed were as follows:

	The Company	
	2011 $M	2010 $M
Bank and other guarantees	**41.3**	**56.5**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 JUNE 2011

38. AUDITOR'S REMUNERATION

	2011 $'000	2010 $'000
Audit services:		
Auditors of the Company – audit and review of financial reports		
KPMG Australia	2,293	2,205
Overseas KPMG firms	2,148	1,993
Other auditors – audit and review of financial reports (non-KPMG firms)	323	478
	4,764	**4,676**

	2011 $'000	2010 $'000
Other services:		
Taxation services		
KPMG Australia	449	1,801
Overseas KPMG firms	175	77
Other assurance services		
Overseas KPMG firms	12	22
Other services		
KPMG Australia	23	14
Overseas KPMG firms	26	–
Related practices of KPMG – other	14	–
	699	**1,914**

DIRECTORS' DECLARATION

1. In the opinion of the Directors of the Company:
   (a) the Consolidated Financial Statements and notes set out on pages 71 to 140, and the Remuneration Report on pages 30 to 48 of the Directors' Report, are in accordance with the Corporations Act 2001 including:
      (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance for the financial year ended on that date; and
      (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001;
   (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.
2. There are reasonable grounds to believe that the Company and the controlled entities identified in note 33 will be able to meet any obligations or liabilities to which they are or may become subject to by virtue of the Deed of Cross Guarantee between the Company and those controlled entities pursuant to ASIC Class Order 98/1418.
3. The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Chief Executive Officer and Chief Financial Officer for the financial year ended 30 June 2011.
4. The Directors draw attention to note 2 to the Consolidated Financial Statements, which includes a Statement of Compliance with International Financial Reporting Standards.

Signed in accordance with a resolution of the Directors:

R Horsburgh
Director

P A Little
Director

Dated at Melbourne this 25th day of August 2011

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF TOLL HOLDINGS LIMITED

REPORT ON THE FINANCIAL REPORT

We have audited the accompanying financial report of Toll Holdings Limited (the company), which comprises the consolidated statement of financial position as at 30 June 2011, and consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 38 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the Group comprising the company and the entities it controlled at the 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 1, the directors also state, in accordance with Australian Accounting Standard AASB 101 Presentation of Financial Statements, that the financial statements of the Group 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. These Auditing 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 entity's preparation of the financial report that gives a true and fair view 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 performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the Corporations Act 2001 and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the Group's financial position and of its performance.

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*.

Auditor's opinion

In our opinion:

(a) the financial report of the Group is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of their performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the Corporations Regulations 2001.

(b) the financial report also complies with International Financial Reporting Standards as disclosed in note 1.

REPORT ON THE REMUNERATION REPORT

We have audited the Remuneration Report included in pages 30 to 48 of the directors' report for the year ended 30 June 2011. 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 auditing standards.

Auditor's opinion

In our opinion, the remuneration report of Toll Holdings Limited for the year ended 30 June 2011, complies with Section 300A of the Corporations Act 2001.

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne
25 August 2011

SHAREHOLDER INFORMATION

Additional information required by the Australian Stock Exchange Listing Rules not elsewhere disclosed in this report. The shareholder information set out below was applicable as at 22 August 2011.

A. DISTRIBUTION OF SHAREHOLDERS

Analysis of numbers of shareholders by size of shareholdings for ordinary securities.

Range	Number	Units	%
1 – 1,000	40,189	19,967,078	2.81
1,001 – 5,000	47,667	112,834,526	15.89
5,001 – 10,000	8,055	57,676,267	8.12
10,001 – 100,000	3,987	81,607,555	11.49
100,001 – 9,999,999,999	163	438,043,105	61.69
Total	**100,061**	**710,128,531**	**100.00**

There were 5,255 holders (2010: 3,946) with less than a marketable parcel of ordinary shares.

Each ordinary share is entitled to one vote per share.

B. TWENTY LARGEST SHAREHOLDERS

The names of the twenty largest shareholders are listed below:

Rank	Range	Units	% of Units
1.	NATIONAL NOMINEES LIMITED	98,976,898	13.94
2.	HSBC CUSTODY NOMINEES (AUSTRALIA) LIMITED	90,431,316	12.73
3.	J P MORGAN NOMINEES AUSTRALIA LIMITED	68,661,502	9.67
4.	PAUL ALEXANDER LITTLE	36,050,579	5.08
5.	CITICORP NOMINEES PTY LIMITED	27,663,052	3.90
6.	PERPETUAL TRUSTEE COMPANY LIMITED	9,853,078	1.39
7.	PGA (INVESTMENTS) PTY LTD	9,500,000	1.34
8.	AUSTRALIAN FOUNDATION INVESTMENT COMPANY LIMITED	8,132,516	1.15
9.	QUEENSLAND INVESTMENT CORPORATION	7,499,362	1.06
10.	COGENT NOMINEES PTY LIMITED	7,026,296	0.99
11.	AMP LIFE LIMITED	4,205,523	0.59
12.	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED	3,880,118	0.55
13.	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <MLCI A/C>	3,701,653	0.52
14.	UBS WEALTH MANAGEMENT AUSTRALIA NOMINEES PTY LTD	3,371,720	0.47
15.	JP MORGAN NOMINEES AUSTRALIA LIMITED <CASH INCOME A/C>	3,342,068	0.47
16.	SHARE DIRECT NOMINEES PTY LTD <10026 A/C>C>	2,435,000	0.34
17.	ARGO INVESTMENTS LIMITED	2,388,785	0.34
18.	QUESTOR FINANCIAL SERVICES LIMITED <TPS RF A/C>C>	2,348,081	0.33
19.	THE SENIOR MASTER OF THE SUPREME COURT <COMMON FUND NO 3 A/C>	1,957,449	0.28
20.	RBC DEXIA INVESTOR SERVICES AUSTRALIA NOMINEES PTY LIMITED <NMSMT A/C>	1,578,797	0.22
Totals		**393,003,793**	**55.34**

C. SUBSTANTIAL SHAREHOLDERS

Name	Number of Ordinary Shares Held	Percentage of Issued Shares %
(a) Paul Alexander Little and related bodies corporate	37,535,935	5.29%

TEN YEAR 30 JUNE SUMMARY

Toll Group Comparative Statement	AIFRS June 2011	AIFRS June 2010	AIFRS June 2009
	$M	$M	$M
Operating Results			
Group Sales	8,225	6,944	6,492
Profit before Depreciation, Amortisation and Interest (EBITDA)	673	604	585
Depreciation and Amortisation	243	233	192
EBIT	430	371	392
Share of Associates profit	16	22	21
Net Interest	35	37	25
Profit before Tax	411	355	389
Income Tax Expense	116	71	105
Operating Profit after Tax	295	284	283
Profit from discontinued operations (net of income tax)	0	0	(8)
Outside Equity Interests	14	5	5
Profit Attributable to Members	**281**	**279**	**270**
CPS Dividend/ RPS	0	0	6
Ordinary Dividends	176	175	173
Ordinary Payout Ratio (%) (from continuing operations)	59.66	61.66	61.19
Overall Dividend Payout Ratio (%)	59.66	61.66	61.19

	$'000	$'000	$'000
Financial Position			
Cash	497	580	886
Other Current Assets	1,266	1,199	801
Other Non Current Assets	2,124	2,012	1,739
Future Income Tax Benefits	115	142	82
Intangible Assets (Goodwill & Other)	1,849	1,759	1,502
Total Assets	5,851	5,692	5,010
Other Liabilities	1,531	1,447	1,163
Borrowings	1,516	1,518	1,247
Total Liabilities	3,047	2,965	2,410
Net Assets	**2,804**	**2,727**	**2,600**
Outside Equity Interests	35	23	40
Reserves and Retained Profits	(177)	(198)	(287)
Paid Up Capital	2,946	2,902	2,847
Total Shareholders Equity	**2,804**	**2,727**	**2,600**

AIFRS	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP
June 2008	June 2007	June 2006	June 2005	June 2004	June 2003	June 2002
$M	$M	$M	$M	$M	$M	$M
5,605	4,857	4,894	3,778	3,272	2,570	2,038
554	455	545	360	305	202	154
168	136	190	126	114	77	53
387	320	355	234	191	125	101
5	16	34	49	45	31	9
33	305	88	28	23	19	12
359	30	301	255	213	137	98
104	(7)	58	56	39	30	23
254	37	243	199	174	107	75
(945)	1,249					
4	7	12	5	5	1	1
(695)	**1,279**	**231**	**194**	**169**	**106**	**74**
16	16	16	16	8	0	0
162	204	152	88	66	44	27
63.55	555.86	65.80	45.36	39.05	41.51	36.49
63.55	555.86	65.80	53.61	43.79	41.51	36.49
$'000	$'000	$'000	$'000	$'000	$'000	$'000
354	1,743	1,208	152	102	89	48
1,620	833	1,457	487	492	351	293
1,531	3,188	5,375	1,601	1,454	863	727
73	2	3	19	24	27	14
1,262	1,850	6,627	185	102	107	68
4,840	7,616	14,670	2,444	2,174	1,437	1,150
1,115	1,738	2,293	710	661	455	371
1,622	2,257	6,358	462	419	351	376
2,736	3,995	8,651	1,172	1,080	806	747
2,104	**3,621**	**6,019**	**1,272**	**1,094**	**631**	**403**
42	375	341	39	37	3	2
(493)	753	734	424	335	220	136
2,555	2,493	4,944	809	722	408	265
2,104	**3,621**	**6,019**	**1,272**	**1,094**	**631**	**403**

TEN YEAR 30 JUNE SUMMARY (CONTINUED)

Toll Group Comparative Statement	AIFRS June 2011	AIFRS June 2010	AIFRS June 2009
Per Ordinary Share ($) from Continuing Operations			
Basic Earnings per ordinary share before abnormal items			
Based on weighted average number of shares issued during the year	0.3980	0.3990	0.4115
Based on number of shares issued at the end of the period	0.3958	0.3968	0.4004
Diluted Earnings cents per share	39.80	39.80	41.13
Dividend Paid or Declared cents per share	25.00	25.00	25.00
Franking (%)			
Interim	100	100	100
Final	100	100	100
Net Tangible Asset Backing ($)	1.345	1.378	1.578
Analytical Information (from Continuing Operations)			
EBITDA to Sales (%)	8.18	8.69	9.01
EBIT to Sales (%)	5.23	5.34	6.04
Group Profit after Tax to Sales (%)	3.42	4.02	4.29
EBIT to Total Assets (%)	7.35	6.52	7.83
Return on Shareholders Equity (%)	10.02	10.23	10.71
Current Assets to Current Liabilities (X)	0.79	1.33	1.22
EBIT Interest cover (X)	12.29	9.92	15.70
Effective Tax Rate (%)	28.22	19.96	27.07
Gearing			
Net borrowings to Net borrowings + Equity (%)	26.65	25.58	12.20
Net borrowings to Equity (%)	36.34	34.37	13.89
Other			
Ordinary Shares (million)			
Weighted average number of shares on issue during the year	706	699	677
Shares on issue at year end	710	703	696
Preference Shares (million)			
Cumulative Shares on issue at year end	0	0.0	0.0
Non Cumulative Shares on issue at year end	0	0	0
Number of ordinary shareholders at year end	100,061	115,130	104,535
Number of employees at year end (Est)	42,000	37,000	30,000

AIFRS	AIFRS	AIFRS	AIFRS	AGAAP	AGAAP	AGAAP
June 2008	June 2007	June 2006	June 2005	June 2004	June 2003	June 2002
0.3872	0.0472	0.5939	0.5477	0.5079	0.3581	0.2782
0.3863	0.0463	0.3446	0.5394	0.5016	0.3430	0.2691
38.70	197.39	63.30	54.55	50.10	34.63	26.45
25.00	32.00	31.00	26.50	20.50	14.00	10.00
100	100	100	100	100	100	100
100	100	100	100	100	100	100
1.350	2.754	(0.974)	3.294	3.090	1.696	1.218
9.89	9.38	11.14	9.53	9.32	7.86	7.56
6.90	6.58	7.25	6.19	5.84	4.86	4.96
4.47	0.61	4.72	5.13	5.17	4.12	3.63
7.99	4.20	2.42	9.57	8.79	8.70	8.78
11.90	0.82	3.84	15.25	15.45	16.88	18.45
1.57	1.26	0.42	0.79	1.08	1.05	1.00
11.68	1.05	4.03	8.36	8.30	6.58	8.42
29.53	(46.21)	21.72	27.18	23.21	28.30	25.84
37.60	12.43	46.11	19.60	22.47	29.34	44.87
60.25	14.19	85.56	24.37	28.98	41.52	81.39
647	631	362	325	317	296	266
648	643	624	330	321	309	275
2.5	2.5	2.5	2.5	2.5	0	0
0	0	0	0	0	0	0
93,326	84,820	68,148	35,881	25,355	16,877	9,473
25,000	30,000	28,000	17,545	17,375	12,466	9,764

COMPANY DIRECTORY

DIRECTORS

Chairman
Ray Horsburgh AM

Managing Director
Paul Little AO

Non-Executive Directors
Harry Boon
Mark Smith
Barry Cusack
Frank Ford
Nicola Wakefield-Evans

Secretary
Bernard McInerney

TOLL HOLDINGS LIMITED

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Facsimile: +61 3 9694 2880
Website: www.tollgroup.com

Share Register
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Abbotsford, Vic 3067

Telephone Australia: 1300 850 505
Telephone Overseas: +61 3 9415 4000
Facsimile: +61 3 9473 2500

For faxing Proxy Forms only:
Facsimile Australia: 1800 783 447
Facsimile Overseas: +61 3 9473 2555

Website: www.computershare.com

Stock Exchange Listing
Toll Holdings Limited shares are listed on the Australian Stock Exchange.
The home exchange is in Melbourne.

AUDITORS

KPMG
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Melbourne, Vic 3000

LEAD BANKERS

National Australia Bank
271 Collins Street
Melbourne, Vic 3000

AUSTRALIAN LEAD SOLICITORS

Minter Ellison
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