Toll Group
Level 7, 380 St Kilda Road
Melbourne VIC 3004 Australia

T +61 3 9694 2888
F +61 3 9694 2880
www.tollgroup.com

Toll Holdings Limited
ABN 25 006 592 089

22 August 2013

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

Lodged Through ASX On Line
Total No. of Pages: 144

Dear Sir

FULL YEAR RESULTS 30 JUNE 2013 – APPENDIX 4E

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

- Appendix 4E Preliminary Final Report For Year Ended 30 June 2013.

Yours faithfully
TOLL HOLDINGS LIMITED

Bernard McInerney
Company Secretary

Encl.

ASX Appendix 4E
Preliminary Final Report

Name of entity	**Toll Holdings Limited**
ABN	**25 006 592 089**
Reporting period	**Year ended 30 June 2013**
Previous corresponding period	Year ended 30 June 2012

Results for announcement to the market

	2013 $M	**2012 $M**	**Change $M**	**Change %**
Revenue	8,719	8,707	12	+0.1
EBITA pre non-recurring items	447	439	8	+1.8
Amortisation relating to acquisitions	(21)	(28)	7	
EBIT pre non-recurring items	426	411	15	+3.6
NPAT pre non-recurring items	283	274	9	+3.3
Non-recurring items (net of tax)	(191)	(203)	12	
Net profit after tax	92	71	21	+29.6
Non-controlling interests	(7)	(6)	(1)	
NPAT attributable to shareholders	85	65	20	+30.8

Refer to attached Media Release for commentary on results.

Other information

Dividends

	Amount cps	Franked amount cps	Total payable $M	Date paid / payable
2013				
Interim dividend	12.5	12.5	89.6	02/04/2013
Final dividend	14.5	14.5	104.0	21/10/2013
2012				
Interim dividend	11.5	11.5	82.5	30/03/2012
Final dividend	13.5	13.5	96.8	22/10/2012

Record date for determining entitlements to the final dividend is 11 September 2013.

The Company's Dividend Reinvestment Plan was suspended for the 2013 interim dividend and the Directors have determined to continue its suspension for the 2013 final dividend.

Net tangible assets

Net tangible asset backing per ordinary share $1.44 (2012: $1.33).

Additional Appendix 4E disclosure requirements can be found in the notes to these financial statements and the Directors' report attached thereto.

This report is based on the annual financial report which has been audited by KPMG.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
ACN 006 592 089

ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED 30 JUNE 2013

Contents **Page**

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 2013 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
Brian Kruger (Managing Director)	Director since 2012
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 owners of the Company was:

	2013 $M	2012 $M
Net profit attributable to the owners of the Company	84.5	64.6
Earnings per share		
Basic earnings per share (cents)	11.8	9.0
Diluted earnings per share (cents)	11.7	9.0

The sections of our Annual Financial Statements titled Corporate Governance Statement and Corporate Social Responsibility Report are to be read as being incorporated into and forming part of the Directors Report. Together they form our Operating Financial Review.

Review of operations

Toll Group sales revenue was $8.7 billion for the year ended 30 June 2013, in line with the prior year. Total operating profit (EBIT) before non-recurring items was $426 million, up 3.7%. Net profit after tax (before non-recurring items) was $282 million, up 3.0%.

Summary results

All Australian dollars unless otherwise specified	2013 $M	2012 $M	% change
Sales revenue	8,719	8,707	+0.1
Total EBITDA [1]	702.5	681.3	+3.1
Total EBIT [2]	425.9	410.8	+3.7
Net profit after tax (before non-recurring items)	282.4	274.2	+3.0
Net profit after tax (after non-recurring items)	91.7	70.9	+29.3
Free cash flow [3]	229.0	222.0	+3.2
Earnings per share (before PPA and non-recurring items)	41.3	41.4	-0.0
Final dividend per share	14.5	13.5	+1.0 cps
Full year dividends per share	27.0	25.0	+2.0 cps
Return on invested capital [4]	7.6%	7.4%	+0.2pp

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

Toll achieved growth in earnings before interest and tax (EBIT) (before non-recurring items) of 3.7% despite challenging market conditions throughout 2013. Toll saw solid earnings from its core Australian businesses and is seeing the benefit of investing further in those businesses to improve productivity and returns.

The Group's reported result contains a number of non-recurring charges totalling $191 million after tax. These non-recurring items (detailed later in this review) relate to the impairment of intangible assets of Toll Global Forwarding and also a write down in the value of vessels in Toll Marine Asia, partially offset by a gain on the sale of the Toll Auto Vehicle Distribution business.

Growth in the Toll Global Resources division's earnings before interest, tax and amortisation (EBITA) represents a strong result given the material downturn in the mining services sector in the second half of the year, and the completion of the Australian Defence Force contract in Timor Leste in February 2013. This underlines the strength in the division's diversified market offering. The result was driven by continued outstanding performance from exposure to the oil and gas sector and vessel divestments which yielded a turnaround in the performance of the marine business. The Toll Offshore Petroleum Services (TOPS) supply base in Singapore performed well and has formally completed its five-year redevelopment plan.

Toll Global Logistics saw lower overall revenue and EBITA primarily as a result of the sale of the Toll Auto Vehicle Distribution business during the year. However, on a like for like basis, EBITA increased by 9%. The ongoing exit of non-profitable contracts coupled with lower volumes from customers in China and India, resulted in reduced revenue in Asia, while TGL Customised Solutions produced another strong performance.

Toll Global Forwarding had another very challenging year, with conditions continuing to deteriorate in the second half of the year, contributing to the decision to impair the goodwill and customer contract intangibles as at 30 June 2013. Lower ocean freight volumes and margins primarily reflected the continued practice by vessel owners to increase prices to forwarders and approach beneficial cargo owners directly. Air freight reflected declines in end user demand and a continued migration of volumes from air to ocean.

Summary results (continued)

Project Forward, a cost reduction initiative, was announced and is taking steps to reduce operating costs in Toll Global Forwarding by $15-20 million during the 2014 financial year.

The Australian operations of Toll Global Express achieved revenue growth in difficult operating conditions while the overall margins were negatively impacted by down trading from smaller, higher margin customers, start-up costs from developing new business opportunities and by losses incurred at the Toll Dnata Airport Services (TDAS) joint venture. Performance from the network transport businesses have been resilient despite challenging macro conditions, with the business well positioned for any future upside in operating conditions.

Toll Express Japan improved EBITA year on year, albeit still reporting a small loss. This improvement reflects the ongoing success of cost initiatives undertaken to make the business profitable, particularly in the areas of local pickup and delivery and overhead costs.

Toll Domestic Forwarding increased EBITA in a period of continuing weak economic conditions. Industry-wide container volumes have remained generally flat and this, coupled with aggressive competition in the sector, led to continued margin pressure. Despite this, a number of new contract wins were achieved. Earnings growth and margin improvement were assisted by the divestment of the loss making Toll Refrigerated and growth in Toll Shipping.

Toll Specialised & Domestic Freight continued to perform well, with revenue growth in Western Australia from project mining volumes, complemented by strong margin management through continued investment in fleet and properties. In the eastern states of Australia volumes suffered from the mining downturn in Central Queensland with operational efficiencies assisting to support margins.

Overall, the Group generated net operating cash flow of $537 million, and invested $392 million in capital expenditure. The balance sheet remains strong with gearing (net debt to net debt plus equity) at 32.1% ensuring sufficient balance sheet capacity to fund planned initiatives.

A final fully franked dividend of 14.5 cents per ordinary share, an increase of 1.0 cent per share, will be paid to shareholders on 21 October 2013.

Outlook commentary

The external business environment remains uncertain, making the disciplined capital management approach Toll is undertaking even more important. However, we are continuing to invest in our existing businesses which is helping to support margins in the short and medium term and also improve Toll's leverage to any improvement in the external environment.

There are headwinds for the current financial year beyond the general economic environment, particularly for Toll Global Resources, with a soft mining sector and the need to replace completed contracts such as the Australian Defence Force contract in Timor Leste.

While it is too early to be certain about the shape of overall Group earnings in 2014, they will be supported by increased contributions from a range of One Toll activities, a strong focus on continued productivity and cost efficiencies and implementing targeted organic growth opportunities.

Sales and profit summary

	Earnings		Sales revenue	
	12 months to June 2013 $M	12 months to June 2012 $M	12 months to June 2013 $M	12 months to June 2012 $M
Toll Global Resources	108.5	103.0	1,178.8	1,106.8
Toll Global Logistics	89.0	92.6	1,266.6	1,419.7
Toll Global Forwarding	6.3	20.6	1,506.6	1,450.6
Toll Global Express				
Australia	130.9	136.6	1,602.0	1,509.9
Japan	(4.2)	(5.4)	631.8	724.0
Toll Global Express (Total)	126.7	131.2	2,233.8	2,233.9
Toll Domestic Forwarding	62.7	56.7	1,129.6	1,150.9
Toll Specialised & Domestic Freight	101.2	87.7	1,379.5	1,322.0
Total Divisions EBITA / revenue	494.4	491.8	8,694.9	8,683.9
Corporate	(47.3)	(52.4)	24.5	23.3
Total EBITA / revenue	447.1	439.4	8,719.4	8,707.2
Total PPA amortisation	(21.2)	(28.6)		
Total EBIT (before non-recurring items)	**425.9**	**410.8**		
Net finance costs	(36.6)	(37.0)		
Net profit before tax	389.3	373.8		
Income tax expense	(106.9)	(99.6)		
Reported NPAT before non-recurring items	282.4	274.2		
Non-recurring items (net of tax)	(190.7)	(203.3)		
Net profit after tax	**91.7**	**70.9**		
Non-controlling interests	(7.2)	(6.3)		
NPAT attributable to shareholders	84.5	64.6		

Divisional operating review

Toll Global Resources

	2013 $M	2012 $M	% change
Sales revenue	1,178.8	1,106.8	+6.5
EBITDA [1]	181.7	168.4	+7.9
EBITA [2]	108.5	103.0	+5.3
EBITA margin (excluding associate earnings)	8.9%	9.2%	-0.3%
Average capital employed	1,051	1,011	+4.0
Return on capital employed[3]	10.2%	9.8%	+0.4%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- Toll Global Resources grew both revenue and EBITA driven by the continued strong performance of Toll Energy, through initiatives which yielded a strong turnaround in the marine businesses and the continued improvement in earnings from the TOPS development. The strong performance was tempered by a material downturn in the mining services market, particularly in coal, which negatively impacted Toll Mining Services.

- Toll Energy built on last year's strong result, assisted by growth in the Gorgon project's equipment requirements and staff increases, and two contracts supporting upstream construction for the GLNG and QGC projects, plus an important contract in the Cooper Basin for shale gas.

- Toll Mining Services revenue and EBITA both declined significantly. Queensland was materially impacted by the drop in demand and subsequent fall in coal prices, which affected mines across the Bowen Basin. Western Australian operations were also affected by higher operational costs.

- TOPS revenue and EBITA was ahead of the prior year, with increased occupancy in completed buildings and higher wharf utilisation. TOPS saw the official opening of the Loyang redevelopment on 17 May 2013, concluding the 5-year redevelopment plan.

- Toll Remote Logistics' EBITA reduced on the prior year with the decline driven by the ADF troop withdrawal from Timor Leste completed in February this year. Assisting to offset this decline was the securing of new contracts with the Commonwealth for work in the Asia Pacific Region on both a short and long term basis. The business also successfully launched a new and innovative mobile camp solution into the market in May 2013.

- Toll Marine Logistics Australia was successful in renewing key contracts with Rio Tinto and BHP Billiton which will underpin the operation for the next 5 years. Two new vessels were delivered to the QCLNG and APLNG projects which have now completed the ramp-up phase. During the year the business also completed a restructure of the workshop and engineering functions which resulted in significant cost reductions.

- Toll Marine Logistics Asia reported a solid turnaround in EBITA following a strategic review resulting in a fleet restructure that has seen 13 vessels sold with a further 16 sales in progress.

Toll Global Logistics

	2013 $M	2012 $M	% change
Sales revenue	1,266.6	1,419.7	-10.8
EBITDA [1]	127.4	136.0	-6.3
EBITA [2]	89.0	92.6	-3.9
EBITA margin (excluding associate earnings)	6.9%	6.2%	+0.7%
Average capital employed	783	802	-2.4
Return on capital employed[3]	10.1%	10.1%	+0.0%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- Overall revenue and EBITA for Toll Global Logistics were reduced by the sale of the Toll Auto Vehicle Distribution business during the year. Adjusted for the sale, revenue growth was flat while EBITA grew by 9%. The ongoing exit from non-profitable contracts coupled with lower volumes from customers in China and India, resulted in reduced revenue in Asia, while TGL Customised Solutions produced another strong result.

- TGL Contract Logistics in Australia was affected by the impact of difficult economic conditions on key retail and industrial customers. However, this was largely offset by new business wins (Port Kembla Bluescope, George Weston Foods), plus the entry into the heavy haulage business to support wind farms.

- TGL Customised Solutions increased revenue and EBITA due to new business wins (Rubbermaid, Ikea, Adidas and Unilever Ice Cream), coupled with volume increases from existing customers (Kmart, Cadbury, Nike and Hurley). Two greenfield projects (Adidas Melbourne & Optus Yennora) were completed and became fully operational during the year.

- Automotive Australia Parts Logistics grew earnings through improved productivity in key contracts and cost mitigation measures. Renewal of key contracts (including Komatsu) and new wins (Holden, Hankook and Mazda) continue to underpin the business. The divestment of Toll Auto Vehicle Distribution to Prixcar was also completed during the year.

- The Government Business Group continued to maintain strong results, in line with the previous year.

- South & South East Asia generated lower revenue and EBITA. While key major customers were retained, difficult market conditions negatively impacted their activity levels. Revenue was also reduced by the exit from unprofitable business.

- Singapore & Malaysia grew earnings with an improved performance in the feeder shipping business. Increased ad hoc shipments, the impact of new account wins in the previous year (Tronox & Iluka) and ongoing synergy benefits derived from the successful combination of the businesses of Singapore & Malaysia delivered this improved performance. New account wins (LEGO & Mead Johnson) in Singapore should continue to support the performance of this business.

- North Asia exited non-profitable contracts, while rate increases, continuous improvement programs and a focus on operational excellence resulted in improved earnings.

Toll Global Forwarding

	2013 $M	2012 $M	% change
Gross profit (GP)	286.2	299.0	-4.3
Gross profit margin	19.0%	20.4%	-1.4%
EBITDA [1]	16.0	29.8	-46.3
EBITA [2]	6.3	20.6	-69.4
EBITA margin (excluding associate earnings)	0.1%	1.1%	-1.0%
Average capital employed	821[3]	788	+4.2
Return on capital employed[4]	-0.1%	1.6%	-1.7%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Goodwill and customer intangibles impaired at 30 June 2013
[4] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- Global market conditions were very challenging throughout the fiscal year. Air and Ocean freight carriers continued to perform poorly due to a combination of excess capacity and weak demand, especially in the discretionary retail markets. Customers continue to move volumes from Air to Ocean to reduce freight costs.

- Gross profit margin fell from 20.4% to 19.0% reflecting the tight trading conditions and pressure on rates from excess capacity and lower demand for forwarders due to the continued practice by vessel owners to increase prices to forwarders and approach beneficial cargo owners directly.

- Ocean freight volumes dropped 5.9% year on year to 456,000 TEUs. Ocean gross profit margin fell from 18.5% to 16.3%. This was primarily due to cost increases from the major ocean freight carriers as they tried to recover their significant losses.

- Air freight volumes increased by 0.8% to 120,000 tonnes but after taking into account the impact of acquiring M Freight, a Turkish forwarding business, and the completion of a major defence program in the UK during the year, underlying volumes actually decreased by 7.8%. This reflects the decline in end user demand and the continuing transition of freight from Air to Ocean.

- Supply chain management performed well especially in the USA and Australia & New Zealand with new business wins and facility upgrades. In the USA new business wins included Under Armour, Fortune Brands Home & Security, Pace/2-wire, American Eagle Outfitters, BCNY, Viva, Quiksilver and Bourne; new contract wins/extensions in the UK and Europe included QVC, Eurowrap and Tesco and Nestle. In ANZ contract wins included Hallmark.

- Good progress was made with the implementation of a global standard freight system with South Africa and the UK going live in the second half of the year. The remainder of the European countries are expected to be completed in the new financial year.

- During the last quarter of the reporting period Project Forward was launched. The initial objective of this initiative is to remove costs and improve back office efficiency to help offset the fall in gross profit margins. There are also initiatives around sale and trade lane effectiveness to support further growth. The target for the new financial year is to realise cost savings of $15 to $20 million per annum increasing to $40 - 50 million per annum over the coming years.

Toll Global Express

	2013 $M	2012 $M	% change
Sales revenue (excluding Japan)	1,602.0	1,509.9	+6.1
Japan sales revenue	631.8	724.0	-12.7
Total sales revenue	2,233.8	2,233.9	+0.0
EBITDA (excluding Japan) [1]	159.3	158.3	+0.6
Japan EBITDA [1]	5.2	7.0	-25.7
Total EBITDA (excluding associate earnings) [1]	164.5	165.3	-0.5
EBITA (excluding Japan) [2]	130.9	136.6	-4.2
Japan EBITA [2]	(4.2)	(5.4)	+22.2
Total EBITA (including associate earnings) [2]	126.7	131.2	-3.4
EBITA margin (excluding Japan and associate earnings)	8.3%	8.9%	-0.6%
EBITA margin (excluding associate earnings)	5.7%	5.8%	-0.1%
Average capital employed (excluding Japan)	289	277	+4.3
Return on capital employed (excluding Japan)[3]	45.1%	48.4%	-3.3%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- The domestic operations of Toll Global Express achieved revenue growth (after excluding the impact of fuel surcharges) in what remained difficult operating conditions. Margins were impacted by start-up businesses, particularly Toll Secure (Toll Priority's cash in transit and cash processing business), and by losses incurred at the Toll Dnata Airport Services (TDAS) joint venture. Performance from the network transport businesses within the division has been resilient despite challenging macro conditions, with the business well positioned for any future upside in operating conditions.

- Toll IPEC's revenue grew across all significant locations, and margins were maintained through tight cost control, translating to good EBITA growth. Revenue growth was strongest in Queensland and Western Australia where the business serviced demand from customers exposed to the mining and resources industry. In locations with a greater exposure to discretionary retail customers, such as New South Wales and Victoria, volume growth was achieved despite consumer spending conditions deteriorating in the second half. EBITA growth in these locations was hampered by additional handling costs associated with depot capacity constraints. Investment in new sites and technology continues, with construction underway on a major new freight sorting facility in Western Sydney which will be the largest facility of its kind in Australia.

- Toll Priority recorded flat EBITA as revenue growth was offset by the impact of inflationary cost increases. Volume growth in the current environment has been challenging as customers have continued to focus on their premium freight spend, and there has been a mix shift to lower customer spend bands which generate lower yields. Toll Priority's aviation business, Toll Air Express, had a strong year achieving earnings growth through external charters and overnight domestic air parcel services.

- Toll Secure made good progress with its cornerstone customer Westpac and ongoing investment in its cash-in-transit network.

- TDAS, a joint venture with the Dnata Group, saw significant year on year EBITA decline, and the business recorded a loss for the full year. During the period costs were incurred to position the business for future growth, including a full year impact of new facilities in Sydney and Melbourne. The business was also affected by a material contract that is loss making. This contract will be exited by the end of September 2013. In February the business commenced a new contract with Air New Zealand to provide passenger and ramp services.

Toll Global Express (continued)

- Toll Global Express continued development of its business to consumer (B2C) product, Toll Consumer Delivery. Toll Consumer Delivery has recently been appointed by GraysOnline to deliver all non-bulk goods, and the business is working on a number of other opportunities with large e-tailers which are expected to deliver additional market share in the coming period.

- Toll Express Japan reported an improved EBITA year on year, albeit a minor loss for the full year. The result reflects the ongoing success of cost initiatives in particular in the areas of local pickup and delivery and overhead costs. Year on year revenue performance declined 3.2% (in local currency) due to challenging trading conditions in the first half. Recent government reforms to the Japanese economy should have a positive impact on freight volumes. Toll Express Japan continues to explore opportunities with other domestic express freight providers where additional volume in specific geographic areas or freight categories will deliver benefits to profitability. During the year a small divestment, Sanko MIC, was completed.

Toll Domestic Forwarding

	2013 $M	2012 $M	% change
Sales revenue	1,129.6	1,150.9	-1.9
EBITDA [1]	94.5	89.0	+6.2
EBITA [2]	62.7	56.7	+10.6
EBITA margin (excluding associate earnings)	5.5%	4.9%	+0.6%
Average capital employed	312	278	+12.2
Return on capital employed[3]	20.0%	20.3%	-0.3%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- Revenue for Toll Domestic Forwarding, adjusted for the sale of Toll Refrigerated in July 2012, was 3% ahead of the prior year in a period of continuing weak economic conditions. Industry wide container volumes have remained flat and aggressive competition in the sector has led to continued margin deterioration. Despite this, a number of new contract wins were achieved across the division. Overall EBITA for the year increased 10% on prior year, driven by the divestment of the loss making Toll Refrigerated business and growth in Toll Shipping volumes.

- Toll Intermodal saw aggressive competition throughout the year, with significant pressure on margins, particularly in Queensland. A decline in EBITA was mostly attributable to the Queensland business, which has been impacted by flooding, derailments and a number of customer's down-trading during the year.

- Toll New Zealand marginally increased revenue through increased petroleum deliveries and the full year impact of a new contract with Inghams. A number of key contracts, including Heinz Watties, were retained during the year but EBITA declined primarily due to the loss of the Griffins North Island warehousing contract.

- Toll ANL Bass Strait Shipping increased revenue and EBITA as a result of organic revenue growth, improved equipment utilisation and reduction in overheads compared with the prior year. The business successfully retained a number of key customers, including Simplot, Australia Post and TNT.

- Toll Tasmania revenue increased primarily driven by a number of new contract wins including Coles Refrigerated Interstate, Coles Tasmanian Intrastate, Tasmanian Dairy Products and Rand Transport. During the period, the business was successful in retaining contracts with Woolworths, Kraft and Fosters. Toll Tasmania also completed the acquisition of the Linfox Trans Bass business with operations commencing 17 June 2013.

Toll Specialised & Domestic Freight

	2013 $M	2012 $M	% change
Sales revenue	1,379.5	1,322.0	+4.3
EBITDA [1]	143.3	125.6	+14.1
EBITA [2]	101.2	87.7	+15.4
EBITA margin (excluding associate earnings)	7.3%	6.6%	+0.7%
Average capital employed	253	220	+15.0
Return on capital employed[3]	40.1%	39.9%	+0.2%

[1] EBITDA excludes profits from Associates and non-recurring items
[2] EBITA excludes non-recurring items, includes profits from Associates
[3] Return on capital employed is rolling 12 months EBIT before non-recurring items divided by average capital employed

- Toll Specialised & Domestic Freight continued to perform well, with revenue growth complimented by strong margin management through ongoing cost efficiencies and realising the benefits of investment in fleet, IT and property.
- Toll Express was able to improve EBITA and margins compared to the prior year as the business responded to the difficult trading conditions with a focus on cost efficiencies that resulted in key operating costs reducing in line with volumes. The business benefited from the ongoing investment in replacement fleet and leveraging IT to enhance customer service levels.
- Toll NQX recorded an EBITA result similar to the prior year with a slight improvement in margin. Volumes in the less than full load market were lower as a result of the downturn in the resources sector, particularly with the exposure to the coal sector in Central Queensland. The business, whilst experiencing increased margin pressure from competitors and customers, particularly from major mining customers, responded by focussing on cost efficiencies, maximising benefits from the ongoing investment in replacement fleet and leveraging IT to enhance customer service levels.
- Toll Liquids saw continued strong organic growth due to contract wins with Shell, 7-Eleven and BP. The business also successfully renewed its Linde Group relationship for a further 5 years.
- Toll Transitions revenues were down significantly with reduced activity in the Defence relocations contract owing to Federal Government budgetary constraints, and subdued trading conditions in the Corporate and Workplace segments. A restructure of the non-Defence services was undertaken in the second half of the reporting period to better align the business with current economic conditions.

Additional financial information

Cash flow

Cash flow generated from operations was down 20% on the prior year mainly due to increased working capital as a result of higher receivables at 30 June 2013. However, due to a significant reduction in net capital expenditure, free cash flows were 3% ahead of the prior year. Dividends were up due to the increase in interim dividend and continued suspension of the dividend reinvestment plan. Tax payments were up due to catch up of prior year tax payments and a higher instalment rate.

	2013 $M	**2012 $M**	**% change**
EBITDA excluding non-cash items	692	679	+1.9
Working capital movement	(155)	(6)	
Net operating cash flows	537	673	-20.2
- Capital expenditure	(392)	(479)	-18.2
- Sale of PPE	84	28	+200.0
Free cash flow	229	222	+3.2
- Acquisitions	(8)	(15)	
- Sale of businesses & investments	92	1	
Net cash flow before financing and tax	313	208	+50.5
Interest payments	(28)	(27)	-3.7
Tax	(133)	(99)	-34.3
Dividends	(186)	(159)	-17.0
Cash flow before movements in net debt	**(34)**	**(77)**	**+55.8**

Capital expenditure

	2013 $M	**2012 $M**
Toll Global Resources	107	180
Toll Global Logistics	42	64
Toll Global Forwarding	11	17
Toll Global Express	49	48
Toll Domestic Forwarding	65	48
Toll Specialised & Domestic Freight	96	76
Corporate	22	46
Total	**392**	**479**

The reduction in capital expenditure reflects the completion of the TOPS project (spend in 2013 of $31 million compared with $56 million in 2012), together with an overall reduction in growth related capital expenditure for the period.

Tax

After adjusting for non-recurring items, the normalised effective tax rate was 29%.

Net debt

	2013 $M	2012 $M
Total debt	1,789	1,708
Cash	516	569
Net debt	1,273	1,139
Gearing (Net debt / Net debt & equity)	32.1%	29.3%

Toll continues to prudently manage its balance sheet with sufficient liquidity and flexibility to fund capital investment and organic growth as well as strategic acquisitions. Gearing increased mainly due to the impact of non-recurring items. Average tenor of debt is now 2.3 years, however negotiations on debt maturing in the next 12 months are well advanced and the majority of current debt is expected to be refinanced by December 2013.

Interest expense

Net interest expense of $36.6 million was in line with the prior year.

Non-recurring items

The 2013 results included a number of non-recurring items as shown in the table below, totalling a post-tax loss of $191 million. The net impact of the Toll Marine Asia impairment and the gains on the sale of Toll's vehicle distribution business and Toll Refrigerated's linehaul and warehousing business of $22 million were reported in the first half results. The Toll Global Forwarding goodwill and customer contract intangible impairment was recorded in June 2013.

2013 non-recurring charges	$M
Toll Global Forwarding impairment	(215)
Toll Marine Asia impairment	(30)
Total impairments	(245)
Gain on sale of Toll Auto Vehicle distribution business, Toll Refrigerated linehaul and warehousing business and Sanko MIC (Japan)	55
Tax (expense)/benefit	(1)
Total non-recurring charges post tax	**(191)**

2012 non-recurring charges	$M
Toll Express Japan impairments	(170)
Australian properties	(56)
Total impairments	(226)
Write back of earn-out and other provisions	11
Tax (expense)/benefit	12
Total non-recurring items post tax	**(203)**

Dividend and Dividend Reinvestment Plan

A final dividend of 14.5 cents per ordinary share (up one cent per share), fully franked, has been determined and is payable on 21 October 2013. The record date for determining entitlement to the dividend is 11 September 2013. This brings the total dividends for the year to 27.0 cents per share, fully franked, up two cents per share on the prior year. The increased dividends continue to reflect the Group's confidence in the sustainability of its earnings and cash flows.

The Toll Board has decided to continue the suspension of the Company's Dividend Reinvestment Plan.

Safety and our people

Safety is a core value at Toll. The safety of our staff, contractors representing us, and the communities in which we operate is our priority, always.

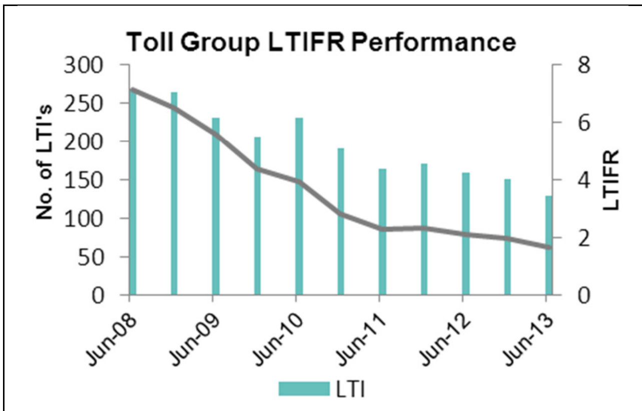
In-line with this core value, we launched our landmark *Think safe. Act safe. Be safe.* global safety campaign in February 2013. *Think safe. Act safe. Be safe.* defines Toll Group's approach to health and safety.

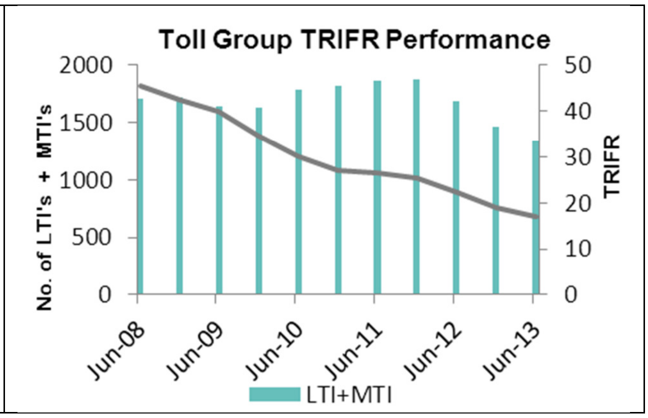
We believe that all injuries are preventable and that no task is so important that it can't be done safely. This underpins our belief that everyone has the right to go home safely, and together we make it happen.

Toll's approach to health and safety is defined in four principles to help guide the operating actions and behaviours across the group:

- Each person is responsible for acting safely without risk to themselves or others. Working safely is a condition of all employment arrangements.
- Management at all levels is responsible and accountable for workplace health and safety
- Providing training to work safely is essential
- Consultation and engagement with all who work in, or with our business, is fundamental to improving safety performance

The initial success of this safety-first attitude is paying off. The strong focus on engaging our employees and improving safety leadership skills has led to improvement in a wide range of safety performance measures. Our headline Lost Time Injury Frequency Rate (LTIFR, the number of lost time injuries per 1 million hours worked) is down 22 per cent to 1.65, and our Total Recordable Injury Frequency Rate (TRIFR, the number of lost time injuries plus the number of medically-treated injuries per 1 million hours worked) is down 25 per cent to 16.82. This continues the steady decline of both measures during the past two years, and puts Toll in the top third of ASX100 companies that report on these measures.





Despite these improvements, tragically, Toll had two employee and four contractor fatalities during the reporting period. They included three contractor truck drivers and one employee truck driver involved in separate motor vehicle incidents in Queensland, an employee seaman involved in a shipping incident in Indonesia, and an air freight contractor involved in an aircraft incident in Western Australia.

These tragedies continue to encourage us to be relentless in our focus on improving health and safety throughout the group, and we look forward to further improvement as we continue our safety-first focus.

More details on Toll's safety initiatives can be found at http://www.tollgroup.com/safety.

Environment

Toll is serious about managing environmental risks, and specifically in the areas of climate change and energy. We are playing our part by developing sustainability responses to address our future energy needs and help mitigate climate change risks. During the reporting period we focused on energy efficiency, driver training, the use of renewable fuels such as biodiesels, compressed natural gas and electric vehicles along with optimised logistics planning to improve emissions, safety and energy consumption and costs. This work resulted in the release of our first environment report in March, *Environment Report: Managing climate change and energy risks*.

Key features of the report:

- The integrated environmental strategy features a reduction target based on a comprehensive suite of emissions reduction programs. In particular, the Smarter Green program sets out Toll's approach to risks associated with climate change and energy use.
- Showing how Toll is constantly looking for ways to apply new technologies and practices to reduce consumption of non-renewable resources and reduce greenhouse gases (GHG). It describes our current energy use and carbon intensities, the Smarter Green program initiatives we have in place, and the opportunities to reduce emissions and improve energy efficiency.
- It sets the ambitious, but achievable target of reducing our Australian greenhouse gas intensities by 20 per cent of 2010 levels by 2020.

We have already achieved significant reductions in our Australian emission intensity and savings in our energy costs, and we look to continue this good work globally with similar targets to be set across our global operations over time.

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

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				
2013				
2012 Final dividend	13.5	96.8	Franked	22/10/2012
2013 Interim dividend	12.5	89.6	Franked	02/04/2013
2012				
2011 Final dividend	13.5	95.9	Franked	10/10/2011
2012 Interim dividend	11.5	82.5	Franked	30/03/2012
Dividends paid or determined by the Company after year end:				
Final dividend	14.5	104.0	Franked	21/10/2013

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 management and internal compliance and control which implements the policies adopted by the Board.

Monthly actual results are reported against budgets by each Division. Quarterly forecasts are prepared by Management and presented to the Board during the financial year.

Events subsequent to balance date

Dividends

The Directors have determined a final dividend of 14.5 cents per share.

Business strategies, prospects and likely developments

The Operating and Financial Review sets out information on the business strategies and prospects for future financial years, and refers to likely developments in Toll's operations and the expected results of those operations in future financial years. Information in the Operating and Financial Review is provided to enable shareholders to make an informed assessment about the business strategies and prospects for future financial years of the Toll Group. Information that could give rise to likely material detriment to Toll, for example, information that is commercially sensitive, confidential or could give a third party a commercial advantage has not been included. Other than the information set out in the Operating and Financial Review, information about other likely developments in Toll's operations and the expected results of these operations in future financial years has not been included.

Business strategy

Toll's strategic framework is designed to harness our significant resources, know-how and passion to deliver optimal logistics solutions for our customers and create value for our shareholders. Toll's strategy encompasses the defence and growth of established leadership positions in our core domestic logistics and transportation markets as well as return-enhancing development of Toll's international portfolio. This will be achieved through systematically increasing customer satisfaction, optimising business unit cost structures, maximising organic growth across Toll's uniquely diverse range of businesses, and continuing to invest to maintain comparative advantage within the market place, all supported by the One Toll program which supports this focussed approach. With a disciplined focus on return on capital employed, Toll remains committed to pursuing domestic and offshore growth opportunities in compatible geographies and businesses that offer sustainable competitive advantage and appropriate risk-adjusted returns.

Material Business Risks

Toll operates in an environment where a number of business risks are present. The following are material areas of risk that Toll must manage well to achieve its objectives and strategy.

1. **Delivering on business performance improvements –** Specifically relating to cost reduction and productivity improvements from restructure of the Toll Global Forwarding business. While acknowledging the impact of global trade conditions; cost reduction, productivity and margin improvement targets and strategies have been developed and are being closely monitored at least monthly. Executive incentives are linked to successful turnaround;

2. **Business interruption events – includes consequences from major failure of IT systems, loss of or damage to transport and warehouse capability or assets due to weather or other events**. Toll has implemented formal IT systems security, continuity and disaster recovery procedures. In the event of operational and service delivery interruptions or emergencies, Toll has implemented formal business continuity response plans and crisis and emergency management protocols.

3. **Health, Safety, Security and Environment – consequences arising from:**
   a) Serious Health, Safety, Security or Environment incidents involving employees, contractors, customers or the community;
   b) Significant dangerous goods and fuel spills

   Toll has formal Health, Safety, Security and Environment strategies, policies, procedures, KPIs and incident reporting adopted across all businesses. These are supported by safety leadership training, compliance audits, performance incentive schemes as well as emergency response training.

   Toll's specialist dangerous goods transport and warehousing businesses are subject to regulatory certification, and have adopted formal policies, procedures and training to appropriately manage the risks and exposures related to handling such sensitive freight. These are supported by formal crisis management and response plans.

4. **Regulatory compliance and ethical conduct – consequences arising from**:
   a) Compliance with Australian and foreign regulatory and operational legal frameworks, supported by adherence to Toll's Code of Conduct;
   b) Compliance with Australian regulations including 'licenses to operate' in road transport, aviation and marine environments.

   Toll has a comprehensive ethical and anti-corruption framework underpinned by specific policies on ethical conduct and decision making. Toll operates a 'Disclosure Hotline' in Australia which supports Toll's code of values and beliefs. We are progressing with the rollout of this service globally. Toll also conducts widespread employee training on these topics using a variety of formats and in multiple languages. In Australia, Toll has specifically implemented formal compliance policies and procedures including incident and performance reporting for its road transport, marine and aviation operations.

5. **Industrial relations** – Toll has a large unionised workforce and it is critical that Toll works collaboratively with all its employees to negotiate fair pay and working conditions.

   Toll has an established industrial relations strategy which involves full engagement with its workforce, training of its management team and open dialogue.

Information on Directors

<table>
<tr><th>Director</th><th>Experience and qualifications</th><th>Special responsibilities*</th></tr>
<tr><td>Ray Horsburgh AM

BEng(Chem), Hon DUniv, FAICD FIEAust

Independent Non-Executive Director</td><td>Director since 24 November 2004.
Appointed Chairman from 14 September 2007.

Extensive management experience in the glass and steel sector, and in merger and acquisitions.

Roles, responsibilities and directorships include:

• Former Managing Director of Smorgon Steel Group Limited from 1998 to 30 June 2007
• Chairman of Calibre Global Limited
• Former Non-Executive Director of CSR Limited
• Former Non-Executive Director of National Can Industries Limited.</td><td>Chairman of the Board of Directors.

Chairman of the Nomination and Corporate Governance Committee.</td></tr>
<tr><td>Brian Kruger

BEc (Monash)</td><td>Managing Director since 1 January 2012.
CFO from 1 July 2009 to 31 December 2011.

Extensive experience in senior corporate finance and management roles.

Former roles and responsibilities include:

• Senior positions with BlueScope Steel Limited including:
- President, North America, Corporate Strategy and Innovation
- President, Australian Manufacturing Markets Inaugural Chief Financial Officer
• Senior financial and operational roles with BHP Billiton Limited
• Partner at Greenstone Partners.</td><td>Member of the Nomination and Corporate Governance Committee.</td></tr>
<tr><td>Harry Boon

LLB(Hons), BCom (Melb)

Independent Non-Executive Director</td><td>Director since 1 November 2006.

Extensive experience in global marketing and sales, large scale manufacturing operations and product development.

Roles, responsibilities and directorships include:

• Chairman of Tatts Group Limited
• Former Chief Executive Officer and Managing Director of Ansell Limited
• Former Chairman of PaperLinX Limited
• Former Non-Executive Director of Hastie Group Limited.</td><td>Chairman of the Remuneration Committee.

Member of the Nomination and Corporate Governance Committee.

Member of the Occupational Health & Safety and Environment Committee.</td></tr>
<tr><td>Barry Cusack

BEng(Hons), MEngSci, FTSE, FAusIMM, FAIM, FAICD

Independent Non-Executive Director</td><td>Director since 1 October 2007.

Extensive experience in the minerals and resources sector.

Roles, responsibilities and directorships include:

• Over 40 years with the Rio Tinto Group; former roles include:
- Managing Director of Dampier Salt, Hismelt Corporation,
- Hamersley Iron Operations and Rio Tinto Australia
- Chairman of Rio Tinto Asia and Rio Tinto Shipping
• Former Director and Chairman of Brockman Resources Limited
• Deputy Chairman of MacMahon Holdings Limited
• Past President of the Minerals Council of Australia from 2001 to 2003.</td><td>Chairman of the Occupational Health & Safety and Environment Committee.

Member of the Nomination and Corporate Governance Committee.

Member of the Remuneration Committee.</td></tr>
</table>

Information on Directors (continued)

Director	Experience and qualifications	Special responsibilities*
Mark Smith Dip, Business (Marketing) Monash, FAMI, CPM, FAIM, FAICD Independent Non-Executive Director	Director since 1 July 2007. Extensive global experience in the fast moving consumer goods (FMCG) Industry, including general management roles and senior marketing roles globally with Cadbury Schweppes, and senior marketing roles with Unilever and Uncle Toby's. Roles, responsibilities and directorships include: • A number of key positions with Cadbury Schweppes; former roles include: - Managing Director of Cadbury Schweppes Australia and New Zealand from 2003 to 2007 - Member of Cadbury Schweppes Asia Pacific Regional Board - Managing Director of Confectionery Australia and New Zealand - Director of Marketing for Cadbury Trebor Basset in the UK - Senior positions in Cadbury Schweppes' North American and Australian operations • Senior marketing roles, with Unilever and Uncle Toby's • Director and Chairman of Patties Foods Limited • Non-Executive Director of GUD Holdings Limited • Former Non-Executive Chairman of Manassen Foods Group • Former Chairman of the Confectionery Manufacturers of Australasia (CMA) • Former Member of the Board of the Australian Food and Grocery Council (AFGC).	Member of the Audit and Risk Committee. Member of the Nomination and Corporate Governance Committee. Member of the Occupational Health & Safety and Environment Committee.
Frank Ford M.Tax(Melb), B.Bus(Acc) (with distinction), FCA Independent Non-Executive Director	Director since 14 January 2008. Extensive experience as a professional advisor specialising in taxation. Roles, responsibilities and directorships include: • Senior positions with Deloitte; former roles include: - Managing Partner, Victoria - Managing Partner, Taxation Services - Member of Global Board - Member of Global Governance Committee • Director of Citigroup Pty Limited • Non-Executive Director of Nufarm Limited • Former Non-Executive Director of Manassen Foods Group.	Chairman of the Audit and Risk Committee. Member of the Nomination and Corporate Governance Committee. Member of the Remuneration Committee.
Nicola Wakefield Evans BJuris/BLaw(UNSW) Independent Non-Executive Director	Director since 10 May 2011. Extensive experience as a mergers and acquisitions (M&A) and equity capital markets lawyer and adviser to some of the world's largest and most successful companies in Australia, China, Asia and internationally. Roles and responsibilities include: • Currently Partner in the Sydney M&A Group of King & Wood Mallesons • Former Managing Partner, Practice (Sydney) and Managing Partner, International (Hong Kong) at Mallesons Stephen Jaques (now King & Wood Mallesons) • Member of the Law Advisory Council of the University of New South Wales Law School • Board Member of AsiaLink (University of Melbourne) • Non-Executive Director of BUPA Australia.	Member of the Audit and Risk Committee. Member of the Nomination and Corporate Governance Committee. Member of the Occupational Health & Safety and Environment Committee.

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

Information on Directors (continued)

Company Secretary

Bernard McInerney (AICS, CPA, AICD, B Bus Acc) has held the position of Company Secretary since April 1994. Mr McInerney has over 29 years' experience in the transport sector with extensive experience in merger and acquisitions and accounting and financial management. Former roles and responsibilities include Director of Virgin Blue Holdings Limited, Group Financial Controller, Chalmers Limited and various management roles within Mayne Nickless.

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 2013 is as follows:

	Ordinary Shares	Options over Ordinary Shares	Rights Restricted	Performance Rights
Brian Kruger	69,476	3,521,689	26,573	231,024
Ray Horsburgh	86,501	-	-	-
Harry Boon	19,985	-	-	-
Mark Smith	38,982	-	-	-
Barry Cusack	49,630	-	-	-
Frank Ford	30,000	-	-	-
Nicola Wakefield Evans	4,000	-	-	-

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 2013 and the number of meetings attended by each Director in their capacity as members in the period in which they held office during the financial year.

	Directors' meetings		Audit and Risk Committee meetings		Remuneration Committee meetings		Nomination and Corporate Governance Committee meetings		Occupational Health & Safety and Environment Committee meetings	
	No. of meetings		No. of meetings		No. of meetings		No. of meetings		No. of meetings	
Director	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held
Ray Horsburgh	14	15	4 *	4 *	4 *	4 *	2	2	-	-
Brian Kruger	15	15	-	-	-	-	2	2	-	-
Harry Boon	15	15	-	-	4	4	2	2	3	4
Mark Smith	15	15	4	4	-	-	2	2	4	4
Barry Cusack	15	15	-	-	4	4	2	2	4	4
Frank Ford	14	15	4	4	4	4	2	2	-	-
Nicola Wakefield Evans	15	15	4	4	-	-	2	2	4	4

* Ray Horsburgh joins all Committee meetings either as a member or ex-officio.

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

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 2013. 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.

Overview of remuneration

The Board is committed to disclosing Toll's remuneration arrangements clearly and transparently. This section outlines the key remuneration decisions made during the 2012/2013 financial year (FY13). It also discloses the details of remuneration entitlements, opportunities and the value of grants made, to Toll's executives in that period.

This overview should be read with the full Remuneration Report that follows, which discloses Toll's remuneration framework according to statutory obligations and accounting standards.

The Remuneration Committee met on four occasions in FY13 to review and determine Toll's remuneration policy and the matters explained below.

Remuneration initiatives

We remain focused on continuous improvement of our remuneration arrangements. Priorities for FY13 were as follows:

- We modified the Short Term Incentive (STI) design to increase the threshold levels before any entitlement to an STI payment arose and also to provide greater clarity in relation to what is required to achieve above target performance.
- Following the introduction of a deferral component to the STI for the Managing Director and the Chief Financial Officer in FY12, we extended this approach to all other executives reporting to the Managing Director for FY13.
- We continued to implement the People Performance and Growth framework, explained further in the Remuneration Report.
- We continued to provide participants in the Long Term Incentive (LTI) Plan with the ability to receive their equity either as performance **options**, performance **rights,** or as a combination of both. This gives participants greater flexibility over the type of equity they receive and, by including performance hurdles, ensures that the incentives remain aligned with shareholder interests.
- We continued to focus on understanding and implementing legislative changes.
- We continued our ongoing commitment to clearly disclosing our remuneration strategy and framework in this Remuneration Report.

Appointments / movements

- During FY13, we announced that the Chief Executive Officer (CEO) of Toll Global Forwarding (TGF), Hugh Cushing, would be retiring in late 2013.
- Paul Coutts, formerly the Sales and Marketing Director with TGF, was appointed to the CEO TGF role with effect from 1 February 2013.

Governance

The Remuneration Committee focuses on issues of remuneration governance. This year, it:

- Assessed external remuneration trends, received general remuneration advice from independent experts, and consulted with corporate governance advisers.
- Reviewed the remuneration framework and its ongoing application within Toll.
- Assessed remuneration, incentive payments and performance reviews for the Managing Director and other key executives.
- Ensured the key performance indicators and the way we measure and reward our executives were aligned with Toll's corporate strategy.

Remuneration opportunity

The statutory remuneration table in section 7 of this Remuneration Report provides a breakdown of Toll's executive remuneration, set out in accordance with statutory obligations and accounting standards. It reflects the *accounting values*, i.e. the accounting expense charged to the profit or loss in relation to the Managing Director and executive remuneration.

Remuneration Report – audited (continued)

Remuneration opportunity (continued)

The table below shows the remuneration package for the Managing Director and executives and reflects their fixed remuneration as at 30 June 2013 and the at risk remuneration, being the STI target opportunity and the LTI grant allocation value for FY13. All amounts are shown in Australian dollars. Note that the table in section 7 reflects remuneration which is expensed by the Company under the Accounting Standards.

Summary of Executive remuneration opportunity in FY13

		Fixed remuneration as at 30 June 2013 $'000	At risk remuneration STI target opportunity for FY13 $'000	LTI granted during FY13 [1] $'000
Managing Director				
Brian Kruger	2	1,750	1,750	1,750
Executives				
Paul Coutts	3	526	275	235
Grant Devonport	4	760	475	440
Paul Ebsworth		675	315	275
Mal Grimmond		685	325	275
Wayne Hunt	5	735	410	400
David Jackson		835	480	425
Bernard McInerney		700	310	315
Shane O'Neill		700	370	365

1 - 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.

2 - Mr Brian Kruger's remuneration reflects his first full year in the role as Managing Director. His remuneration mix was established as 33.3%/33.3%/33.3% for each of the three remuneration components, i.e. Fixed, STI and LTI respectively. In FY12, on his appointment, these components were set at $1.7m each. However, in FY12 Brian Kruger was provided a transitional STI and LTI opportunity of $1.4m, reflecting his appointment mid-way through the year.

3 - Mr Paul Coutts is based in Singapore as a long-term assignee. His remuneration is expressed and paid in Singapore dollars and has been converted to Australian dollars in the above table using an exchange rate of AUD1.0 = SGD1.2742. Paul Coutts also receives certain allowances in addition to his fixed remuneration, STI and LTI. Whilst only commencing as a KMP on 1 February 2013, the figures above show the annualised remuneration amounts for comparison purposes. The actual remuneration paid as disclosed in the statutory remuneration tables includes the impact of assignment allowances and other benefits paid in relation to the overseas posting.

4 - Mr Grant Devonport's remuneration reflects his first full year in the role of Chief Financial Officer. In FY12, on his appointment, he was provided with a transitional STI and LTI opportunity of $375,000 and $343,000 respectively, reflecting his appointment mid-way through the FY12 year.

5 - Mr Wayne Hunt continues to serve in Singapore as a long-term assignee and receives certain allowances in addition to his fixed remuneration, STI and LTI. The actual remuneration paid as disclosed in the statutory remuneration tables includes the impact of assignment allowances and other benefits paid in relation to the overseas posting. Mr Hunt's remuneration is expressed in Australian dollars but converted to Singapore Dollars and paid locally.

Looking ahead to 2013/14 (FY14)

The Directors believe that Toll's remuneration policies appropriately address key issues emerging from the current economic, social and political climate, and support the creation of long-term value for shareholders and the broader community. Each year, Directors review the remuneration framework and make appropriate adjustments to ensure improvement in the alignment between Toll's strategy and the framework as a means to grow shareholder value and motivate our people. Previous annual reviews have resulted in a number of modifications to the framework, e.g. strengthened alignment of STI measures with Company performance/strategy; STI deferral and introduction of a clawback mechanism in special circumstances; flexibility of equity instruments under the LTI Plan; and increased transparency and understanding of remuneration/performance links.

Whilst Toll continues to emphasise Group profit and Divisional earnings, in FY13, a Return on Capital Employed (ROCE) target was introduced into the STI Scorecards for every Division and a Return on Invested Capital (ROIC) measure was adopted at the Group level. For FY14, we will further increase the emphasis on these measures by increasing their weighting in the overall STI scorecard. Similarly, in 2014, we plan to replace the earnings per share (EPS) performance hurdle with a Group ROIC performance hurdle in the LTI Plan, while retaining the existing relative TSR measure in its current format. The Directors believe this change better supports the current strategic goals of the Group.

Directors have decided to undertake a comprehensive review of the remuneration framework in FY14. Any changes identified from the review will not be implemented before FY15.

Remuneration Report – audited (continued)

Full remuneration report

This report contains 12 sections:

1. Key management personnel
2. Remuneration philosophy and strategy
3. Executive remuneration framework
4. Toll's performance
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 Committee
12. Statutory remuneration table: Non-Executive Directors

1. KEY MANAGEMENT PERSONNEL

Toll's key management personnel (KMP) for FY13 are listed below. The KMP were Toll's Non-Executive Directors, the Managing Director and the executives who had authority and responsibility for planning, directing and controlling the activities of Toll for the year ended 30 June 2013 (executives).

	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	
Managing Director		
Brian Kruger	Managing Director	
Executives		
Paul Coutts	Toll Global Forwarding, CEO	Appointed 1 February 2013
Grant Devonport	Chief Financial Officer	
Paul Ebsworth	Toll Domestic Forwarding, Divisional Director	
Mal Grimmond	Toll Specialist and Domestic Freight, Divisional Director	
Wayne Hunt	Toll Global Logistics, President and CEO	
David Jackson	Toll Global Resources, CEO	
Bernard McInerney	Company Secretary	
Shane O'Neill	Toll Global Express, Divisional Director	
Executives formerly classified as KMP		
Hugh Cushing	Former Toll Global Forwarding, CEO	Ceased in role 31 January 2013 – Retiring November 2013
Stephen Stanley	Former Corporate Development, Director	Retired 1 July 2012

Remuneration Report – audited (continued)

2. REMUNERATION PHILOSOPHY AND STRATEGY

We continue to adapt our remuneration framework to the changing external environment, as well as our growth and performance goals and our desire to recognise the contribution of our people.

It is our philosophy that providing a market-competitive remuneration structure will motivate our people to continuously create shareholder value.

Our strategic People Performance and Growth framework supports that philosophy. The framework is designed to drive a high-performance culture through methods that are clear and easily understood by both our shareholders and our people.

To implement this strategy, we have set Key Result Areas (KRAs) for individual performance for our executives and their senior managers so that our people are focused on what matters most to the business and our shareholders.

The KRAs in our People Performance and Growth framework include:

- **Strategy and capability:** shaping our future, achieving our ambitions for growth and market leadership, and developing and managing the resources and assets we need in order 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 service delivery, and sustainable safety and environmental performance
- **Maximising profitability and return on capital:** producing quality revenues and managing Toll's cost base to deliver strong, sustainable returns on invested capital
- **Putting the customer first:** working together as one team for our customers

While this report discusses the year ended 30 June 2013, 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. This is especially true as global standards for performance management become essential to achieving the interests of all of Toll's stakeholders.

The People Performance and Growth KRAs have been rolled out globally for our executives and senior management since 1 July 2010.

Remuneration Report – audited (continued)

3. EXECUTIVE REMUNERATION FRAMEWORK

We are constantly working to make our remuneration structures clearer, more transparent, and applicable to all our people.

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

The executive remuneration framework we originally implemented in FY10 was reviewed again in FY13. We are determined that our remuneration framework continues to reflect market best practice and meets our stakeholders' needs for simplicity, and remains aligned with shareholder value. It consists of both fixed and at risk remuneration, based on three elements:

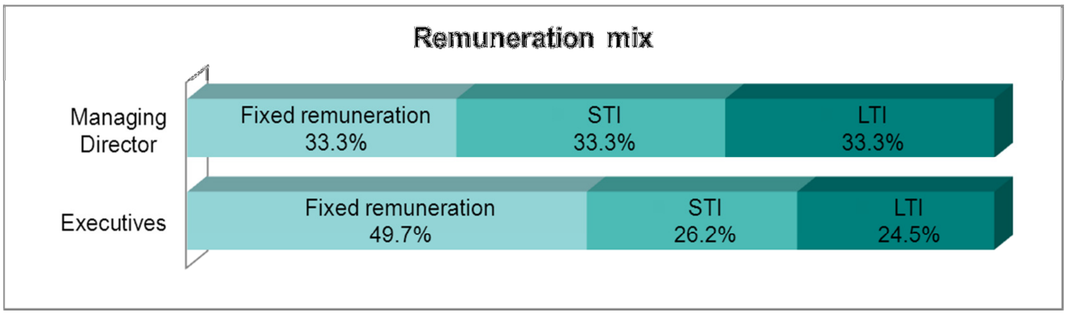
	Objective	Performance conditions
Fixed remuneration	Reflects the market value of the role and the incumbent's skills, experience and performance.	Reviewed annually after an individual performance review, external benchmarking and internal peer relativity assessments. Performance is measured against the five Key Result Areas and their annual performance objectives.
Short-term incentive (STI) – at risk	Incentive for the achievement of stretch performance budgets and goals for the year.	For FY13, incentives were based on: • earnings measures • return on capital measures • safety performance improvements • other key strategic initiatives The STI metrics were assessed at group, divisional and individual levels (as applicable to each role). See the STI section for more information.
Long-term incentive (LTI) – at risk	Incentive for long-term shareholder value creation; assists in the retention of key talent.	For FY13, the performance options and/or performance rights granted were subject to performance targets based on two independently tested hurdles: 1. EPS growth (post-amortisation) 2. relative total shareholder return. (These measures were unchanged from FY12.) See the LTI section for more information.

Remuneration mixes

Our remuneration mixes (i.e. fixed remuneration, STI target opportunity and the LTI grant allocation value) for the executives are shown below. These have been calibrated to support Toll's performance-based remuneration structure and to closely link performance with Group strategic objectives and the creation of shareholder value.

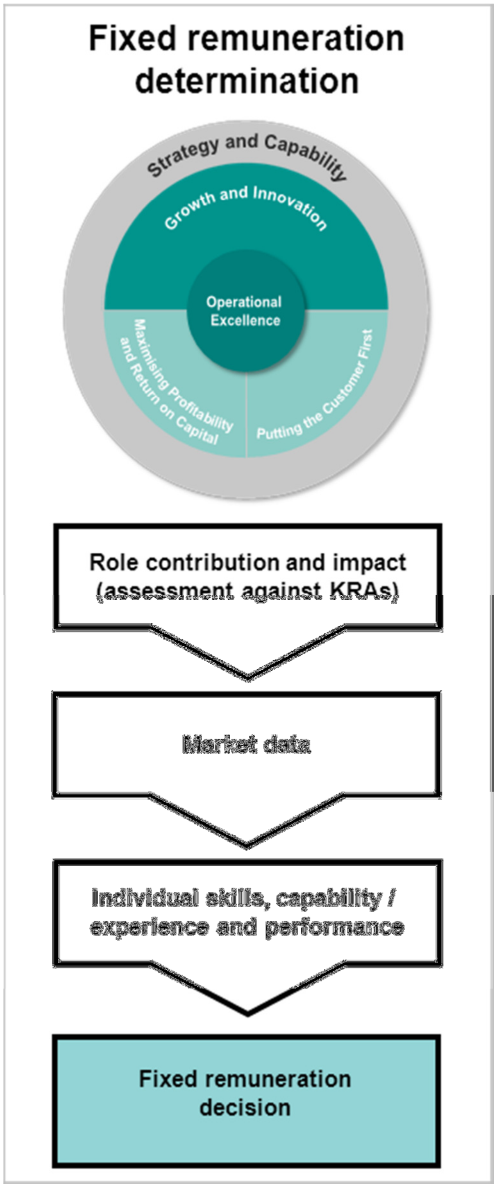
Generally, each role's remuneration mix allows the executive to earn in excess of the market median should they outperform expectations, and if LTI performance measures are met.

The actual average current remuneration mixes for executives are shown below, based on the 30 June 2013 remuneration levels.



Remuneration Report – audited (continued)

Fixed remuneration



An executive's fixed remuneration includes:

- their cash salary;
- benefits the executive has chosen to receive instead of salary, including any fringe benefit tax. Common items include salary sacrificing for superannuation or a motor vehicle; and
- compulsory superannuation.

Fixed remuneration is paid for the executive's everyday work. It recognises the requirements of their role and their demonstration 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, or median, of the role's relevant peer group to arrive at fixed remuneration figures. Actual fixed remuneration is set against a range around the midpoint. This allows Toll to remunerate individuals appropriately for their performance, relevant experience and capabilities.

The Board determines the fixed remuneration for the Managing Director having regard to performance and external relativities. Recommendations for executive fixed remuneration levels are made by the Managing Director. These are then considered by the Remuneration Committee and recommendations are then made for approval by the Board.

Short-term incentive (STI) – at risk remuneration

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

The Board approves the Managing Director's annual performance objectives with reference to Board-approved corporate objectives, plans and budgets. The Managing Director approves the executives' performance objectives in the same way. The performance objectives are then considered by the Remuneration Committee and recommendations are then made for approval by the Board.

At the end of each annual performance period, individual performance evaluations are conducted by the Chairman for the Managing Director and by the Managing Director for his direct reports. The Remuneration Committee reviews and ratifies the individual performance evaluations provided by the Managing Director for other executives. The proposed STI payments are then reviewed by the Remuneration Committee and recommendations are then made for approval by the Board.

STI deferral

Historically, all STI payments were paid in cash (or as salary-sacrificed superannuation contributions). However, STI deferral was introduced for the Managing Director and Chief Financial Officer to apply to the STI payments for FY12. Accordingly, 25% of earned FY12 STI payment was deferred into equity (in the form of restricted rights), with the balance of the STI paid in cash. The restricted rights for the FY12 deferral were restricted until the end of FY13. The allocation value for the restricted rights was determined as the full share value based on a 5-day volume weighted average price up to and including grant date.

The STI deferral approach applied to the Managing Director and Chief Financial Officer was extended across the executive team to apply to all FY13 STI payments.

As the grants of deferred equity (in the form of restricted rights) represent the STI performance in a previous year, no performance condition applies to the restricted rights, only a service condition.

FY13 STI

The Remuneration Committee, Managing Director and executives ensure all relevant STI metrics are aligned with the Company's strategic objectives.

Remuneration Report – audited (continued)

FY13 STI (continued)

The key STI metrics in FY13 were:

- Group Net Profit After Tax (NPAT);
- Group Return on Invested Capital (ROIC);
- Divisional Earnings Before Interest and Tax (EBIT);
- Divisional Return on Capital Employed (ROCE);
- Group and Divisional Safety measures – target reductions in Lost Time Injury Frequency Rate (LTIFR) and Total Recordable Injury Frequency Rate (TRIFR); and
- Other non-financial measures such as strategic initiatives or specific asset and people capability projects that are required to be undertaken.

NPAT, EBIT, ROIC and ROCE were selected as key STI metrics because they are directly linked to the financial performance of Toll at both a Group and Divisional level. Within Toll, ROIC refers to the return on capital measure applied at a Group wide level which is an after tax calculation of Group profit, excluding interest expense, over shareholder equity and net debt. ROCE refers to Divisional pre-tax earnings over net assets and is considered most appropriate at the Divisional level as it excludes tax and interest expense, which are both controlled at the Group level. LTIFR / TRIFR reductions were selected because workplace safety is one of Toll's core values. Other non-financial measures were selected because of their strategic importance to Toll. A breakdown of the Managing Director's STI metrics appears on page 32.

As detailed previously, the Board amended the payout scale that applied to the various financial metrics for FY13. Recognising that targets are set at a challenging level, thresholds have been used to progressively reward outcomes approaching the target. The threshold for each metric (previously set at a common 90% of target) was individually determined and ranged from 93%-96% in the FY13 STI scorecard. As well as lifting the thresholds, the amount awarded for achieving threshold performance was reduced to 35% of the maximum available for each particular metric.

"Above target" hurdles were also established together with an opportunity for executives to receive up to 150% of the target amount for achieving outstanding performance. The Board considered that as target performance levels were set at a stretch level, the achievement of above target outcomes would require exceptional performance.

In addition, for the first time, a gateway hurdle based on Group NPAT was established which serves to cap payments at the target amount if the gateway hurdle is not achieved, i.e. above target payments will not be available if the gateway is not achieved.

Any metrics which are non-quantifiable, e.g. some strategic project initiatives, are capped at the target performance level. Exceptional performances on these metrics do not attract additional STI reward but feed into talent and succession planning considerations.

In August 2013, the Board assessed whether the key STI metrics had been achieved on the basis of the audited financial results for FY13 and management's reports to the Board. This method of assessment was chosen as, in the Board's view, the audited financial results and management's reports are appropriately reliable and verifiable. The STI payment outcome was determined based on this assessment. See tables in sections 7 and 8 of this report for details.

Toll's FY13 Group NPAT and ROIC results were negatively impacted by the impairments announced earlier in the year. However, the underlying performance was a creditable result given the challenging market conditions.

For the purpose of calculating STI payments, the Board recognised the need to balance accountability for the reported results and past investment decisions as well as the operational outcome. In relation to Group NPAT and Group ROIC measures, where the underlying operating result was above threshold but below target, the Board decided to apply discretion. The decision was taken to limit award payments for Group NPAT and Group ROIC at the threshold level, i.e. 35% of the relevant STI opportunity for these two measures. However, the Board also determined that KMP could receive above target payments for other quantifiable measures where the results exceeded the target levels in FY13.

Group safety outcomes for FY13 were above upper target levels, with significant LTIFR reductions achieved. This resulted in STI payments at the maximum for this particular measure. Divisional financial results (against the relevant EBIT and ROCE targets), safety results and performance against strategic objectives were individually set and individual achievement is reflected in the differing level of payments awarded to KMP.

In light of the above, actual STI payments for FY13 averaged 68.4% of target levels, ranging between 24.5% and 104.1% of the total opportunity. Further details of the percentage of the overall STI opportunity which each KMP received and forfeited is shown in section 8 of this Remuneration Report.

25% of each KMP's FY13 STI will be deferred into equity (in the form of restricted rights) and subject to a service condition until 30 June 2014.

Remuneration Report – audited (continued)

FY14 STI

For FY14, the weighting on financial measures is being adjusted to provide a greater focus on return on capital metrics. Financial and non-financial measures will again be set to align individuals' contribution and focus to Toll's Group, Divisional and individual or business unit financial and strategic priorities.

- For Divisional Directors, the non-financial remuneration components will generally be a maximum of 30% of the STI targets.
- For Corporate Executives, a maximum of 60% of the targets will be non-financial metrics (i.e. 50% on strategic initiatives and 10% on safety improvements). The higher non-financial component for Corporate Executives is intended to enable the business to focus on strategic initiatives that will drive Toll's future growth.

Long-term incentive (LTI) – at risk remuneration

Toll's LTI is the second 'at-risk' remuneration component. It supports the business strategy by aligning executive remuneration with Toll's long-term performance. Toll grants performance options and/or performance rights to nominated executives usually once each year. In the case of the Managing Director, grants are subject to shareholder approval. This process gives the Board a regular opportunity to set new targets and reconsider the choice of instruments, hurdles, targets and vesting used as incentives. It ensures the LTI continues to satisfy shareholder expectations and motivate executives. The LTI rewards sustainable long-term performance, aligns executive remuneration with shareholder value creation, and helps us retain talent. The LTI is equity-based. In FY13, that equity was provided through the shareholder-approved Senior Executive Option and Rights Plan in the form of performance options and/or performance rights.

Performance options entitle an executive to purchase shares after "vesting" (that is, once the Board has determined that all performance hurdles are met), and thus have an "exercise price". This price is based on the full market value of a share at the time the Board approves the grant. Performance rights do not have an exercise price.

LTI participants may elect to receive 100% performance options, 100% performance rights, or a combination of 50% performance options and 50% performance rights. The Board-approved LTI dollar amount awarded to each participant, called the "grant value", is divided by the relevant "allocation value" to determine the number of options and/or rights the executive will receive. The "allocation value" is based on the full market value of a share at the time the Board approves the grant, adjusted for several factors (for details, see "Equity valuations" on page 37). As there is no future exercise price for performance rights, the allocation value for each performance right is significantly higher than the allocation value for each performance option.

Each performance option or performance right gives the holder the right to acquire a fully paid ordinary share in the Company (on payment of the applicable exercise price, in the case of performance options) provided that individual meets performance hurdles during a given period (usually between three and five years). Performance options and performance rights are granted at no up-front cost to the executive.

The Board believes that performance options and/or performance rights are an appropriate incentive for executives because they so strongly align executives' performance with shareholders' interests.

Dual performance hurdles were applied to all FY13 LTI grants. Those hurdles were:

1. EPS growth; and
2. relative TSR

Toll continues to review and assess performance hurdles to make sure they are in line with both shareholder and broader stakeholder expectations.

The key terms and conditions of the FY13 LTI grant are described below:

Remuneration Report – audited (continued)

Long-term incentive (LTI) – at risk remuneration (continued)

	Relative TSR (50% of $ allocation)	**EPS growth (50% of $ allocation)**
Offer approval date	26 September 2012 [1]	
Issue/grant date	26 October 2012	
Instrument	Performance options and/or performance rights (a right to an ordinary share subject to performance conditions)	
Exercise price	Options - $4.61 (volume-weighted average price of ordinary company shares traded on the ASX for five days up to and including the grant date) Rights – Nil	
Performance period	Three years from 1 July 2012, with no retests.	Three years from 1 July 2012, with retests in years four and five based on the cumulative four-year or five-year compound growth from 1 July 2012.
Performance hurdle	Toll's Total Shareholder Return performance relative to entities within the S&P/ASX 100 comparator group, with no exclusions (relative TSR) for 50% of the allocation.	Cumulative compound growth above a specified target in fully diluted earnings per share (post-amortisation) for ongoing business operations excluding abnormal items (EPS growth) 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 is important. 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, as 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%	**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 2015	30 June 2015 30 June 2016 30 June 2017
Method for assessing performance	At the appropriate time, relative TSR and EPS growth are measured to determine the proposed vesting percentages, which are then considered and approved by Board resolution. As part of this process, the Board considers (among other things) the company's audited financial results and independent assessment of relative TSR and EPS growth calculations. This method has been selected because the Board believes that independent assessment of Toll's performance against the hurdles is appropriate.	
Vesting dates *(subject to Board approval)*	25 September 2015	25 September 2015 25 September 2016 August/September 2017
Lapsing and forfeiture	Performance options and performance rights lapse if performance hurdles are not achieved or they expire. If a participant ceases employment with the Toll Group in special circumstances (for example, death or permanent disablement), unless the Board determines otherwise, unvested performance options and performance rights will continue on foot, subject to their performance conditions (except that the service condition will cease to apply). If the participant resigns or is dismissed, unless the Board determines otherwise, unvested performance options and performance rights will lapse when the executive's employment with the Toll Group ceases.	
Expiry date	25 September 2017	

1. *The Managing Director's 2012 LTI grant was subject to shareholder approval at the 2012 Annual General Meeting (AGM). To enable details of the proposed grant to be included in the AGM Notice of Meeting, Board approval for Brian Kruger's LTI grant occurred on 5 September 2012. Options were issued on 26 October 2012 following shareholder approval at the AGM, i.e. at the same time as LTI grants to other executives.*

Remuneration Report – audited (continued)

Engagement of remuneration consultants

The Committee formalised a process for directly engaging remuneration consultants to provide remuneration recommendations for KMP. The process was designed to ensure Toll's compliance with the new requirements under the Corporations Act.

In FY13, the Committee reviewed market practice and market remuneration levels in order to determine the competitiveness of Toll's remuneration practices. These comparisons were undertaken using available market data, for example, fee and remuneration data disclosed in ASX company annual reports. As a result, no remuneration recommendations for KMP were sought directly from remuneration consultants in the FY13 year.

The Committee has engaged directly with EY to assist in a review during FY14 of Toll's remuneration structure.

Policies on equity remuneration

Short-term trading

Directors and executives are not permitted to engage in the 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.

Dealing in securities immediately after acquiring them through the conversion of a security (e.g. receiving a share on exercise of an option or right under Toll's LTI plan) is not regarded as short-term trading. The policy requires Directors and executives to seek guidance from the Company Secretary if they are ever in doubt.

Risk-limiting products on unvested entitlements

Directors and executives are not permitted to engage in transactions or arrangements with risk-limiting products that operate to limit the economic risk of unvested entitlements to Toll securities (e.g. hedging arrangements in relation to unvested options, rights or restricted shares).

Toll enforces its policies through disciplinary action. Each year, we also require executives to confirm that they have not entered into any hedging arrangements.

4. TOLL'S PERFORMANCE

Toll links remuneration with company performance. We have set key performance measures that drive our business and connect individuals' day-to-day work with shareholder wealth creation. Some of the measures that have linked company performance with remuneration over the past five years are set out below. Further details on how remuneration outcomes for FY13 were aligned with some of these measures are detailed in the relevant STI and LTI sections below:

	Share performance		Earnings			Returns	Safety
Financial year	Closing share price [3] ($)	Dividend p/share (cents)	EPS growth [1] (cents)	EBIT [1,2] ($m)	NPAT [2] ($m)	ROIC (%)	LTIFR
2012/13	5.32	27	41.1	426	92	7.6	1.65
2011/12	3.98	25	41.5	411	71	7.4	2.13
2010/11	4.85	25	44.6	465	295	8.3	2.31
2009/10	5.48	25	45.1	435	284	10.2	4.02
2008/09	6.25	25	48.0	466	283	10.0	5.52

[1] Pre-amortisation for continuing operations and excluding non-recurring items. This is an adjustment to the statutory financial statement measure.
[2] Calculated in accordance with relevant AASB requirements.
[3] The closing share price as at 2007/08 was $6.02

Remuneration Report – audited (continued)

5. MANAGING DIRECTOR REMUNERATION

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

FY13 was Brian Kruger's first full year in the role of Managing Director (having been appointed on 1 January 2012). On his appointment as Managing Director, Brian Kruger's remuneration package was set at $1.7 million per annum for each of the three remuneration components (fixed remuneration, STI and LTI).

Fixed remuneration

In FY13, the Board increased Brian Kruger's fixed remuneration by 2.9% to $1.75 million per annum with effect from 1 July 2012.

Short term incentive (STI)

For FY13 Brian Kruger's STI target opportunity was also increased by 2.9%. Brian Kruger's STI target of $1.75 million was based on the following measures for FY13:

Targets	Allocation	Outcome	Comments
Group Net Profit After Tax (NPAT)	40%	14%	Board discretion exercised (refer commentary on page 28)
Group Return on Invested Capital (ROIC)	20%	7%	
Group Safety (Lost Time Injury Frequency Rate reduction)	10%	15%	Upper target exceeded
Strategic Objectives relating to:			
• Specific business unit strategic reviews and implementation	20%	15%	Partially met
• Employee engagement and development	10%	10%	Fully achieved
Total	100%	61%	

On measuring Brian Kruger's performance against these hurdles, the Board determined that his actual STI award for FY13 was $1,067,500 or 61% of target. Of this amount, 25% or $266,875 will be deferred into equity (in the form of rights) subject to a service condition of one year (to be issued, subject to shareholder approval, in October 2013), with the balance to be paid in cash in October 2013.

Long term incentive (LTI)

As approved by shareholders at the 2012 AGM, Brian Kruger received an LTI award for FY13 in accordance with the Company's Senior Executive Option and Right Plan (SEORP). The allocation value of this award was set at the same level as the Fixed Remuneration and STI opportunity, that is, $1.75 million.

Special allocation of deferred shares

As previously advised to the ASX, Toll made a special allocation of deferred equity (in the form of rights) valued at $150,000, to Brian Kruger in September 2011. This was designed to recognise his promotion to the position of Managing Director-Elect from 1 September 2011, the additional responsibilities this position entailed, and the fact that his fixed remuneration for the six-month period prior to his becoming Managing Director remained unchanged from FY11. The service condition on this equity was satisfied on 1 January 2013. On vesting in January 2013, Brian Kruger exercised the rights and was allocated 32,895 shares. The market value of Toll shares as at the close of trade on the vesting date was $4.56 per share, i.e. a total market value of $150,001.

Remuneration Report – audited (continued)

6. SERVICE CONTRACTS

Toll continues to update the standard terms of employment for executives to reflect relevant market practice, regulatory changes and advisory body commentary. All Executive Service Agreements and Deeds (ESAs) contain a range of terms and conditions, including the contracted notice periods. All remain in place until they are terminated, i.e. there are no fixed term contracts.

Variations to the terms and conditions among different ESAs result from the different times at which the ESA were entered into with the respective executives. The basis and circumstances for arrangements described in the ESA for Bernard McInerney received shareholder approval at the Company's extraordinary General Meeting on 28 May 2007. Contracts were approved for five key executives at that meeting, which was at the time of the Asciano de-merger. As Mr Bernard McInerney is the only one of those five key executives remaining at Toll, the terms of his contract, as approved by shareholders, continue to apply.

New ESAs have now been entered into with all other executives.

Details of service contracts

Executive	Terms and conditions
Bernard McInerney[1]	• Notice periods are six (6) months for the employee and eighteen (18) months for the company. • Should the executive work through the notice period, no additional termination payments are required. • If the executive is not required to work through all or part of the notice period, a payment equivalent to the balance of the notice period is payable in lieu. This payment is calculated with regard to the executive's Total Employment Reward (TER) including both fixed and variable components. • Where the company gives the executive notice, or the executive 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 payout 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 the executive's actual performance during that financial year, and if that is not determinable, on historical achieved STI performance measured over the preceding three-year period. • These termination payments will not apply if the company terminates the executive's 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.
Paul Coutts, Grant Devonport, Paul Ebsworth, Mal Grimmond, Wayne Hunt, David Jackson, 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 through the notice period, no additional termination payments are required. • The payout 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 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 and termination payments for all executives, 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 reviewed all these factors, the Board considered the terms of the ESAs to be both reasonable and appropriate.

Remuneration Report – audited (continued)

7. STATUTORY REMUNERATION TABLE: MANAGING DIRECTOR AND EXECUTIVES

The table below shows specific remuneration details for key executives, as required by relevant accounting standards.

			Short-term benefits			Post-employment benefits		Other long-term benefits	Termination benefits	Equity-based benefits	Total
			Cash salary	Non-monetary [1]	Cash STI [2,3]	Super	Leave entitlements			Options/rights [4]	
			$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
Managing Director											
Brian Kruger	5	**FY13**	1,734	-	801	16	-	-	-	1,434	3,985
		FY12	1,299	-	368	16	-	-	-	927	2,610
Executives											
Paul Coutts	6	**FY13**	219	116	53	-	-	-	-	26	414
Grant Devonport	7	**FY13**	735	-	214	25	-	-	-	238	1,212
		FY12	478	-	93	25	-	-	-	97	693
Paul Ebsworth		**FY13**	650	-	194	25	-	-	-	211	1,080
		FY12	598	2	150	50	-	-	-	129	929
Mal Grimmond		**FY13**	627	33	254	25	-	-	-	194	1,133
		FY12	571	54	270	25	-	-	-	142	1,062
Wayne Hunt	8	**FY13**	753	219	275	-	-	-	-	228	1,475
		FY12	683	212	277	-	-	-	-	381	1,553
David Jackson		**FY13**	810	-	222	25	-	-	-	214	1,271
		FY12	750	-	326	50	-	-	-	322	1,448
Bernard McInerney		**FY13**	520	164	180	16	-	-	-	51	931
		FY12	498	166	131	16	-	-	-	283	1,094
Shane O'Neill		**FY13**	625	53	170	21	-	-	-	260	1,129
		FY12	597	52	148	20	-	-	-	232	1,049
Executives formerly classified as KMP											
Hugh Cushing	9	**FY13**	530	116	57	-	95	-	-	58	856
		FY12	931	198	146	-	-	-	-	237	1,512
Paul Little		**FY13**	-	-	-	-	-	-	-	-	-
		FY12	994	235	565	25	1,921	-	1,505	1,192	6,437
Stephen Stanley	10	**FY13**	3	-	-	4	884	-	-	115	1,006
		FY12	790	-	180	50	-	-	-	471	1,491
Total											
		FY13	7,206	701	2,420	157	979	-	-	3,029	14,492
		FY12	8,189	919	2,654	277	1,921	-	1,505	4,413	19,878

[1] Non-monetary benefit includes: Amounts which an executive elects to salary sacrifice for novated lease or other expenses (excluding superannuation) and includes any relevant company taxes payable in respect of the salary sacrifice items; and allowances/expenses paid by the company for overseas-based executives - refer notes 6, 8 and 9 below.

[2] Short-term incentives: This reflects the cash STI amounts earned during FY13. The STI for FY13 was approved by the Board on 21 August 2013 and will be paid in October 2013. 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 FY13 is 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 150% against the relevant financial measure. Therefore the maximum possible value of the FY13 STI is 150% of the relevant KMP's target STI opportunity.

[3] The STI amount shown above represents only 75% of the total STI awarded for the FY13 year and the portion which will be paid as cash in October 2013. The remaining 25% of the STI awarded will be deferred into equity to be granted as rights, restricted for a 12 month period. The deferred component will be expensed in accordance with accounting treatment for share based payments and will be reflected in the future equity expense.

[4] The total FY13 expense reflects the reversal of amounts previously expensed for equity which lapsed during the FY13 year. This treatment is in accordance with Accounting Standards for equity which has an internal hurdle, such as EPS growth.

[5] FY13 is Brian Kruger's first full year as Managing Director. The FY12 remuneration reflects his transition from CFO to Managing Director during FY12.

[6] Paul Coutts commenced as a KMP on 1 February 2013. The above figures are the remuneration for the period 1 February to 30 June 2013 only. Mr Coutts is based in Singapore as a long-term assignee. His remuneration is expressed and paid in Singapore dollars and has been converted to Australian dollars in the above table using an exchange rate of AUD1.0=SGD1.2742. In addition to the fixed remuneration, STI and LTI, the company meets expenses for local housing and children's education in Singapore. The benefits and currency fluctuations may result in the amounts disclosed for Mr Coutts being different to the figures which are benchmarked against the external market.

[7] FY13 is Grant Devonport's first full year as CFO. The FY12 remuneration reflects his transition from Divisional CFO to Group CFO during FY12.

[8] Wayne Hunt is an Australian expatriate employee who leads the Toll Global Logistics business based in 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 AUD1.0=SGD1.2742 has been used to convert any foreign currency amounts. The benefits and currency fluctuations may result in the amounts disclosed for Mr Hunt being different to the figures which are benchmarked against the external market.

[9] Hugh Cushing was the CEO of the Toll Global Forwarding business up until 31 January 2013. He was an Australian expatriate employee based in Hong Kong. Whilst in the role of CEO, he received allowances for cost-of-living and travel. Housing and motor vehicle expenses were also paid by Toll on his behalf. The above figures are for the period 1 July 2012 to 31 January 2013. Mr Cushing was also paid out for unused leave which accrued during his period of service in HK - this payment is also shown in the above table. An average annual exchange rate of AUD1.0=HKD7.9588 has been used to convert any foreign currency amounts. The expatriate benefits and currency fluctuations may result in the amounts disclosed for Mr Cushing being different to the figures which are benchmarked against the external market.

[10] Stephen Stanley ceased employment with Toll on 1 July 2012. The FY12 data reflects his remuneration up until 30 June 2012. Payments for outstanding leave, the accelerated expensing of equity retained on cessation and the reversal of the expense for equity which lapsed during FY13 are disclosed for FY13, i.e. the period to which the payments relate. No other termination benefit was paid to Stephen Stanley.

Remuneration Report – audited (continued)

8. PERFORMANCE-RELATED REMUNERATION

This table shows the variable remuneration amounts as a percentage of each individual's total remuneration.

			Fixed remuneration (not linked to company performance)	Value of actual cash 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 (including STI and LTI)
			%	%	%	%	%	%
Managing Director								
Brian Kruger		**FY13**	43.9%	20.1%	61.0%	39.0%	36.0%	56.1%
		FY12	50.4%	14.1%	35.0%	65.0%	35.5%	49.6%
Executives								
Paul Coutts		**FY13**	80.9%	12.8%	61.9%	38.1%	6.3%	19.1%
		FY12						
Grant Devonport		**FY13**	62.7%	17.6%	60.0%	40.0%	19.7%	37.3%
		FY12	72.6%	13.4%	33.0%	67.0%	14.0%	27.4%
Paul Ebsworth		**FY13**	62.5%	18.0%	82.1%	17.9%	19.5%	37.5%
		FY12	69.9%	16.2%	50.1%	49.9%	13.9%	30.1%
Mal Grimmond		**FY13**	60.4%	22.4%	104.1%	0.0%	17.2%	39.6%
		FY12	61.2%	25.4%	90.0%	10.0%	13.4%	38.8%
Wayne Hunt		**FY13**	65.9%	18.7%	89.5%	10.5%	15.4%	34.1%
		FY12	57.6%	17.8%	67.5%	32.5%	24.6%	42.4%
David Jackson		**FY13**	65.7%	17.5%	61.8%	38.2%	16.8%	34.3%
		FY12	55.3%	22.5%	72.5%	27.5%	22.2%	44.7%
Bernard McInerney		**FY13**	75.2%	19.4%	77.5%	22.5%	5.4%	24.8%
		FY12	62.2%	11.9%	45.0%	55.0%	25.9%	37.8%
Shane O'Neill		**FY13**	62.0%	15.0%	61.2%	38.8%	23.0%	38.0%
		FY12	63.8%	14.1%	42.2%	57.8%	22.1%	36.2%
Executives formerly classified as KMP								
Hugh Cushing	1	**FY13**	75.5%	6.7%	24.5%	75.5%	6.8%	13.5%
		FY12	74.7%	9.7%	41.7%	58.3%	15.7%	25.3%
Paul Little	1	**FY13**						
		FY12	19.5%	8.8%	45.0%	55.0%	18.5%	27.3%
Stephen Stanley	1	**FY13**						
		FY12	56.3%	12.1%	33.3%	66.7%	31.6%	43.7%

1 The fixed and performance related payments do not add to 100% as the total remuneration also comprises leave entitlements and termination benefits.

Remuneration Report – audited (continued)

9. DIRECTOR AND EXECUTIVE EQUITY INSTRUMENTS

Equity holdings drive long-term shareholder value. Details of the equity grants Toll provided to executives in FY13 are detailed below:

Name		Type of equity [1]	Number granted	Offer approval date [2]	Issue/grant date [3]	First possible vesting date	Date of expiry	Exercise price ($)	Equity fair value at grant ($) [4]
Managing Director									
Brian Kruger		Restricted Rights - STI Deferral	26,573	05 Sep 2012	26 Oct 2012	01 Jul 2013	25 Sep 2017	Nil	4.14
		LTI Options - Tranche 1 - EPS	1,041,667	05 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	0.76
		LTI Options - Tranche 2 - TSR	1,041,667						0.72
Executives									
Paul Coutts	5	Nil							
Grant Devonport		Restricted Rights - STI Deferral	6,711	26 Sep 2012	26 Oct 2012	01 Jul 2013	25 Sep 2017	Nil	4.14
		LTI Options - Tranche 1 - EPS	130,953	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	0.76
		LTI Options - Tranche 2 - TSR	130,952						0.72
		LTI Rights - Tranche 1 - EPS	40,442					Nil	3.71
		LTI Rights - Tranche 2 - TSR	40,441						2.34
Paul Ebsworth		LTI Rights - Tranche 1 - EPS	50,552	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	Nil	3.71
		LTI Rights - Tranche 2 - TSR	50,551						2.34
Mal Grimmond		LTI Rights - Tranche 1 - EPS	50,552	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	Nil	3.71
		LTI Rights - Tranche 2 - TSR	50,551						2.34
Wayne Hunt		LTI Options - Tranche 1 - EPS	119,048	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	0.76
		LTI Options - Tranche 2 - TSR	119,048						0.72
		LTI Rights - Tranche 1 - EPS	36,765					Nil	3.71
		LTI Rights - Tranche 2 - TSR	36,765						2.34
David Jackson		LTI Rights - Tranche 1 - EPS	78,125	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	Nil	3.71
		LTI Rights - Tranche 2 - TSR	78,125						2.34
Bernard McInerney		LTI Options - Tranche 1 - EPS	93,750	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	0.76
		LTI Options - Tranche 2 - TSR	93,750						0.72
		LTI Rights - Tranche 1 - EPS	28,953					Nil	3.71
		LTI Rights - Tranche 2 - TSR	28,952						2.34
Shane O'Neill		LTI Rights - Tranche 1 - EPS	67,096	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	Nil	3.71
		LTI Rights - Tranche 2 - TSR	67,096						2.34
Executives formerly classified as KMP									
Hugh Cushing		LTI Options - Tranche 1 - EPS	126,489	26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	0.76
		LTI Options - Tranche 2 - TSR	126,488						0.72
		LTI Rights - Tranche 1 - EPS	39,063					Nil	3.71
		LTI Rights - Tranche 2 - TSR	39,062						2.34

1. Executives could elect to receive their grant as 100% Options, 100% Rights or a combination of 50% Options/50% Rights. The grants are split evenly into two tranches, with each tranche subject to different performance hurdles.

2. The date the offer for each KMP was approved by the Board. As Brian Kruger's grant was subject to shareholder approval being obtained at the 2012 AGM, separate Board approval occurred earlier to enable details to be included in the AGM Notice of Meeting, which was distributed in early September. All other relevant dates are consistent with the grants made to other KMP.

3. The date on which options/rights were issued. This is also the 'grant date' for determining the fair value of the equity instruments for expensing purposes.

4. The estimated maximum value of the grant can be determined by multiplying the number of options/rights 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.

5. No equity has been granted to Paul Coutts since becoming a KMP on 1 February 2013.

All equity was granted during the financial year and no equity has been granted since the end of the financial year.

Each restricted right, LTI option and LTI right will, on exercise, result in one ordinary share in the Company.

Ordinary shares issued to KMP during or since the end of the financial year on the exercise of options granted under the Senior Executive Option and Right Plan are detailed in the table below titled "Option and right holdings – movements in FY13".

Remuneration Report – audited (continued)

Equity valuations

Toll engages an external expert, PricewaterhouseCoopers (PwC), to independently value the equities, taking into account factors such as performance conditions, share price volatility, life of the instrument, dividend yield, and the share price at grant date. This value is used for expensing of the relevant equity grants.

The following table provides valuation details for the equity instruments issued to KMP during the year.

Type of equity	Offer approval date [1]	Issue/grant date [2]	Equity fair value ($)	First possible vesting date	Exercise price ($)	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) - MD only	05 Sep 2012	26 Oct 2012	$0.76	25 Sep 2015	$4.61	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	3.9
LTI Options - Tranche 2 (TSR) - MD only	05 Sep 2012	26 Oct 2012	$0.72	25 Sep 2015							3.00	3.9
LTI Options - Tranche 1 (EPS)	26 Sep 2012	26 Oct 2012	$0.76	25 Sep 2015	$4.61	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	3.9
LTI Options - Tranche 2 (TSR)	26 Sep 2012	26 Oct 2012	$0.72	25 Sep 2015							3.00	3.9
LTI Rights - Tranche 1 (EPS)	26 Sep 2012	26 Oct 2012	$3.71	25 Sep 2015	Nil	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	2.9
LTI Rights - Tranche 2 (TSR)	26 Sep 2012	26 Oct 2012	$2.34	25 Sep 2015							3.00	2.9
Restricted Rights - STI Deferral - MD only	05 Sep 2012	26 Oct 2012	$4.14	01 Jul 2013	Nil	$4.28	35%	5	5.0%	2.70%	1.00	0.7
Restricted Rights - STI Deferral	26 Sep 2012	26 Oct 2012	$4.14	01 Jul 2013	Nil	$4.28	35%	5	5.0%	2.70%	1.00	0.7

1. The date the offer for each participant was approved by the Board (subject to any necessary shareholder approval being obtained). As shareholder approval was required for the grant to the Managing Director, this approval occurred earlier than other LTI recipients to enable details to be included in the 2012 AGM Notice of Meeting.
2. The date on which options/rights were issued. This is also the grant date for determining the fair value of the equity instruments for expensing purposes.

Option and right holdings - movements in FY13

This table shows the numbers of options and rights over ordinary shares in the company that the Managing Director and executives held during the year.

		Balance as at 1 July 2012	Granted during the year as remuneration	Exercised during the year [1]	Lapsed during the year [2]			Balance as at 30 June 2013	Vested and exercisable as at 30 June 2013	Balance as at date of report sign off
					Jan 08 grant	Jun 08 grant	Feb 10 grant			
Managing Director										
Brian Kruger		1,966,502	2,109,907	(32,895)	-	-	(264,228)	3,779,286	-	3,779,286
Executives										
Paul Coutts	3	197,549	-	-	-	-	-	197,549	-	197,549
Grant Devonport		467,122	349,499	(7,018)	(20,000)	-	(24,391)	765,212	-	765,212
Paul Ebsworth		370,793	101,103	-	(22,500)	-	(55,082)	394,314	-	394,314
Mal Grimmond		434,973	101,103	-	(30,000)	-	(59,757)	446,319	-	446,319
Wayne Hunt		1,135,701	311,626	-	-	(120,000)	(139,025)	1,188,302	-	1,188,302
David Jackson		902,806	156,250	-	(79,051)	-	(84,960)	895,045	-	895,045
Bernard McInerney		990,493	245,405	-	(102,767)	-	(109,757)	1,023,374	-	1,023,374
Shane O'Neill		722,990	134,192	-	(30,000)	-	(59,350)	767,832	-	767,832
Executives formerly classified as KMP										
Hugh Cushing	4	774,638	331,102	-	(79,051)	-	(84,960)	941,729	-	n/a
Stephen Stanley	4	1,408,156	-	-			-	1,408,156	-	n/a

1 The actual values of the rights which vested during FY13 (and which were subsequently exercised) were $150,001 (i.e. 32,895 x $4.56) for Brian Kruger and $37,125 (i.e. 7,018 x $5.29) for Grant Devonport (the value has been calculated based on the opening price of Toll shares on the ASX as at the date of exercise multiplied by the number of rights exercised).

2 Details of the lapsing are provided in the commentary below. The value of the options which lapsed during FY13 can be calculated based on the expensed value of the relevant options by the number of options which lapsed. The expensed values (per option) are Jan 08 grant - $2.53; Jun 08 grant - $1.57; Feb 10 grant - $1.23.

3 Opening balance as at date of commencement as a KMP.

4 Final balance reflects balance as at date of cessation as a KMP.

Restricted rights previously granted to Brian Kruger and Grant Devonport vested during the FY13 year (restricted rights were awarded to Brian Kruger on his appointment as Managing Director-Elect in September 2011 and vested 1 January 2013. Grant Devonport received restricted rights in November 2010, prior to his appointment as a KMP, which vested in November 2012). Both Brian Kruger and Grant Devonport exercised their restricted rights and received Toll shares (which were purchased on market). No exercise price was payable on Brian Kruger's or Grant Devonport's restricted rights.

Remuneration Report – audited (continued)

Option and right holdings - movements in FY13 (continued)

No other options or rights vested during FY13 year. However, restricted rights granted to Brian Kruger and Grant Devonport in relation to last year's STI deferral, which were restricted during FY13, vested on 1 July 2013 but remain unexercised as at the date of this report.

The final performance hurdle tests for options granted in January and June 2008 occurred based on EPS growth over the periods, 1 July 2007 to 30 June 2012 and 1 January 2008 to 31 December 2012. The Board determined that the performance hurdles were not met so all unvested options lapsed.

The first and final performance hurdle test for the options granted in February 2010 occurred based on relative TSR performance over the period 1 January 2010 to 31 December 2012. The Board determined that the performance hurdle was not met so all unvested options lapsed.

The exercise and lapsing of the relevant options is shown in the table above.

Share holdings - movements in FY13

This table shows the numbers of ordinary shares in the company that were held by the Managing Director and executives during the year.

		Balance as at 1 July 2012	Purchased	Option / right exercise	Dividend reinvestment	Sold	Balance as at 30 June 2013	Balance as at date of report sign off
Managing Director								
Brian Kruger		36,581	-	32,895	-	-	69,476	69,476
Executives								
Paul Coutts	1	5,657	-	-	-	-	5,657	5,657
Grant Devonport		20,000	5,000	7,018	-	(7,018)	25,000	25,000
Paul Ebsworth	2	8,401	-	-	-	-	8,401	8,401
Mal Grimmond	2	13,379	-	-	-	-	13,379	13,379
Wayne Hunt		9,200	-	-	-	(8,000)	1,200	1,200
David Jackson		2,100	-	-	-	-	2,100	2,100
Bernard McInerney	2	368,096	-	-	-	-	368,096	368,096
Shane O'Neill		-	-	-	-	-	-	-
Executives formerly classified as KMP								
Hugh Cushing	3	77,600	-	-	-	-	77,600	n/a
Stephen Stanley	3	596,369	-	-	-	-	596,369	n/a

1 Opening balance as at date of commencement as a KMP.

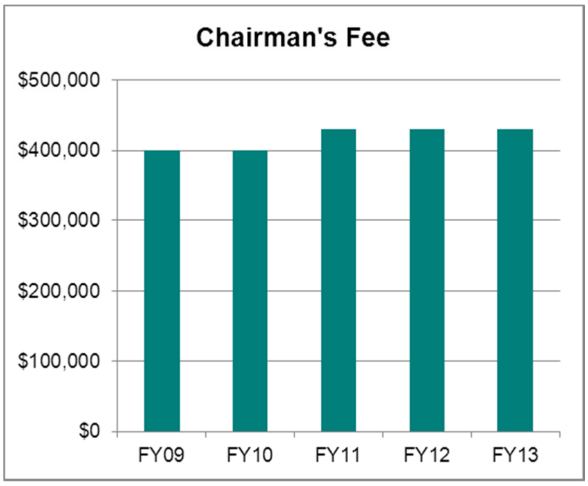
2 Opening balances have been restated to reflect omissions from the prior year reported holdings. Dividend Reinvestment Plan (DRP) shares received during FY12 were inadvertently omitted in the FY12 disclosure for Messrs Ebsworth and Grimmond. In FY12 Mr Ebsworth received 248 DRP shares and Mr Grimmond received 398 DRP shares. Mr McInerney's opening balance has been increased by 5,644 shares, reflecting holdings by related parties which had not been previously included.

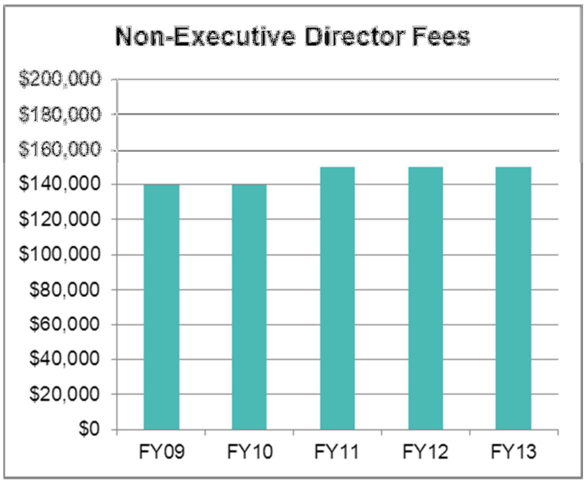
3 Final balance reflects balance as at date of cessation as a KMP.

Remuneration Report – audited (continued)

10. NON-EXECUTIVE DIRECTOR REMUNERATION FRAMEWORK

Toll's Non-Executive Directors' Base fees were last increased in FY11. In FY12, Committee fees were increased for Chairs and Members to reflect the additional responsibilities and time commitments required for participation on the Committees. For FY13 there was no increase to either the Base Directors' fees or any of the Committee fees.





In FY13, Non-Executive Directors' fees, including superannuation, were based on the following schedule:

FY13 Board fees ($ per annum)	Chairman	Director/member
Board	430,000	150,000
Audit and Risk Committee	45,000	25,000
Remuneration Committee	45,000	25,000
OH&S and Environment Committee	45,000	25,000
Nomination and Governance Committee	Nil	Nil
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 Directors' fees, including committee fees, and superannuation. As the Board has the principal responsibility for overseeing Toll's management and its 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 cap of $2.0 million per annum for Non-Executive Director fees was approved by shareholders at the 2011 AGM. All fees paid in relation to FY13 fell within the aggregate cap approved by shareholders. The Company will be seeking shareholder approval at its 2013 Annual General Meeting to increase this cap to $2.5 million per annum.

Each year, the Board reviews the fees payable to Non-Executive Directors, considering:

- Their individual Board responsibilities and obligations on Committees.
- Advice from specialist advisors about the fees paid by comparable organisations.
- Fees that are appropriate to attract and retain high quality Non-Executive Directors.

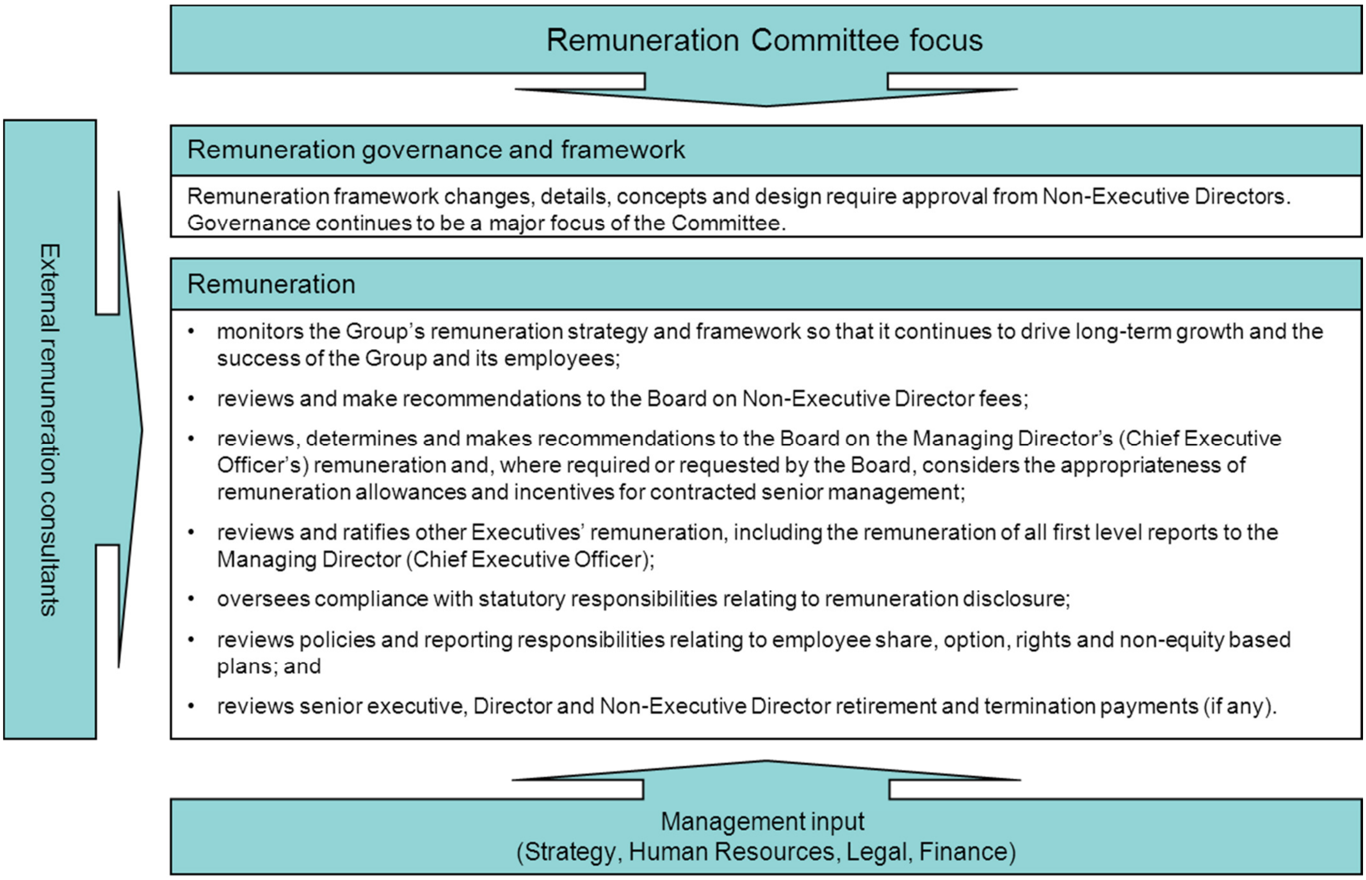
Remuneration Report – audited (continued)

11. REMUNERATION COMMITTEE

Governance and transparency in remuneration is the key focus of the Remuneration Committee. The Committee previously had responsibility for both remuneration matters and executive succession planning. However, the decision was made to move responsibility for executive succession planning directly to the Board and enable the Remuneration Committee to focus solely on key remuneration matters such as ensuring performance and reward alignment, and assessing and reviewing Toll's remuneration strategy.

The Remuneration Committee is a Board subcommittee. Its charter sets out its membership, responsibilities, authority and activities. Its terms of reference are described in the Corporate Governance Statement, and are available online at http://www.tollgroup.com.

The Remuneration Committee's key responsibilities are shown below.



At 30 June 2013, the Remuneration Committee members were Harry Boon (Chairman), Barry Cusack and Frank Ford, all of whom are independent Non-Executive Directors. The Board Chairman has the right to attend as an ex-officio member of the Committee. Where appropriate, the Remuneration Committee also invites members of the management team to assist in its discussions (except those concerning managers' own remuneration). The Remuneration Committee may also take specialist remuneration advice during the year from external advisers.

Remuneration Report – audited (continued)

12. STATUTORY REMUNERATION TABLES FOR NON-EXECUTIVE DIRECTORS

The remuneration for Non-Executive Directors is detailed below:

		Short-term benefits		Post-employment benefits	Total
		Cash fees	Non-monetary	Super	
		$'000	$'000	$'000	$'000
Non-Executive Directors					
Ray Horsburgh	**FY13**	420	-	10	430
	FY12	414	-	16	430
Harry Boon	**FY13**	204	-	16	220
	FY12	200	-	16	216
Barry Cusack	**FY13**	216	-	4	220
	FY12	197	-	16	213
Frank Ford	**FY13**	204	-	16	220
	FY12	194	-	16	210
Mark Smith	**FY13**	184	-	16	200
	FY12	188	-	16	204
Nicola Wakefield Evans	**FY13**	184	-	16	200
	FY12	178	-	16	194
Total	**FY13**	1,412	-	78	1,490
	FY12	1,371	-	96	1,467

Share holdings of Non-Executive Directors

To ensure their independence and impartiality, 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 that Non-Executive Directors held in this financial year are shown below:

Name	Opening Balance as at 1 July 2012	Purchased	Dividend Reinvestment	Sold	Other changes	Balance as at 30 June 2013	Balance as at date of report sign off
Non-Executive Directors							
Ray Horsburgh	86,501	-	-	-	-	86,501	86,501
Harry Boon	19,985	-	-	-	-	19,985	19,985
Barry Cusack	49,630	-	-	-	-	49,630	49,630
Frank Ford	30,000	-	-	-	-	30,000	30,000
Mark Smith	38,982	-	-	-	-	38,982	38,982
Nicola Wakefield Evans	4,000	-	-	-	-	4,000	4,000

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.

Indemnification of officers

The Company has agreed to indemnify the Directors and Secretaries of the Company, and its controlled entities, and its nominated Directors and Secretaries of the related body corporate, against all liabilities to another person (other than the Company or a related body corporate) that may arise from their position as Directors or Secretaries, 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 CO98/100).

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 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 services are also disclosed.

	2013 $'000	**2012 $'000**
Audit services		
Auditors of the Company – audit and review of financial reports		
KPMG Australia	2,000	2,436
Overseas KPMG firms	2,849	2,974
Other auditors –audit and review of financial reports (non-KPMG firms)	326	444
Total audit services	**5,175**	**5,854**
Other services		
Taxation services		
KPMG Australia	335	534
Overseas KPMG firms	954	318
Other assurance services		
KPMG Australia	3	10
Overseas KPMG firms	59	117
Other services		
KPMG Australia	-	22
Overseas KPMG firms	105	45
Total other services	**1,456**	**1,046**

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 2013.

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
Director

B Kruger
Director

Dated at Melbourne this 22nd day of August 2013

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 2013 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the audit; and

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

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne

22 August 2013

Toll's Corporate Governance Statement explains the key aspects of the Group's corporate governance framework. It also highlights how these aspects have changed during the reporting period.

The Board is committed to the highest standards in corporate governance and believes that this 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).

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

Board of Directors

The Toll Board currently has seven members. No new Board appointments were made during the reporting period. For more information on each Director (including their experience, expertise, qualifications, term of office and independent status) see the Directors' Report on page 19.

The Board is chaired by an independent, Non-Executive Director, and the roles of Chairman and Managing Director are kept separate. The Managing Director is the only Executive Director on the Board. All the other Directors are independent, Non-Executive Directors.

Role of the Board

The Board's role is to operate and guide the Toll Group. It does this primarily by supporting management to achieve the Group's goals.

The Board is committed to sustaining long-term business growth in ways that embrace Toll's responsibilities to the communities in which it operates. The Board believes that the twin goals of profitability and corporate citizenship benefit all our stakeholders.

The Board operates under a Charter which sets out its roles and key responsibilities including:

- **Strategy**: The Board is responsible for the Group's performance against strategic and business plans. The Board also oversees capital expenditures, acquisitions and divestments.

- **Risk management**: The Board ensures that processes are in place to identify and manage key risks to the Toll business.

- **Reporting and disclosure**: The Board ensures that procedures are in place to meet the Group's continuous disclosure obligations, and that the Group complies with all of its financial and other reporting requirements.

- **Management and performance**: The Board is responsible for evaluating the Managing Director's performance and approving the remuneration framework and criteria for senior executives. It must also review its own performance each year.

- **Corporate governance**: The Board is ultimately responsible for setting, reviewing and ensuring compliance with the Group's values and governance framework, including establishing and observing ethical standards.

The Board has established a number of Board Committees, which are described on pages 48 to 50.

Role of the Chairman

The Chairman leads the Board in meeting its responsibilities to the Group's stakeholders.

The Chairman does this by:

- having appropriate processes in place for preparation of Board information which is accurate, timely and clear
- ensuring the efficient organisation and conduct of the Board's function
- as necessary, briefing Toll's Directors on issues that may arise or arise at Board meetings
- leading and making sure the Board is able to discuss and analyse matters effectively
- facilitating effective contribution by all Directors and monitoring Board performance; and
- promoting collaboration between Board members and between the Board and Group management.

Delegation to Managing Director and management

The Board delegates the day-to-day running of the business to the Managing Director and his management team, including the practical implementation of strategies, plans and budgets agreed by the Board and its Committees.

The management team reports back to the Board regularly, so that the Directors have the information they need to discharge their duties and meet their responsibilities to the business.

To ensure the day-to-day business of the Group is operating effectively, the performance of management and key staff is regularly reviewed.

Delegation to Managing Director and management (continued)

The Board and senior management, as appropriate for their respective reports, sets objectives for each key staff member, and works with those individuals to establish personal development programs. Each individual's performance is then assessed against their goals and plans.

The Board annually reviews the performance of the CEO against agreed measures and other relevant facts. The CEO undertakes a similar exercise in relation to senior executives. Performance evaluations for management and key staff were completed during the reporting period. For more information on the review process, see the Remuneration Report on pages 27 to 29.

Review of Board and Board Committee performance

Each year, the Chairman initiates performance reviews of the Board, its Committees and individual Directors. These reviews may be conducted internally or externally. They form the basis of the continuous improvement of the Board and its activities, as well as the Board's succession plans. They also help ensure that the Board always holds an appropriate mix of skills and experience.

Performance reviews of the Board, its Committees and individual Directors were conducted during the reporting period.

Board composition

Each Director brings different skills and professional services expertise to the Board. The Board seeks to achieve a mix of skills and diversity that includes international, corporate management, and operational experience, as well as a deep understanding of the industry in which Toll operates, and the safety, environmental and community challenges Toll faces.

The Nomination and Corporate Governance Committee works with the Board to assess the Directors' combined skills and ensure the Board has the expertise to meet both its responsibilities to stakeholders and its strategic objectives. During the reporting period, the Board commenced a review of its Board Succession Planning to ensure appropriate assessment of and identification of the required skill and competencies maintained and expanded as needed in the future. As part of this process, the Board is aware of the need for diversity among its Directors, both in gender and experience. The Board and the Nomination and Corporate Governance Committee, closely assesses diversity criteria when considering Board candidates.

The Board's policy for the nomination, selection and appointment of Directors can be found on the Group's website at http://www.tollgroup.com/corporate-governance.

A summary of the breadth and depth of our Directors' experience and skills appears below.

Experience and skills	Number of Directors
International business	7
Industrial / manufacturing	5
Mining resource industries	3
Professional Services	2
Finance and Banking	5
Equity, Capital Markets, Mergers and Acquisitions	5
Transport & Logistics	2
Governance	7
Regulatory compliance	7
Human Resources Management	7
Business Development	6
OH&S / Risk management	7
Marketing	6
Remuneration	5
Community Development	5
Government Relations	6
CEO, CFO or COO experience	7
General management	7
Retail FMCG	2

Board composition (continued)

Geographic experience	Number of Directors
Australia & New Zealand	7
Asia	4
China	3
India	1
Europe	1
United Kingdom	2
Unites States of America	4

For more information on each Director, see the Directors' Report on page 19.

Independence of Directors

The Board Charter sets clear guidelines for assessing the independence of Directors. The Board Charter can be found on the Group's website at http://www.tollgroup.com/corporate-governance.

The Charter recommends that the Board be composed of a majority of independent Non-Executive Directors, including an independent Non-Executive Chairman. Toll requires that all Directors, independent or otherwise, act in the best interests of the Group and exercise independent and unfettered judgment.

During the reporting period, none of the Non-Executive Directors had any relationship that could materially interfere, or be perceived to materially interfere, with their independent and unfettered judgment.

During the reporting period, the Board considered the circumstances of each Director and determined that all Non-Executive Directors were independent as described in box 2.1 of the ASX Principles and Recommendations. The Boards guidelines for assessing independence note that a director will be considered to be independent if they are not members of the management and they are free from any interest business or other relationship which could, or could reasonably be perceived to, materially interfere with the directors ability to act in the best interests of the Company. The Board will also consider materiality thresholds when considering a director's independence, having regard to both qualitative and quantitative principles.

The Corporations Act 2001, and the Company's Constitution, requires Directors to advise the Board of any interest they have that has the potential to conflict with the interests of the Group, including any development that may impact their perceived or actual independence.

Procedures are in place for Toll's Directors to disclose actual and potential conflicts of interest. The Board also considers a range of quantitative and qualitative measures to assess members' independence and further safeguard Board independence.

Independent advice, induction and training

Toll has procedures and policies in place to assist Directors in fulfilling their responsibilities.

As Directors join the Board, they undertake a comprehensive induction program, which includes information on Toll's core values, key strategies, objectives, as well as its governance framework and expansive global operations. New Directors also meet with key senior managers in the business.

The Board also receives ongoing training as required, including in relation to recent legislative and regulatory changes and developments in corporate governance. All Directors have ongoing access to information on Toll's operations and to the Group's senior managers through Board presentations and site visits.

Each Director, at any time, is able to seek independent professional advice on any business-related matter at the expense of the Group. Directors also have access to adequate internal resources to seek any information from any officer or employee of the Group, or to require attendance of members of the management at meetings to enable them to fulfil their duties.

Tenure and retirement

The Board is ultimately appointed by Toll shareholders.

If a Director is appointed to a casual vacancy by the Board during the year, they must stand for election at the next general meeting of members.

At least once every three years, each Director (except the Managing Director) must retire. If they are available and eligible, they can stand for re-election at that time.

Tenure and retirement (continued)

Before the Board recommends the re-election of any Director, it will, if considered necessary, seek the recommendations of the Nomination and Corporate Governance Committee and consider the strategic direction of the Group and the current and required mix of skills and experience required by the Board from time to time.

Board Committees

The Board has four Board Committees to help in fulfilling its key responsibilities:

- Nomination and Corporate Governance Committee
- Occupational Health & Safety and Environmental Committee
- Audit and Risk Committee
- Remuneration Committee.

Each Committee has its own Charter, and these are reviewed and updated at least annually. Copies of the Board and its Committee Charters can be found on the Group's website at http://www.tollgroup.com/corporate-governance.

At any time, the Board can address items within a Committee's Charter at Board level.

Committees are able to seek information from any officer or employee of the Group and from independent advisors as required. The Committees report to the Board and make recommendations on relevant matters in the first Board meeting following each Committee meeting.

The roles and responsibilities of each Board Committee are detailed below. Details of Committee membership and meeting attendance can be found in the Directors' Report on page 21.

Nomination and Corporate Governance Committee

The Nomination and Corporate Governance Committee is responsible for the composition, independence and operation of the Board.

The responsibilities of the Committee include:

- reviewing the size and composition of the Board and its Committees
- advising the Board on the desired mix of Director skills and competencies
- establishing criteria for Board member selection, and ensuring that these criteria are used to recommend the appointment, re-election and tenure of Directors
- developing and reviewing Board succession plans so that an appropriate balance of skills and experience is maintained, and advising the Board on succession matters
- identifying potential Board candidates in accordance with Group requirements for independence, skills, diversity and experience
- ensuring that the induction program for new Directors is effective
- establishing procedures for the review of Board and Director performance
- ensuring that the Group's corporate governance framework meets the recommendations of the ASX Corporate Governance Principles, and creating and reviewing compliance policies and procedures in line with those recommendations; and
- creating diversity policies and objectives, and establishing processes for monitoring Group progress toward them.

This Committee must have at least three Directors, a majority being independent Directors, and must be chaired by an independent Director.

The Committee meets as needed, and has met two times during the reporting period.

Occupational Health & Safety and Environmental Committee

The Occupational Health & Safety and Environmental Committee focuses on safety in the workplace and on protecting the environment in which the business operates.

The responsibilities of the Committee include:

- monitoring the Group's compliance with relevant Occupational Health & Safety (OH&S) and environmental laws, regulations and standards
- monitoring the culture of health, safety, environment and energy efficiency within the group
- establishing and tracking measurable workplace health, safety and environment objectives and targets
- monitoring compliance of the regulatory framework and changes in OHS&E law, including climate change law and carbon reporting
- identifying, monitoring and assessing key OHS&E risks, including reviewing measures to minimise those risks
- reviewing management reports on OH&S and environment performance and issue
- monitoring the Groups strategic and operational approach to energy efficiency
- reviewing outcomes of any investigation of a major OH&S or environment incident; and
- reporting to the Board and making recommendations on the Group's OH&S and environment policies and procedures, compliance and energy efficiency initiatives.

This Committee must have at least three Non-Executive Directors, and it must be chaired by a Non-Executive Director who is not the Board Chairman.

The Committee met four times during the reporting period.

Toll's OH&S and Environmental Committee has worked closely with the Board to ensure the Group's OH&S strategy supports its Directors in complying with the laws in all the jurisdictions in which it operates.

Remuneration Committee

The Remuneration Committee focuses on ensuring that Toll's remuneration levels are set competitively and at levels that attract and retain qualified and experienced Directors and senior executives. The Committee also makes recommendations on policies for staff salary reviews generally. The structure and mix of remuneration for Non-Executive Directors differs from that of executive Directors and senior executives. Non-Executive Directors do not receive any retirement benefits (other than superannuation). Details on the remuneration of the Managing Director, the Non-Executive Directors and the Group's key management personnel are set out in the Remuneration Report on pages 22 to 41.

The responsibilities of the Committee include:

- reviewing and making recommendations to the Board on the Group's remuneration strategy and framework
- reviewing and making recommendations to the Board on Managing Director and senior executive remuneration allowances, incentives and termination payments
- reviewing and making recommendations to the Board on Non-Executive Directors' fees
- ensuring Toll complies with requirements for the disclosure of remuneration arrangements
- reviewing policies, offers, performance hurdles and offer terms with regard employee share, rights, units and option plans
- engaging with stakeholders on remuneration policies and practices
- advising the Board on gender-related remuneration issues and recommending strategies to address any identified pay gaps; and
- where independent advice is required to set remuneration for key management personnel, approving and engaging remuneration consultants.

This Committee must be made up only of Non-Executive Directors, and must be chaired by an independent Non-Executive Director.

The Committee meets as needed, and has met three times during the reporting period.

Audit and Risk Committee

The Audit and Risk Committee oversees all matters that relate to the financial affairs of the Group, including the external audit.

The responsibilities of the Committee include:

- ensuring compliance with the Group's auditor independence policy and reviewing the annual audit plan
- overseeing the preparation of half-year and full-year financial statements
- reviewing and, where appropriate, recommending changes to Toll's accounting policies
- reviewing the effectiveness of internal audit and cross-divisional reviews
- managing the process of identifying and managing audit and risks
- monitoring risks to business continuity, disaster recovery, reputation, currency exposure and interest rate exposure;
- assessing the performance of internal control risk management; and
- recommending to the Board the selection, appointment, rotation, re-appointment or replacement and compensation of, the external auditor.

Toll's Auditor Independence Policy can be found on the Group's website at http://www.tollgroup.com/corporate-governance

The Audit and Risk Committee has also developed processes for the review of management reports on various aspects of the Group. These processes allow Toll to maintain high standards for its audit and risk management functions.

Through these processes, relevant managers make declarations on aspects of risk and financial management. These declarations include statements on the operation of, and business compliance with, a sound system of risk management and internal controls. This system is further explained in the section, Risk management, on page 53.

This Committee must be made up of only Non-Executive Directors and consist of at least three members. A majority of the Directors must be independent. The Committee must also be chaired by an independent Non-Executive Director who isn't the Board Chairman.

The Committee's members are all financially literate and are suitably experienced to undertake their duties on this Committee.

The Committee met four times during the reporting period.

Diversity

Toll believes that a diverse and inclusive workforce is a key competitive advantage and essential to achieving its business strategies. The Group's success is a reflection of the quality and skills of our richly varied talent base and we recognise and value the contributions of people with varying capabilities, experience and perspectives, including gender, age, ethnicity and religious and cultural backgrounds. Toll's culture is founded upon empowerment of its people and we are committed to retaining and nurturing this unique and powerful aspect of our company by creating a workplace where all employees feel encouraged and free to bring a variety of approaches and ideas to Toll.

Toll's commitment to attracting and retaining employees with different abilities and experiences is reflected in our Equal Employment Opportunities and Diversity Policy.

This policy supports our focus on:

- attracting and selecting a diverse range of people based on merit and through fair and equitable processes, without regard to personal attributes
- a workplace that is free from bullying, discrimination, harassment, vilification, victimization and violence, and
- employee awareness of their rights and responsibilities in respect of diversity and equal opportunity practices.
- educating and training our employees on the value of diversity and their roles and responsibilities in relation to diversity and equal opportunity
- providing flexible work options to:
  - assist our employees balance their work and personal lives
  - enable us to retain a diverse workforce
- providing training and leadership programmes that promote respect and fairness in how we work with and value others; and
- complying with local legislation such as, but not limited to, anti-discrimination.

Toll's Reconciliation Action Plan demonstrates this philosophy. It sets out our plans to support reconciliation by providing indigenous Australians with employment opportunities. For more information on our Reconciliation Action Plan, see the Corporate Social Responsibility Report on page 62.

Toll has implemented a range of initiatives to foster diversity by creating a working environment that is fair and flexible, promotes personal and professional growth, and that benefit from the capabilities of its richly diverse workforce.

Our diversity strategy underpins all of these initiatives.

Diversity objectives

Annual diversity objectives were set in 2012. Toll's measurable objectives for gender diversity for the year ending June 2013, along with Toll's FY2014 objectives, are set out in the following table. Toll performed less well in 2013 with regards to providing two female candidates for each senior management vacancy as a result of internal promotions and repatriation of employees as part of Toll's succession planning process. Toll's performance in 2013 did improve in the aggregate number of women in senior management roles.

We have also commenced an analysis of the pay differential between men and women in the Australian operations of Toll. Our initial findings are that there are potentially some unexplained pay rate differentials between men and women. The analysis focussed on data based on a job group classification only. Analysis on like for like roles, overlaid with job family and performance rating is underway. Additional steps are being introduced into our annual remuneration review processes to identify and highlight any potential gender pay differentials. We are introducing matrix remuneration review guidelines which will factor remuneration ranges against performance ratings to enable managers to focus on addressing inequity as part of the annual remunerations review process.

Measurable objectives

Measurable objectives FY13	Progress towards achieving objective
Provide at least two female candidates for each senior management vacancy	For 22 senior management vacancies during the year the target was achieved 41% of the time. For 2 of the 13 roles where the objective was not met the role was filled by a female.
Annually improve the percentage of female representation in senior management roles	Objective met with increased female representation achieved in both Senior management and across Toll. Refer below.
Target 2015 pay equity by job group, job family and by performance level	Phase 1 of this objective was completed. Preliminary analysis of the gender pay differential for Australian employees was undertaken, excluding performance level.

The Board considers that these measurable objectives remain appropriate for the next financial year.

We will continue to build on our diversity fact base profile across the Group including seeking feedback from staff on their perceptions and opinions on diversity

Gender balance at Toll

Toll's Chairman mentored a number of women during the reporting period as part of his involvement in the Australian Institute of Company Director's Chairman's mentoring programme to advance more women into Board positions.

The Toll Board has seven members, including one female Director, Ms. Nicola Wakefield Evans; Nicola is a member of the Audit and Risk, Nomination and Corporate Governance and Occupational Health & Safety and Environmental Committees.

The table below shows the gender diversity of the Group as at 30 June 2013.

Group	30 June Results 2012	30 June Results 2013
Board	14%	14%
Senior Management	11%	13%
Total women in Toll	23%	25%

Overall, female participation in Toll's workforce increased by 2% during the reporting period.

The Leadership @ Toll program, which assists development in people management and leadership capabilities, had a female participation rate of 25% during the reporting period.

Supporting diversity

Toll understands that to sustain the rich diversity of staff in a way that adds long-term value to the business, we must operate in ways that support team members' individual needs.

Toll offers flexible work arrangements to support employees achieve a reasonable work / life balance, meet family commitments, and assist in managing an individual's personal challenges. Among the options, Toll offers job sharing, part-time work, flexible start and finish times, as well as work-from-home and telecommuting arrangements.

We also support staff in fulfilling their career aspirations. The Group's size and complexity provide strong opportunities for promotion and transfer. These are supported by various training, mentoring and career guidance initiatives.

These initiatives help us to retain and enrich the talent pool we have, and ensure that the breadth and depth of our skill base continues to grow.

More information on our work with diversity, leadership and talent development can be found in the Corporate Social Responsibility Report on page 58.

Ethical and responsible decision making

Toll is committed to ethical business practices.

The Group has developed policies to ensure our compliance with legal obligations and to address certain stakeholder expectations. Beyond this, the business has an expectation that all Directors, managers and employees will act with integrity and objectivity at all times.

Toll's Code of Practice sets out our 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, and more.

Toll's Code of Ethics further reflects the Group's commitment to the highest standards of integrity, honesty and accountability.

All Group employees are encouraged to report unacceptable behaviour to their nominated supervisors at first instance. Toll operates an Australian based Disclosure Hotline, which allows employees to anonymously report unethical behaviour through an independent third party.

Toll also has a separate Code of Conduct for Directors and Senior Executives, based on a code prepared by the Australian Institute of Company Directors.

The summary of the Code of Practice, the, Code of Ethics, Code of Conduct for Directors and Senior Executives and the Code of Conduct with Stakeholders are all available on the Toll website at http://www.tollgroup.com/ governance-policies.

Securities trading policy

Toll's Securities Trading Policy sets out the procedures and guidelines that must be followed by Directors, executives and employees of the Group who wish to deal in Toll securities. This policy has recently been revised and meets the requirements identified in ASX Listing Rule 12.12.

Directors, executives and employees are prohibited from trading in the Group's securities, related financial products and derivatives whenever they are aware of price sensitive information that is not generally available to the market.

Under the Securities Trading Policy, a combination of trading windows and blackout periods are used. Trading for Directors and employees is generally encouraged to occur in:

- the six-week period commencing on the second full trading day following the release of the half-year results
- the six-week period commencing on the second full trading day following the release of the full-year results
- the six-week period commencing on the second full trading day following the Annual General Meeting
- the offer period specified in any disclosure document (e.g. a prospectus) issued by Toll; and
- 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 by Directors and senior executives may only occur with the appropriate prior written approval.

Securities trading policy (continued)

Notwithstanding this, approval will not be given during the following specific blackout periods (unless exceptional circumstances apply):

- from 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
- from 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
- during the four-week period prior to the Annual General Meeting; and
- any other period the Board determines.

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 other arrangements which effectively limit the economic risk of unvested entitlements that they may hold under any of Toll’s incentive plans (such as the Senior Executive Option and Rights Plan).

Risk management

Effective risk management is essential to Toll’s success and is an integral part of our culture.

While we need to accept a level of risk in achieving our goals, sound risk management helps us to make the most of each business opportunity.

Toll’s approach to risk management assists us in identifying risks early and addressing them in ways that manage uncertainties, minimize potential hazards, and maximize opportunities for the good of all our stakeholders.

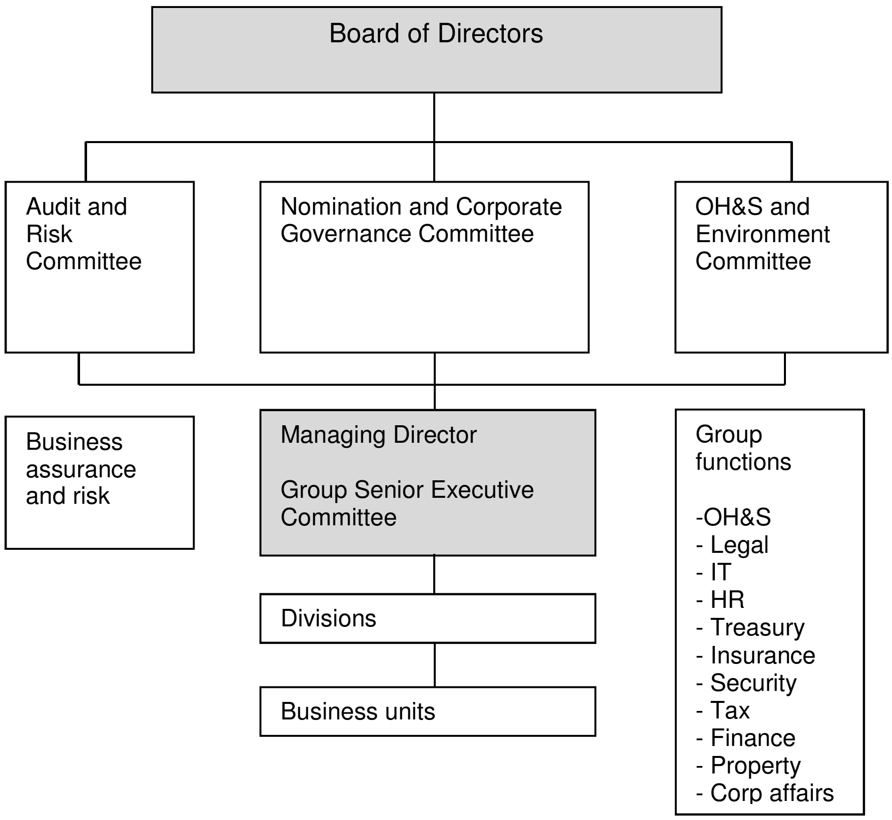
The Group reviews its risks on an ongoing basis. We use Toll’s risk management framework, explained in detail below, to balance risks and rewards, and to build risk management into our day-to-day work.

The strength of this framework rests on the Group’s mix of formal policies, procedures, reports and analysis, and informal controls such as informed judgment, ethics and specific accountabilities. Its implementation is overseen by the Board and its Committees.

Toll’s Risk Management Policy and Internal Compliance and Control System are set out in the Risk Management Policy Statement on the Group’s website at http://www.tollgroup.com/corporate-governance. An overview of the risk framework is given below.

Risk management accountability framework

The key components of Toll’s risk management, governance and accountability framework are pictured here.



Risk management accountability framework (continued)

The Board, through its Audit and Risk Committee and OH&S and Environmental 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 Risk Committee also approves the annual program of Business Assurance and Internal Audit reviews, and reviews regular reports on the program's progress at each Committee meeting.

The Managing Director is responsible for the design and implementation of the risk management policy and the internal compliance and control system, while Divisional Directors are responsible for risk management within their divisions.

The Group Senior Executive Committee, comprised of the Managing Director, Divisional Directors, Company Secretary and other senior executives, identifies, evaluates and monitors Toll's key business risks. The Committee is responsible for ensuring our mitigation strategies are effective and comply with the relevant regulations. A detailed risk report is also incorporated into the Board papers at each scheduled Board meeting throughout the year.

To promote accountability, Divisional Directors delegate day-to-day responsibility for risk management, compliance and control to business unit General Managers. These managers are guided by the principles and parameters set out by the Audit and Risk Committee and Occupational Health & Safety and Environment Committee.

The Business Unit General Managers, Divisional Directors and selected executives are required to give detailed risk management and governance declarations annually.

Specialist risk and OH&S managers support the business units to establish and monitor risk management and compliance processes, and build awareness within those areas.

Together, the Business Assurance and Risk function and the Health, Safety and Environment function, support Group-wide risk management and compliance activities. These functions have joint or individual responsibility for:

- developing policies and procedures that act to manage and mitigate risks
- ensuring regular reporting to senior management and the Board on matters of OH&S, security, environment, dangerous goods and hazards, crisis management, business interruption and insurable risks
- independently evaluating selected risk management and internal compliance and control systems
- helping to evaluate and monitor the effectiveness of Group and divisional business risk analysis programs, and manage the Group's material business risks as reported to the Board
- evaluating and implementing appropriate risk financing strategies, to ensure insurable risks are adequately managed and business contingency plans exist; and
- consulting with other Group functions as needed.

This framework helps us manage a number of risks, including:

- financial and reporting risks: including the integrity of financial reports, independence of the external auditor and maintenance of financial record
- business and operations risks: such as Occupational Health & Safety, business continuity, information systems and technology, human capital and the environment
- regulatory and compliance risks: including compliance with regulatory guidelines, relevant legislation and continuous disclosure requirements
- strategic risks: such as 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 of how some of these risks are managed are included in the Corporate Governance section of the Group's website at http://www.tollgroup.com/corporate-governance.

Reporting to the Board on Risk Management for this reporting period

Business risk reporting

During the reporting period, the Board received and was satisfied with management's report on the Group's material business risks and the effectiveness of the Group's management of these risks.

As explained above, Toll's integrated risk management programs aim to ensure risks are identified, assessed and appropriately managed, and include regular reports to the Group Senior Executive Committee and the Board.

The Audit and Risk Committee is 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:

- The Company's financial records have been properly maintained; and
- The financial statements and notes for the year ended 30 June 2013 present a true and fair view of the financial position and performance of the Group, and are in accordance with relevant accounting standards.

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

- 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.
- The Group's risk management and internal compliance and control systems relating to financial reporting risks for the year ended 30 June 2013 were operating effectively in all material respects, in relation to financial reporting risks.
- Nothing has come to their attention since 30 June 2013 that would indicate any material change to the statements made in (i), and (ii) above.
- 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.

Continuous disclosure

Toll has policies and procedures in place which are designed to ensure that it complies with its continuous disclosure obligations and immediately releases price-sensitive information to the Australian Securities Exchange (ASX).

Toll's Continuous Disclosure Policy and its Continuous Disclosure Procedures Manual outline the Groups disclosure responsibilities and sets out the process for the approval of ASX announcements, including where Board approval is required in respect of announcements that relate to certain significant matters. The policy and manual also outline the role and operations of the groups Disclosure Committee.

The Disclosure Committee (consisting of the Board Chairman, Managing Director, Chief Financial Officer and Company Secretary or their delegates) is responsible for monitoring potentially disclosable information provided by management and overseeing systems to ensure that material information is identified and reported to the ASX as required.

Toll has implemented several practices internally to keep the Disclosure Committee informed about potentially disclosable matters and to reinforce the importance of its continuous disclosure obligations.

During the year, Toll's continuous disclosure policy and procedures manual were revised, and updated by the Board and the Group Senior Executive Committee to ensure that information is able to flow easily and swiftly from Group business units to senior management and the Board.

The Group's Continuous Disclosure Policy is available on the Toll website at http://www.tollgroup.com/corporate-governance.

Communicating with shareholders

The Board is committed to keeping shareholders fully informed about important information that affects the Group. Toll's Shareholder Communication Policy can be found on the Group's website at http://www.tollgroup.com/corporate-governance.

Information is communicated to shareholders in a number of ways.

ASX announcements

All matters that must be disclosed under the ASX Listing Rules are announced to the ASX in line with Toll's Continuous Disclosure Policy. Under the policy, the Board and Group management are responsible for complying with the disclosure requirements of the ASX Listing Rules.

The Annual Report

The Annual Report is distributed to shareholders who have asked for a printed copy. It is also available electronically on the Group's website at http://www.tollgroup.com/investors.

The Annual General Meeting

Shareholders are encouraged to attend the Group's Annual General Meeting.

The AGM is an opportunity for shareholders to hear the Managing Director and Chairman provide updates on Group 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 Group's auditors regarding the conduct of the audit and preparation and content of the auditor's report.

The Group's website

The Group's this year has finalised its review and restructure of its Group website, http://www.tollgroup.com.

The following information can be found in the Investors section:

- latest Annual General Meeting dates, proxy voting results, notices of meeting and explanatory material, as well as transcripts of the Chairman's and the Managing Director's addresses
- Annual Reports for the past ten years, and presentations made to the market about annual results
- corporate announcements
- information on significant developments
- a diary of events of interest to shareholders; and
- the live share price of the Company's ordinary shares trading on the ASX, delayed by approximately 20 minutes.

Relating to stakeholders

During the year, Toll formalised its core values which include:

- Integrity and Trust;
- Safety;
- Continuous Improvement;
- Teamwork; and
- being Open and Transparent.

Toll is committed to these core values, and in particular being known for its integrity and trust, being open and transparent in the way it conducts itself and in the manner in which it develops its relationships with and communicates to stakeholders.

Policies

The Group has developed policies that explain what people can expect when they interact with Toll, and where appropriate, what Toll expects of them. Detailed summaries of these policies are available on the Group website at http://www.tollgroup.com/company-policies, including:

- Code of Practice
- Equal Employment Opportunities and Diversity Policy
- Code of Ethics
- Compliance Policy
- Occupational Health and Safety Policy
- Environment Policy
- Energy Policy
- Privacy Policy
- Health Information Management Statement
- General Terms and Conditions – Toll Website
- Drugs and Alcohol Policy
- Rehabilitation Policy
- Driver Health Policy
- Dangerous Goods Policy
- Securities Trading Policy
- Margin Lending Policy.

Information on the following matters is also available on the website, at http://www.tollgroup.com/corporate-governance:

- Board Charter
- Terms of Reference of Board Committees
- Procedure for the Selection and Appointment of New Directors
- Code of Conduct for Directors and senior executives
- Auditor Independence Policy
- Continuous Disclosure
- Communication with Shareholders
- Risk Management Statement
- Performance Evaluation Process for Board and Key Executives; and
- Codes of Conduct with Stakeholders.

Communication

Among the primary tools Toll uses to communicate with stakeholders is the Group website, at http://www.tollgroup.com.

"*We believe that business is not measured purely in financial terms. The way we go about achieving success is just as important as success itself*."
- Brian Kruger, Managing Director

The role of logistics within local communities is far-reaching. Our use of human and natural resources in meeting our business needs can impact our people, those who we work with, and the communities in which we operate.

While committed to creating sustainable value for our shareholders, we are also committed to expanding our business sustainably – with integrity and with respect for the communities we work in. Toll's safety, environmental, community and sponsorship programs form part of this commitment.

Sustainability is important to Toll for many reasons:
- reduces costs by driving operational efficiency
- boosts stakeholder support from customers, staff and shareholders by providing increasingly sustainable services
- fosters innovation and promotes competitive imagination in the development of our service offers and business models
- increases Toll's license to operate in our host markets and ensures these communities value our presence and contributions
- helps secure our collective future by aligning economic returns with the creation of long-term sustainable social progress.

The key areas of Toll's corporate social responsibility for the reporting period include

- The launch of Toll's ethical framework, The Toll Way, capturing our values and beliefs, along with defining our primary purpose, mission and vision.
- The launch of our *Think safe. Act safe, Be safe.* global safety campaign, continually improving safety across the company resulting in a record Lost Time Injury Frequency Rate (LTIFR) of 1.65, an excellent result considering the high-risk and labour-intensive industries in which we operate.
- Release of our first environment report and strategy, *Environment Report: Managing climate change & energy risks*, setting out Toll's approach to risks associated with climate change and energy use.
- Our community partnerships continued to be a focus, contributing to a number of local charities and customers' non-profit work. In particular, our partnership with Australian not-for-profit Whitelion and its First Step Program as well as Toll's very own Second Step Program continued to grow.
- The launch of Toll's first national Reconciliation Action Plan (RAP) and Indigenous Engagement Steering Committee. The RAP has since been recognised and endorsed by Reconciliation Australia.

The Toll Way ethical framework

In mid-2012, Managing Director Brian Kruger invited all employees to share their thoughts on Toll's culture and values to help shape our new One Toll values. The result of this process was Toll's ethical framework, The Toll Way, launched in October 2012. The framework captures our values and core beliefs, along with our primary purpose, mission and vision.

Our primary purpose
We exist to connect people and products.

Our mission
Our mission is to harness our significant resources, know-how and passion to deliver the optimal logistics solutions for our customers.

Our vision
We want to be:
- Able to provide an unrivalled set of global supply chain capabilities
- An integral component of our customers' success
- A group of businesses that are individually excellent and collectively unbeatable
- Creating sustainable value for our shareholders; and as a result be
- Recognised as the Asia Pacific region's most successful provider of logistics.

Our core beliefs
We believe:
- All injuries are preventable and everyone has a right to go home safely
- People perform best when they are empowered, accountable and recognised
- If we show other people respect, we will be respected
- We will not always get things right and learning from our mistakes is part of our progress
- How we go about achieving success is as important as success itself
- We must act ethically and within the law
- Our customers' success creates our success.

The Toll Way ethical framework (continued)

Our values
We value:

- Safety
- Integrity and trust
- Continuous improvement
- Teamwork
- Being open and transparent.

Toll's ethical framework, The Toll Way, comes to life through the actions of each staff member every day. It provides a guide for decisions and actions by staff, so everyone within the business can continue to build the spirit and strength of Toll.

More information on Toll's vision can be found at http://www.tollgroup.com/vision-values.

Continued focus on safety

Safety is a core value at Toll. The safety of our staff, contractors representing us, and the communities in which we operate is our priority, always.

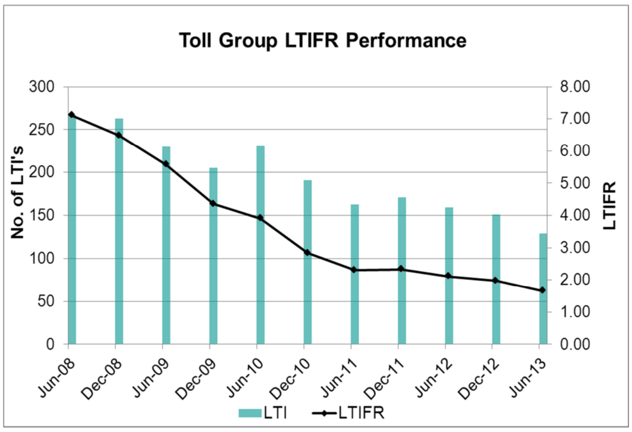
In-line with this core value, we launched our landmark *Think safe. Act safe. Be safe.* global safety campaign in February 2013. *Think safe. Act safe. Be safe.* defines Toll Group's approach to health and safety.

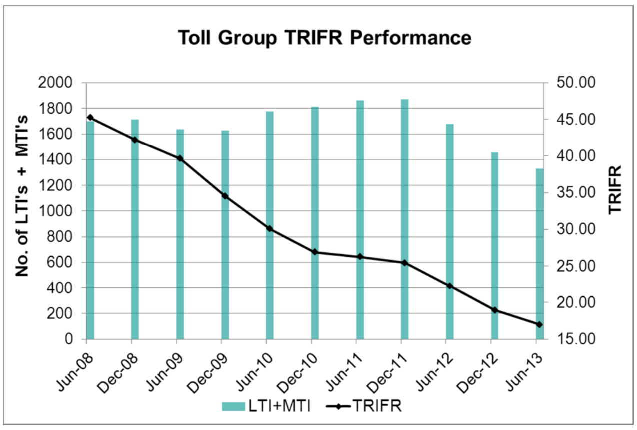
We believe that all injuries are preventable and that no task is so important that it can't be done safely. This underpins our belief that everyone has the right to go home safely, and together we make it happen.

Toll's approach to health and safety is defined in four principles to help guide the operating actions and behaviours across the group:

- Each person is responsible for acting safely without risk to themselves or others. Working safely is a condition of all employment arrangements.
- Management at all levels is responsible and accountable for workplace health and safety
- Providing training to work safely is essential
- Consultation and engagement with all who work in, or with our business, is fundamental to improving safety performance

The initial success of this safety-first attitude is paying off. The strong focus on engaging our employees and improving safety leadership skills has led to improvement in a wide range of safety performance measures. Our headline Lost Time Injury Frequency Rate (LTIFR, the number of lost time injuries per 1 million hours worked) is down 22 per cent to 1.65, and our Total Recordable Injury Frequency rate (TRIFR) is down 25 per cent to 16.82. This continues the steady decline of both measures during the past two years, and puts Toll in the top third of ASX100 companies that report on these measures.





Despite these improvements, tragically, Toll had two employees and four contractor fatalities during the reporting period. They included three contractor truck drivers and one employee truck driver involved in separate motor vehicle incidents in Queensland, an employee seaman involved in a shipping incident in Indonesia, and an air freight contractor involved in an aircraft incident in Western Australia.

These tragedies continue to encourage us to be relentless in our focus on improving health and safety throughout the Group, and we look forward to further improvement as we continue our safety-first focus.

More details on Toll's safety initiatives can be found at http://www.tollgroup.com/safety.

Environment report

Toll is serious about managing environmental risks and specifically in the areas of climate change and energy. We are playing our part by developing sustainability responses that address our future energy needs and help mitigate climate change risks. During the reporting period, we focused on energy efficiency, driver training, the use of renewable fuels such as biodiesels, compressed natural gas and electric vehicles along with optimised logistics planning to improve emissions, safety and energy consumption and costs. This work resulted in the release of our first environment report in March, *Environment Report: Managing climate change and energy risks*.

Key features of the report:

- The integrated environmental strategy features a reduction target based on a comprehensive suite of emissions reduction programs. In particular, the Smarter Green program sets out Toll's approach to risks associated with climate change and energy use.
- Showing how Toll is constantly looking for ways to apply new technologies and practices to reduce consumption of non-renewable resources and reduce greenhouse gases (GHG). It describes our current energy use and carbon intensities, the Smarter Green program initiatives we have in place, and the opportunities to reduce emissions and improve energy efficiency.
- It sets the ambitious, but achievable, target of reducing our Australian greenhouse gas intensities by 20 per cent of 2010 levels by 2020.

We have already achieved significant reductions in our Australian emission intensity and savings in our energy costs and we look to continue this good work globally with similar targets to be set across our global operations over time.

SMARTER GREEN

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

Community investment

As a global corporate citizen, we acknowledge the importance of actively supporting the communities in which we operate.

Our continuing engagement through our support of a broad range of programs and initiatives and our donations and sponsorships reflects the importance we place on our responsibilities.

In addition to the programs that Toll Group supports at a corporate level, our business areas within our six operating divisions proactively support the local and international communities in which they work. Making a vast range of community and charitable contributions, they have been involved in a wonderfully diverse range of community initiatives and events.

We also actively encourage and support our employees to become involved with local community organisations and activities. We're proud of the countless hours our people across the globe contribute each year in undertaking volunteer work for a broad range of local initiatives.

Community programs that Toll supports include:

First Step Program

Based in Melbourne, Australia, this not-for-profit organisation has pioneered comprehensive, innovative and compassionate approaches to overcoming addiction and substance misuse issues, especially those related to drugs and alcohol. The First Step Program provides its clients with a multidisciplinary range of support services, from legal services through to addiction medicine specialisation, social and mental health services, general health care and family support.

Toll is proud to provide the First Step Program with core operational, financial and technology support. It is through this additional support that the First Step Program has achieved overall success, including top tier accreditation for the legal service.

Since we began working with the First Step Program in 2000, the clinic has expanded its client care offerings significantly from heroin addiction-related care to include all forms of drugs and illegal substance care. In this time, the clinic has treated thousands of patients, assisting many to overcome their addictions and substance misuse.

Second Step Program

The Second Step Program is designed to support employment opportunities for people whose employment prospects are limited as a result of a history of addiction, substance misuse or prior criminal records. The Second Step Program is linked to the First Step Program and Whitelion – a not-for-profit organisation that opens doors to opportunities, relationships and community for young people at risk in the Australian community – and similar programs throughout Australia.

Toll's Second Step Program began in 2001 and now offers more than 35 positions a year throughout Australia in a variety of supported and mentored employment positions within Toll Group. The majority of our Second Program participants are offered full time positions at the end of their initial 12 month supported placement, a testament to the success of the program.

To date, we've helped more than 400 people get their lives back on track and maintain satisfying and rewarding careers in logistics.

Our hope is that our leading role in the Second Step initiative will encourage other organisations to support individuals dealing with what would otherwise be insurmountable problems.

More information on Toll's community programs can be found at http://www.tollgroup.com/community-programs.

Partnerships

We're proud to provide support to the communities we work within via a wide range of sponsorships and donations.

We believe we have a responsibility to the community, and we're proud to support a broad range of initiatives and programs around the world that align with our company values.

In some instances we provide financial assistance. More commonly, we draw on our logistics resources and capabilities to provide in-kind support that helps charities and community organisations to deliver their valuable services and programs. This can include anything from mobilising our network in times of crisis to providing support with emergency logistics to supplying movement of charitable goods free of charge. This type of support allows these organisations to direct their funds to their core work.

Our people devote considerable time to facilitating the delivery of this in-kind support. We actively support and encourage these efforts. We're proud to assist our employees with their contributions to the organisations and activities they support.

Some of our major sponsorships and donations include:

- V8 Supercars
- Essendon Football Club
- Northland Rugby Union, Northland Regional Council
- Juvenile Diabetes Research Foundation (JDRF) - Toll Charity Classic
- Whitelion
- Sorrento Surf Lifesaving Club
- Little Heroes Foundation, SA
- TLC (Tender Loving Care)
- Princess Margaret Hospital.

Initiatives and charities that Toll supports include:

- Make a Wish Foundation
- Whitelion
- First Step Program
- Foodbank
- Cancer Council of Australia
- Pink Ribbon
- Salvation Army
- Wesley Mission
- Legacy National Marketing
- Weet-Bix Kids TRYathlon Series
- Asaro Public School (PNG Highlands).

More information on Toll's partnerships can be found at http://www.tollgroup.com/community-programs.

Indigenous Engagement and Toll's Reconciliation Action Plan

Toll has been engaging with Indigenous communities for many years and currently employs many Indigenous staff. This reporting period saw Toll develop its first national Indigenous strategy.

A new Indigenous Engagement Steering Committee worked to develop our first Reconciliation Action Plan (RAP) launched in February 2013 and was also endorsed by Reconciliation Australia.

The RAP will undergo review at the end of 2014 with the view of publishing our second version in 2014. We have dedicated a section to our website and intranet pages to ensure our progress is communicated and that all stakeholders are involved.

The RAP represents Toll's public national commitment to assist in ending the cycle of disadvantage experienced by Indigenous Australians. The aims include:

- Developing relationships with Indigenous communities and organisations
- Cultivating an understanding of the richness of Indigenous culture, history and practices
- Enhancing opportunities for Indigenous people through an inclusive workplace and business opportunities.

Toll's commitment is to provide employment opportunities and training as part of our development of an Indigenous employment network. This year, we have reached annual Toll Indigenous supplier procurement target of $25,000, and we look forward to continuing this progress.

An Indigenous Second Step Program has been implemented based on the recognised need to provide supported employment opportunities to disadvantaged Indigenous communities. While many Indigenous people have successfully completed the Second Step Program in the past, this new focus enables a more detailed study with the opportunity to incorporate adaptions and modifications where necessary. Two pilot programs have commenced in Cape York and Darwin and programs are also underway in Melbourne and Sydney.

We understand that in order to engage with Indigenous people and communities it is important that we build strong and lasting relationships with the communities in which we operate and with our Indigenous employees. We aim to create a workplace which is welcoming for Indigenous Australians.

For more information on Toll's Indigenous engagement, or to view Toll's Reconciliation Action Plan, visit http://www.tollgroup.com/news/the-rap-on-indigenous-engagement.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	2013 $M	2012 $M
Revenue	5	8,719.4	8,707.2
Other income	6	20.2	32.8
Share of profit of associates and joint ventures	33	8.4	12.2
Direct transport and logistics costs		(4,237.8)	(4,219.9)
Repairs and maintenance costs		(175.8)	(187.5)
Employee benefits expense		(2,515.4)	(2,446.9)
Fuel, oil and electricity costs		(374.9)	(393.5)
Occupancy and property costs		(437.6)	(431.2)
Depreciation and amortisation	7	(285.0)	(282.6)
Other operating costs		(295.6)	(368.7)
Results from operating activities		**425.9**	**421.9**
Net profit on disposal of controlled entities		55.8	-
Impairment losses on intangible assets and property, plant and equipment	7	(245.5)	(226.5)
Finance income		10.1	12.0
Finance expenses	7	(46.7)	(49.0)
Net finance costs		**(36.6)**	**(37.0)**
Profit before income tax expense		**199.6**	**158.4**
Income tax expense	8	(107.9)	(87.5)
Profit for the year		**91.7**	**70.9**
Other comprehensive income			
Items that will not be reclassified to profit or loss:			
Defined benefit plan actuarial gains and losses		(0.4)	(0.5)
		(0.4)	**(0.5)**
Items that may be reclassified subsequently to profit or loss:			
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		80.2	37.5
Effective portion of changes in fair value of cash flow hedges		(27.1)	(4.5)
		53.1	**33.0**
Other comprehensive income for the year, net of income tax		**52.7**	**32.5**
Total comprehensive income for the year		**144.4**	**103.4**
Profit attributable to:			
Owners of the Company		84.5	64.6
Non-controlling interests		7.2	6.3
Profit for the year		**91.7**	**70.9**
Total comprehensive income attributable to:			
Owners of the Company		137.3	97.0
Non-controlling interests		7.1	6.4
Total comprehensive income for the year		**144.4**	**103.4**
Earnings per share:			
Basic earnings per share (cents)	11	11.8	9.0
Diluted earnings per share (cents)	11	11.7	9.0

The notes on pages 68 to 138 are an integral part of these consolidated financial statements.

Attributable to the equity holders of the Company

	Note	Contributed equity $M	Treasury shares $M	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
Balance at 1 July 2012		**2,976.7**	**(4.5)**	**(176.9)**	**(127.6)**	**35.7**	**17.2**	**6.5**	**2,727.1**	**19.3**	**2,746.4**
Total comprehensive income for the year											
Profit for the year		-	-	84.5	-	-	-	-	**84.5**	7.2	**91.7**
Other comprehensive income											
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		-	-	-	80.2	-	-	0.1	**80.3**	(0.1)	**80.2**
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	(27.1)	-	**(27.1)**	-	**(27.1)**
Defined benefit plan actuarial gains and losses		-	-	-	-	-	-	(0.4)	**(0.4)**	-	**(0.4)**
Reclassification related to disposal of controlled entities		-	-	0.2	-	-	-	(0.2)	**-**	-	**-**
Total other comprehensive income for the year		-	-	0.2	80.2	-	(27.1)	(0.5)	**52.8**	(0.1)	**52.7**
Total comprehensive income for the year		-	-	84.7	80.2	-	(27.1)	(0.5)	**137.3**	7.1	**144.4**
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends to equity holders	12	-	-	(186.4)	-	-	-	-	**(186.4)**	-	**(186.4)**
Interest in dividends paid		-	-	-	-	-	-	-	**-**	(6.0)	**(6.0)**
Conversion of loan to equity		-	-	-	-	-	-	-	**-**	1.2	**1.2**
Share option expense	7	-	-	-	-	(3.1)	-	-	**(3.1)**	-	**(3.1)**
Share options vested		-	-	-	-	(0.5)	-	-	**(0.5)**	-	**(0.5)**
Share options lapsed		-	-	-	-	(4.0)	-	4.0	**-**	-	**-**
Repayment of treasury shares		-	0.4	-	-	-	-	-	**0.4**	-	**0.4**
Total contributions by and distributions to owners		-	0.4	(186.4)	-	(7.6)	-	4.0	**(189.6)**	(4.8)	**(194.4)**
Total transactions with owners		-	0.4	(186.4)	-	(7.6)	-	4.0	**(189.6)**	(4.8)	**(194.4)**
Balance at 30 June 2013		**2,976.7**	**(4.1)**	**(278.6)**	**(47.4)**	**28.1**	**(9.9)**	**10.0**	**2,674.8**	**21.6**	**2,696.4**

The notes on pages 68 to 138 are an integral part of these consolidated financial statements.

	Note	Contributed equity $M	Treasury shares $M	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
		Attributable to the equity holders of the Company									
Balance at 1 July 2011		**2,946.3**	**(4.8)**	**(55.6)**	**(165.0)**	**28.8**	**21.7**	**(2.8)**	**2,768.6**	**35.0**	**2,803.6**
Total comprehensive income for the year											
Profit for the year		-	-	64.6	-	-	-	-	**64.6**	6.3	**70.9**
Other comprehensive income											
Foreign exchange translation differences, net of hedges of net investments in foreign controlled entities		-	-	-	37.4	-	-	-	**37.4**	0.1	**37.5**
Effective portion of changes in fair value of cash flow hedges		-	-	-	-	-	(4.5)	-	**(4.5)**	-	**(4.5)**
Defined benefit plan actuarial gains and losses		-	-	-	-	-	-	(0.5)	**(0.5)**	-	**(0.5)**
Total other comprehensive income for the year		-	-	-	37.4	-	(4.5)	(0.5)	**32.4**	0.1	**32.5**
Total comprehensive income for the year		-	-	64.6	37.4	-	(4.5)	(0.5)	**97.0**	6.4	**103.4**
Transactions with owners, recorded directly in equity											
Contributions by and distributions to owners											
Dividends to equity holders	12	-	-	(178.4)	-	-	-	-	**(178.4)**	-	**(178.4)**
Dividend reinvestment plan		30.4	-	-	-	-	-	-	**30.4**	-	**30.4**
Interest in dividends paid		-	-	-	-	-	-	-	**-**	(19.5)	**(19.5)**
Share option expense	7	-	-	-	-	6.9	-	-	**6.9**	-	**6.9**
Repayment of treasury shares		-	0.3	-	-	-	-	-	**0.3**	-	**0.3**
Total contributions by and distributions to owners		30.4	0.3	(178.4)	-	6.9	-	-	**(140.8)**	(19.5)	**(160.3)**
Changes in ownership interest in controlled entities that do not result in a loss of control											
Acquisition of non-controlling interests		-	-	(7.5)	-	-	-	9.8	**2.3**	(2.6)	**(0.3)**
Total transactions with owners		30.4	0.3	(185.9)	-	6.9	-	9.8	**(138.5)**	(22.1)	**(160.6)**
Balance at 30 June 2012		**2,976.7**	**(4.5)**	**(176.9)**	**(127.6)**	**35.7**	**17.2**	**6.5**	**2,727.1**	**19.3**	**2,746.4**

The notes on pages 68 to 138 are an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	2013 $M	2012 $M
Current assets			
Cash and cash equivalents	13	515.5	569.1
Receivables	14	1,241.1	1,129.2
Inventories	15	61.6	53.3
Assets held for sale	9	56.2	88.2
Prepayments		67.9	63.8
Current tax receivable		3.5	4.2
Other financial assets	16	20.9	13.6
Total current assets		**1,966.7**	**1,921.4**
Non-current assets			
Receivables	14	13.1	13.0
Investments accounted for using the equity method	17	170.8	121.9
Investments	18	4.3	4.7
Property, plant and equipment	19	1,999.4	2,010.7
Intangible assets	20	1,660.3	1,795.1
Deferred tax assets	8	138.6	149.7
Prepayments		4.5	4.7
Other financial assets	16	16.9	19.7
Total non-current assets		**4,007.9**	**4,119.5**
Total assets		**5,974.6**	**6,040.9**
Current liabilities			
Payables	22	868.2	892.9
Interest bearing liabilities	23	934.3	288.5
Current tax liabilities		79.6	103.6
Provisions	24	345.1	349.8
Liabilities held for sale	9	-	18.2
Other liabilities	25	25.4	31.2
Total current liabilities		**2,252.6**	**1,684.2**
Non-current liabilities			
Interest bearing liabilities	23	854.4	1,419.8
Deferred tax liabilities	8	18.4	22.7
Provisions	24	142.0	149.2
Other financial liabilities	25	10.8	18.6
Total non-current liabilities		**1,025.6**	**1,610.3**
Total liabilities		**3,278.2**	**3,294.5**
Net assets		**2,696.4**	**2,746.4**
Equity			
Contributed equity	26	2,976.7	2,976.7
Treasury shares		(4.1)	(4.5)
Reserves		(19.2)	(68.2)
Retained earnings		(278.6)	(176.9)
Total equity attributable to equity holders of the Company		**2,674.8**	**2,727.1**
Non-controlling interests		21.6	19.3
Total equity		**2,696.4**	**2,746.4**

The notes on pages 68 to 138 are an integral part of these consolidated financial statements.

	Note	2013 $M	2012 $M
Cash flows from operating activities			
Cash receipts in the course of operations		9,296.6	9,346.9
Cash payments in the course of operations		(8,755.9)	(8,669.3)
Cash generated from operations		540.7	677.6
Restructure and integration costs paid		(4.0)	(4.2)
Interest received		10.1	12.0
Dividends received from associates		5.9	7.2
Dividends and distributions received from others		-	0.7
Interests and other costs of finance paid		(38.6)	(38.7)
Income taxes paid		(132.7)	(98.8)
Net cash inflow from operating activities	**35**	**381.4**	**555.8**
Cash flows from investing activities			
Payments for entities and businesses, net of cash acquired		(6.5)	(10.4)
Payments for acquisition of non-controlling interest		-	(4.5)
Payments for property, plant and equipment and intangible assets		(391.6)	(478.6)
Payments for acquisition of associates and other investments		(1.0)	-
Payments for divestment costs on disposal of controlled entities		(4.0)	-
Proceeds from disposal of entities and businesses, net of cash		94.9	-
Proceeds from sale of property, plant and equipment		84.0	27.8
Proceeds from sale of associates and other investments		0.3	1.0
Proceeds from settlement of derivatives		-	11.3
Loans advanced to other entities		-	(1.4)
Proceeds from repayment of loans with other entities		0.5	-
Net cash outflow from investing activities		**(223.4)**	**(454.8)**
Cash flows from financing activities			
Proceeds from borrowings		179.9	469.9
Repayments of borrowings		(193.6)	(372.9)
Dividends paid to ordinary shareholders		(186.3)	(147.8)
Dividends paid to non-controlling interests		(6.0)	(19.5)
Payments for shares to satisfy share option vesting		(0.5)	-
Proceeds from repayment of employee loans		0.3	0.2
Net cash outflow from financing activities		**(206.2)**	**(70.1)**
Net (decrease) / increase in cash and cash equivalents held		**(48.2)**	**30.9**
Cash and cash equivalents at 1 July		505.1	468.3
Effects of exchange rate fluctuations on the balances of cash held in foreign currencies		10.3	5.9
Cash and cash equivalents at June 30	13	**467.2**	**505.1**

The notes on pages 68 to 138 are an integral part of these consolidated financial statements.

Index to the notes to the consolidated financial statements **Page**

Index to the notes to the consolidated financial statements (continued) **Page**

1. REPORTING ENTITY

Toll Holdings Limited (the "Company") is a for-profit entity 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 report was approved by the Board of Directors on 22 August 2013.

(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 Group. 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.

2. BASIS OF PREPARATION (continued)

(d) Use of estimates and judgements (continued)

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 tax assets and certain deferred tax liabilities are recognised on the Consolidated Statement of Financial Position. 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 Consolidated Statement of Financial Position 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 charge to profit or loss.

(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 2012. There were no additional standards applicable to the Group with effect from 1 July 2012.

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 that are 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 is recognised in profit or loss, and the share of movements in reserves is recognised in reserves in the Consolidated Statement of Financial Position.

(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 joint ventures are eliminated to the extent of the Group's interest in the entity with adjustments made to the "Investments accounted for using the equity method" and "Share of net profit of associates and joint ventures" 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 joint ventures or, if not consumed or sold by the associates or joint ventures, 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(b) Foreign currency (continued)

(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 profit or loss upon disposal of the foreign entity.

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 profit or loss 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Financial instruments (continued)

(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.

(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 Consolidated Statement of Cash Flows.

Accounting for finance income and expenses 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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” or “other operating costs” in profit or loss.

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.

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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Property, plant and equipment (continued)

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 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 aircrafts 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 maintenance 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 Consolidated Statement of Financial Position.

(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 interests 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.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(g) Intangible assets (continued)

(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. 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(i) Impairment (continued)

(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 non-current assets on a pro rata basis, except that no loss is allocated to 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 re-measurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, property, plant and equipment and intangible assets are no longer depreciated or amortised.

(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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(l) Employee benefits (continued)

(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.

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

Liabilities for employee benefits for wages, salaries, annual leave, sick leave and rostered days off 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.

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.

The loans under ESOP are classified and disclosed as Treasury Shares and deducted from equity.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(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 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, and
- Rental revenue is recognised on a straight line basis over the term of the lease.

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 profit or loss.

Government grants relating to costs are deferred and recognised in profit or loss 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 profit or loss on 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(o) Expenses (continued)

(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 profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings, unwinding of the discount on provisions, amortisation of capitalised transaction costs in relation to financial liabilities, 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 profit or loss. All interest expense on borrowings is recognised in profit or loss 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 Consolidated Statement of Financial Position 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.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Income tax (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 Consolidated Statement of Financial Position.

Cash flows are included in the Consolidated 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 Managing Director, 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 share options and rights granted to employees.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New standards and interpretations not yet adopted

The following standards, amendments to standards and interpretations have been identified as those which may impact the Group in the period of initial application. They are available for early adoption at 30 June 2013, 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 2016 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 2012-6 Amendments to Australian Accounting Standards – Mandatory effective Date of AASB 9 and Transition Disclosures. The AASB has deferred the mandatory effective date of AASB 9 from 1 January 2013 to 1 January 2015. The standard will become mandatory for the Group's 30 June 2016 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 2012-3 Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities. The amendments to AASB 132 clarify when an entity has a legally enforceable right to set-off financial assets and financial liabilities permitting entities to present balances net on the Statement of Financial Position. The standard will become mandatory for the Group's 30 June 2015 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements. Removes the requirements to include individual key management personnel disclosures in the notes to the financial statements. Companies will still need to provide these disclosures in the Remuneration Report under s.300A of the *Corporations Act 2001*. The standard will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 10 Consolidated Financial Statements introduces a new approach to determining which investees should be consolidated. An investor controls an investee when the investor is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The amendments will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 11 Joint Arrangements. If parties have rights to and obligations for underlying assets and liabilities, the joint arrangement is considered a joint operation and partial consolidation is applied. Otherwise the joint arrangement is considered a joint venture and they must use equity method to account for their interest. The standard will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 128 Investments in associates and Joint Ventures (2011). Limited amendments have been made to AASB 128 including the application of AASB 5 Non-current assets held for sale and discontinued operations to interests in associates and joint ventures and how to account for changes in interests in joint ventures and associates. The standard will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 12 Disclosures of Interests in Other Entities. AASB 12 contains the disclosure requirements for entities that have interest in subsidiaries, joint arrangements, associates and / or unconsolidated structured entities. The standard will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 2011-7 Amendments to Australian Accounting Standards arising from the Consolidation and Joint arrangements Standards. This standard gives effect to many consequential changes to a number of standards arising from the issuance of the new consolidation and joint arrangements standard. The amendments will become mandatory for the Group's 30 June 2014 financial statements and are not expected to have a significant impact on the financial statements.

- AASB 13 Fair Value Measurement and consequential amendments in AASB 2011-8: Amendments to Australian Accounting Standards arising from AASB 13 clarifies how to measure fair value when required by other AASBs. It does not introduce new fair value measurements. AASB 13 will become mandatory for the Group's 30 June 2014 financial statements. The disclosure requirements in AASB 13 need not be applied in comparative periods before initial application. The Group has not determined the potential effect of the new standard on the Group's financial report.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

(t) New standards and interpretations not yet adopted (continued)

- AASB 2012–2 Amendments to Australian Accounting Standards – Disclosures – Offsetting Financial Assets and Financial Liabilities (June 2012). AASB 7 is amended to increase the disclosures about offset positions, including the gross position and the nature of the arrangements. The amendments will become mandatory for the Group's 30 June 2014 financial statements. The Group has not determined the potential effect of the new standard on the Group's financial report.

- AASB 2012-5 Amendments to Australian Accounting Standards arising from Annual Improvements 2009-2011 Cycle is a collection of non-urgent but necessary improvements to the following accounting standards: AASB 1, AASB 101, AASB 116, AASB 132, AASB 134 and Interpretation 2. The amendments will become mandatory for the Group's 30 June 2014 financial statements. The Group has not determined the potential effect of the new standard on the Group's financial report.

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 oil and gas, mining and government and defence sectors in Australia, Asia and Africa
- Toll Global Logistics – Contract logistics solutions in the Asia Pacific region
- Toll Global Forwarding – International freight forwarding and advanced supply chain management services
- Toll Global Express – Express freight operations in Australia providing time sensitive freight distribution and logistics services in Japan
- Toll Domestic Forwarding – Domestic freight forwarding across Australia and New Zealand
- Toll Specialised & Domestic Freight – Comprehensive suite of options Australia-wide for palletised freight, liquids distribution, chemicals distribution and warehousing through to relocation services.

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.

4. SEGMENT INFORMATION (continued)

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

	Toll Global Express	Toll Domestic Forwarding	Toll Specialised & Domestic Freight	Toll Global Logistics	Toll Global Resources	Toll Global Forwarding	Total operating segments	Corporate	Total
	$M	$M	$M	$M	$M	$M	$M	$M	$M
Business segments – 2013									
Revenue	**2,233.8**	**1,129.6**	**1,379.5**	**1,266.6**	**1,178.8**	**1,506.6**	**8,694.9**	**24.5**	**8,719.4**
Result									
Segment result	128.4	62.6	101.2	87.6	104.6	1.9	**486.3**	(47.6)	**438.7**
Share of profit of associates and joint ventures	(1.7)	0.1	-	1.4	3.9	4.4	**8.1**	0.3	**8.4**
Total segment result	**126.7**	**62.7**	**101.2**	**89.0**	**108.5**	**6.3**	**494.4**	**(47.3)**	**447.1**
Depreciation and amortisation arising from acquisitions through business combinations	(0.7)	(0.3)	-	(10.3)	(1.7)	(7.4)	**(20.4)**	(0.8)	**(21.2)**
Unallocated profit / (loss):									
- Impairment of Toll Global Forwarding goodwill and intangible assets									**(215.4)**
- Impairment of Toll Marine Logistics plant and equipment									**(30.1)**
- Profit on sale of Automotive finished vehicle distribution business, Refrigerated Australian interstate linehaul and warehousing operations and Sanko Mic Corporation, net of tax									**54.8**
Net finance costs									**(36.6)**
Income tax expense									**(106.9)**
Profit for the year									**91.7**
Total segment assets	**805.8**	**564.5**	**424.2**	**1,195.1**	**1,225.4**	**997.4**	**5,212.4**	**620.1**	**5,832.5**
Unallocated tax assets									**142.1**
Total assets									**5,974.6**

4. SEGMENT INFORMATION (continued)

	Toll Global Express $M	Toll Domestic Forwarding $M	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
Business segments – 2012									
Revenue	**2,233.9**	**1,150.9**	**1,322.0**	**1,419.7**	**1,106.8**	**1,450.6**	**8,683.9**	**23.3**	**8,707.2**
Result									
Segment result	128.7	56.7	87.7	88.1	102.3	16.5	**480.0**	(52.8)	**427.2**
Share of profit of associates and joint ventures	2.5	-	-	4.5	0.7	4.1	**11.8**	0.4	**12.2**
Total segment result	**131.2**	**56.7**	**87.7**	**92.6**	**103.0**	**20.6**	**491.8**	**(52.4)**	**439.4**
Depreciation and amortisation arising from acquisitions through business combinations	(3.8)	(0.3)	-	(11.7)	(3.8)	(8.1)	**(27.7)**	(0.9)	**(28.6)**
Unallocated profit / (loss):									
- Impairment of Toll Express Japan intangible assets and property, plant and equipment									**(170.9)**
- Impairment of Corporate property, plant and equipment									**(55.6)**
- Release of earnout provisions									**9.9**
- Other									**1.2**
Net finance costs									**(37.0)**
Income tax expense									**(87.5)**
Profit for the year									**70.9**
Total segment assets	**843.6**	**549.1**	**377.7**	**1,150.4**	**1,195.2**	**1,168.5**	**5,284.5**	**602.5**	**5,887.0**
Unallocated tax assets									**153.9**
Total assets									**6,040.9**

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 – 2013					
Revenue by location	6,186.1	1,713.7	534.4	285.2	**8,719.4**
Non-current assets by location	1,971.5	1,687.6	141.5	68.7	**3,869.3**

	Australia and New Zealand $M	Asia $M	EMEA $M	North America $M	Total $M
Geographical segments – 2012					
Revenue by location	6,083.0	1,788.4	545.0	290.8	**8,707.2**
Non-current assets by location	1,892.8	1,796.4	201.4	79.2	**3,969.8**

.

5. REVENUE

	2013 $M	2012 $M
Transport and logistics services rendered	8,719.4	8,707.2
Total revenue	**8,719.4**	**8,707.2**

6. OTHER INCOME

	2013 $M	2012 $M
Dividend income	0.1	0.7
Government grants	0.5	0.2
Net foreign exchange gains	1.4	3.0
Net gain on disposal of investments and controlled entities	0.4	-
Net gain on disposal of property, plant and equipment	8.5	9.3
Release of earnout provisions	-	9.9
Other	9.3	9.7
Total other income	**20.2**	**32.8**

7. EXPENSES

Profit before income tax expense includes the following specific expenses:

	Note	2013 $M	2012 $M
Depreciation			
Buildings		14.4	12.8
Leasehold improvements		20.8	19.8
Plant and equipment		209.5	199.8
Leased plant and equipment		3.3	5.0
Total depreciation	19	**248.0**	**237.4**
Amortisation			
Capitalised software and technology		16.6	17.6
Customer contracts and relationships		19.5	26.3
Other intangibles		0.9	1.3
Total amortisation	20	**37.0**	**45.2**
Finance expenses			
Unwinding of discount on long term provisions		6.2	6.7
Other interest and finance charges paid / payable		40.5	42.3
Total finance expenses		**46.7**	**49.0**
Impairment losses			
Goodwill		204.0	135.0
Other intangible assets		11.4	10.1
Property, plant and equipment		30.1	81.4
Total impairment losses	21	**245.5**	**226.5**
Other expenses			
Net loss on disposal of investments and controlled entities		-	0.3
Impairment losses on receivables		7.4	7.5
Operating lease expense			
Property		285.9	293.6
Plant and equipment		82.8	97.9
Share option expense		(3.1)	6.9
Employee benefit expenses			
Defined contribution superannuation expense		132.4	133.9

8. INCOME TAX EXPENSE

Recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2013 $M	2012 $M
Tax recognised in profit for the year		
Current tax expense		
Current year	109.2	68.1
Over / (under) provision in prior years	0.4	(2.7)
Total current tax expense	109.6	65.4
Deferred tax expense		
Origination and reversal of temporary differences	(1.7)	22.1
Total deferred tax expense	(1.7)	22.1
Total income tax expense	**107.9**	**87.5**
Numerical reconciliation between income tax expense and pre-tax net profit		
Profit before income tax expense	199.6	158.4
Income tax expense using the domestic corporation income tax rate of 30% (2012: 30%)	59.9	47.5
Increase in income tax expense due to:		
Change in corporate tax rate in foreign jurisdictions	-	5.2
Non-deductible expenditures	52.5	95.9
Tax losses not recognised	9.9	19.6
Capital gains on disposal of controlled entities and property, plant and equipment	11.6	-
Effect of tax rates in foreign jurisdictions	23.1	-
Decrease in income tax expense due to:		
Non-assessable income	(23.5)	(15.4)
Tax exempt income	(4.2)	(4.9)
Utilisation and recognition of tax losses not previously recognised	(20.0)	(24.2)
Effect of tax rates in foreign jurisdictions	-	(30.6)
Share of net profit of associates and joint ventures	(1.8)	(2.9)
	107.5	90.2
Over / (under) provision in prior years	0.4	(2.7)
Total income tax expense	**107.9**	**87.5**
Tax recognised in other comprehensive income		
Deferred tax expense		
Relating to:		
Changes in fair value of cash flow hedges	4.4	4.1
Hedges of net investments in foreign controlled entities	(0.2)	-
Total	**4.2**	**4.1**

8. INCOME TAX EXPENSE (continued)

Deferred income tax

Deferred tax assets and liabilities are attributed to the following:

	2013 $M	2012 $M
Deferred tax assets		
Property, plant and equipment	22.6	24.2
Intangible assets	14.2	12.5
Payables	19.2	22.4
Provisions	101.9	105.7
Other liabilities	1.1	1.6
Unrealised foreign exchange losses	4.3	6.4
Tax losses recognised	43.2	41.5
Set off of tax (see below)	(67.9)	(64.6)
Total deferred tax assets	**138.6**	**149.7**
Deferred tax liabilities		
Receivables	0.3	0.2
Inventories	1.4	2.5
Prepayments	6.0	5.9
Property, plant and equipment	44.4	41.5
Intangible assets	5.7	11.4
Other assets	14.3	11.7
Unrealised foreign exchange gains	14.2	14.1
Set off of tax (see above)	(67.9)	(64.6)
Total deferred tax liabilities	**18.4**	**22.7**

There is a legally enforceable right to affect the deferred tax assets and liabilities of the Australian consolidated tax group.

There are unutilised capital and revenue losses within the Toll Group of $315.1 million (2012: $289.7 million) for which no tax benefit has been recognised.

9. ASSETS AND LIABILITIES HELD FOR SALE

	2013 $M	2012 $M
Assets held for sale		
Property, plant and equipment	56.2	13.8
Disposal groups	-	74.4
Total assets held for sale	**56.2**	**88.2**
Liabilities held for sale		
Disposal groups	-	18.2
Total liabilities held for sale	**-**	**18.2**

10. ACQUISITIONS AND DISPOSALS

(a) Acquisitions finalised during the year ended 30 June 2013

During the year ended 30 June 2012, the Group acquired Megatrans Uluslararasi Nakliyat Ve Ticaret Limited Sirketi & Makro Lojistik Ticaret Limited Sirketi ("MFreight Group"), a logistics company in the Toll Global Forwarding Division. At 30 June 2012, the fair value of the assets and liabilities of this acquisition was provisional. Acquisition accounting has now been finalised.

The following summarises the major classes of consideration transferred for the acquisition and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	$M
Consideration transferred	
Cash	1.8
Contingent consideration	2.6
Total consideration	4.4

Identifiable assets acquired and liabilities assumed

	Final balance recognised at 30 June 2013 $M
Property, plant and equipment	-
Total identifiable assets	-

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$M
Total consideration transferred	4.4
Less fair value of net identifiable assets acquired	-
Goodwill	**4.4**

(b) Other acquisition provisional as at 30 June 2013

During the year ended 30 June 2013, the Group acquired the Linfox Trans-Bass Strait business, a logistics business in the Toll Domestic Forwarding division.

The following summarises the major classes of consideration transferred for the acquisition and the recognised amounts of assets acquired and liabilities assumed at the acquisition date:

	$M
Consideration transferred	
Cash	6.5
Total consideration	6.5

Identifiable assets acquired and liabilities assumed

	Provisional balance recognised at 30 June 2013 $M
Property, plant and equipment	0.9
Total identifiable assets	0.9

10. ACQUISITIONS AND DISPOSALS (continued)

(b) Other acquisition provisional as at 30 June 2013 (continued)

The Group is currently in the process of finalising 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 the acquisition date.

Goodwill

Goodwill was recognised as a result of the acquisition as follows:

	$M
Total consideration transferred	6.5
Less fair value of net identifiable assets acquired	(0.9)
Goodwill	**5.6**

(c) Disposals

During the year ended 30 June 2013, the Group disposed of its Automotive finished vehicle distribution business in the Toll Global Logistics Division, the Refrigerated Australian interstate linehaul and warehousing operations in the Toll Domestic Forwarding Division and the pamphlet distribution business, Sanko Mic Corporation, in Toll Express Japan. The Automotive and Refrigerated businesses were disclosed as disposal groups held for sale at 30 June 2012.

The following summarises the book values of the net assets disposed of, the sales proceeds and the net profit:

	$M
Assets and liabilities disposed	
Cash at bank and on hand	0.7
Receivables	27.7
Property, plant and equipment	46.3
Intangible assets	12.6
Other assets	1.2
Payables and other liabilities	(7.1)
Provisions	(8.0)
Net assets disposed	**73.4**
Sales proceeds	
Cash and sales price adjustments	95.4
Shares in joint venture	40.0
Total net proceeds	**135.4**
Less	
Directly attributable costs	(6.2)
Net assets disposed	(73.4)
Net profit before income tax expense on disposals	**55.8**
Income tax expense	(1.0)
Net profit after income tax expense on disposals	**54.8**

11. EARNINGS PER SHARE

Basic earnings per share

The calculation of basic earnings per share at 30 June 2013 was based on the profit attributable to owners of the Company of $84.5 million (2012: $64.6 million) and a weighted average number of ordinary shares outstanding of 717.1 million (2012: 715.2 million), calculated as follows:

	2013 $M	2012 $M
Profit attributable to owners of the Company		
Profit for the year	91.7	70.9
Profit attributable to non-controlling interests	(7.2)	(6.3)
Profit attributable to owners of the Company	**84.5**	**64.6**

	2013 Million shares	2012 Million shares
Weighted average number of ordinary shares		
Issued ordinary shares at 1 July	717.1	710.1
Effect of shares issued	-	5.1
Weighted average number of ordinary shares at 30 June	**717.1**	**715.2**

	2013	2012
Basic earnings per share		
Profit attributable to owners of the Company ($M)	84.5	64.6
Weighted average number of ordinary shares at 30 June (million shares)	717.1	715.2
Basic earnings per share (cents)	**11.8**	**9.0**

Diluted earnings per share

The calculation of diluted earnings per share at 30 June 2013 was based on the profit attributable to owners of the Company of $84.5 million (2012: $64.6 million) and a weighted average number of ordinary shares outstanding after adjustment for the effects of all dilutive potential ordinary shares of 721.2 million (2012: 716.3 million), calculated as follows:

	2013 $M	2012 $M
Profit attributable to owners of the Company (diluted)	**84.5**	**64.6**

	2013 Million shares	2012 Million shares
Weighted average number of ordinary shares (diluted)		
Weighted average number of ordinary shares at 1 July (basic)	717.1	715.2
Effect of shares issued	4.1	1.1
Weighted average number of ordinary shares at 30 June (diluted)	**721.2**	**716.3**

	2013	2012
Diluted earnings per share		
Profit attributable to owners of the Company (diluted) ($M)	84.5	64.6
Weighted average number of ordinary shares at 30 June (diluted) (million shares)	721.2	716.3
Diluted earnings per share (cents)	**11.7**	**9.0**

12. DIVIDENDS PAID AND DETERMINED

	Cents per share	Total $M	Franked / unfranked	Payment date
Dividends provided or paid by the Company during the year:				
Ordinary shares				
2013				
2012 Final dividend	13.5	96.8	Franked	22/10/2012
2013 Interim dividend	12.5	89.6	Franked	02/04/2013
		186.4		
2012				
2011 Final dividend	13.5	95.9	Franked	10/10/2011
2012 Interim dividend	11.5	82.5	Franked	30/03/2012
		178.4		

Franked dividends paid or determined during the year were franked at the tax rate of 30%.

Subsequent events

After the balance sheet date the Directors determined the following dividend. The dividend has not been provided for.

	Cents per share	Total $M	Franked / unfranked	Payment date
Final dividend	14.5	104.0	Franked	21/10/2013

The financial effect of this dividend has not been brought to account in the financial statements for the year ended 30 June 2013 and will be recognised in subsequent financial reports.

	The Company	
Dividend franking account	**2013 $M**	**2012 $M**
Net Class C (30%) franking credits (2012: 30%) available to shareholders of the parent entity for subsequent financial years	76.0	65.7

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 determine dividends. The impact on the dividend franking account of dividends determined after the balance sheet date but not recognised as a liability is to reduce it by $44.6 million (2012: $41.5 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 (2012: nil).

12. DIVIDENDS PAID AND DETERMINED (continued)

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 2013 and 30 June 2012, were as follows:

Dividends paid	**2013 $M**	**2012 $M**
Total dividends paid in cash	186.3	147.8
Satisfied by issue of shares in Toll Holdings Limited	-	30.4
Satisfied by reduction in employee share plan loans	0.1	0.2
Total dividends paid	**186.4**	**178.4**

The Dividend Reinvestment Plan was suspended from the 2012 interim dividend. See note 26 for further details.

13. CASH AND CASH EQUIVALENTS

	Note	**2013 $M**	**2012 $M**
Cash at bank and on hand		228.9	318.0
Term deposits		286.6	251.1
Cash and cash equivalents		**515.5**	**569.1**
Bank overdraft	23	(48.3)	(64.0)
Net cash and cash equivalents		**467.2**	**505.1**

14. RECEIVABLES

	2013 $M	**2012 $M**
Current		
Trade receivables	953.2	940.3
Allowance for impairment losses	(18.8)	(18.5)
Net trade receivables	934.4	921.8
Other receivables	306.7	207.4
Total current receivables	**1,241.1**	**1,129.2**
Non-current		
Loans to associates	4.2	4.5
Other receivables	8.3	8.1
Other loans	0.6	0.4
Total non-current receivables	**13.1**	**13.0**
Total receivables	**1,254.2**	**1,142.2**

15. INVENTORIES

	2013 $M	**2012 $M**
Stores and materials	31.2	32.2
Finished goods at net realisable value	30.4	21.1
Total inventories	**61.6**	**53.3**

16. OTHER FINANCIAL ASSETS

	2013 $M	2012 $M
Current		
Derivative financial instruments	20.8	13.2
Other loans	0.1	0.4
Total current other financial assets	**20.9**	**13.6**
Non-current		
Derivative financial instruments	3.9	3.4
Other cash deposits	13.0	16.3
Total non-current other financial assets	**16.9**	**19.7**
Total other financial assets	**37.8**	**33.3**

17. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	Note	2013 $M	2012 $M
Associates and joint ventures	33	170.8	121.9

18. INVESTMENTS

	2013 $M	2012 $M
Listed equity securities – at market value	0.2	0.2
Unlisted equity securities – at cost	4.1	4.5
Total investments	**4.3**	**4.7**

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 does not currently intend to sell these securities.

19. PROPERTY, PLANT AND EQUIPMENT

	Note	Freehold land $M	Buildings $M	Leasehold improvements $M	Plant and equipment $M	Leased plant and equipment $M	Capital work in progress $M	Total $M
Carrying amount								
Balance as at 1 July 2012		357.3	379.6	111.1	1,049.6	14.6	98.5	2,010.7
Acquisitions through business combinations	10	-	-	-	0.9	-	-	0.9
Additions		-	3.0	8.1	231.4	-	109.9	352.4
Transfer from capital work in progress		1.7	79.6	40.2	32.6	-	(154.1)	-
Reclassification (to) / from assets held for sale		(29.0)	(25.7)	(1.9)	(30.2)	-	-	(86.8)
Disposals		(3.2)	(0.3)	(0.5)	(21.8)	(0.1)	(0.3)	(26.2)
Depreciation	7	-	(14.4)	(20.8)	(209.5)	(3.3)	-	(248.0)
Reclassifications		-	(8.3)	9.2	20.0	(0.5)	(5.1)	15.3
Effect of movements in foreign exchange		(13.9)	9.9	6.2	7.0	(0.9)	2.9	11.2
Impairment loss	21	-	-	-	(29.8)	-	(0.3)	(30.1)
Balance as at 30 June 2013		**312.9**	**423.4**	**151.6**	**1,050.2**	**9.8**	**51.5**	**1,999.4**
Cost		376.2	503.4	326.6	2,143.3	32.4	51.5	3,433.4
Accumulated depreciation and impairment		(63.3)	(80.0)	(175.0)	(1,093.1)	(22.6)	-	(1,434.0)
Balance as at 30 June 2013		**312.9**	**423.4**	**151.6**	**1,050.2**	**9.8**	**51.5**	**1,999.4**
Carrying amount								
Balance as at 1 July 2011		426.2	290.6	107.9	1,001.4	20.2	126.7	1,973.0
Acquisitions through business combinations		-	-	(0.1)	(11.9)	-	-	(12.0)
Additions		-	1.6	15.0	264.8	-	147.9	429.3
Transfer from capital work in progress		17.1	103.4	2.9	57.1	-	(180.5)	-
Reclassification (to) / from assets held for sale		(13.2)	(0.1)	(1.9)	(44.7)	-	(1.0)	(60.9)
Disposals		(5.6)	-	(0.1)	(11.8)	(0.6)	-	(18.1)
Depreciation	7	-	(12.8)	(19.8)	(199.8)	(5.0)	-	(237.4)
Reclassifications		1.0	(2.0)	5.5	(3.4)	(0.8)	4.1	4.4
Effect of movements in foreign exchange		8.2	3.9	1.7	(2.1)	0.8	1.3	13.8
Impairment loss		(76.4)	(5.0)	-	-	-	-	(81.4)
Balance as at 30 June 2012		**357.3**	**379.6**	**111.1**	**1,049.6**	**14.6**	**98.5**	**2,010.7**
Cost		462.7	473.0	278.4	2,025.2	36.5	98.5	3,374.3
Accumulated depreciation and impairment		(105.4)	(93.4)	(167.3)	(975.6)	(21.9)	-	(1,363.6)
Balance as at 30 June 2012		**357.3**	**379.6**	**111.1**	**1,049.6**	**14.6**	**98.5**	**2,010.7**

20. INTANGIBLE ASSETS

	Note	Goodwill $M	Capitalised software and technology $M	Customer contracts and relationships $M	Other intangibles $M	Total $M
Carrying amount						
Balance at 1 July 2012		1,635.3	117.9	35.7	6.2	1,795.1
Acquisitions through business combinations	10	5.6	-	-	-	5.6
Disposals of controlled entities		(11.3)	-	-	-	(11.3)
Additions		-	36.8	-	0.2	37.0
Disposals		-	(2.8)	-	-	(2.8)
Amortisation	7	-	(16.6)	(19.5)	(0.9)	(37.0)
Reclassifications		-	(15.4)	-	-	(15.4)
Effect of movements in foreign exchange		101.6	1.9	0.4	0.6	104.5
Impairment loss	21	(204.0)	-	(11.4)	-	(215.4)
Balance as at 30 June 2013		**1,527.2**	**121.8**	**5.2**	**6.1**	**1,660.3**
Cost		1,855.3	245.6	190.1	18.1	2,309.1
Accumulated amortisation and impairment		(328.1)	(123.8)	(184.9)	(12.0)	(648.8)
Balance as at 30 June 2013		**1,527.2**	**121.8**	**5.2**	**6.1**	**1,660.3**
Carrying amount						
Balance at 1 July 2011		1,683.5	90.7	67.3	7.4	1,848.9
Acquisitions through business combinations		39.4	-	1.6	-	41.0
Additions		-	49.4	-	-	49.4
Disposals		-	(0.1)	-	-	(0.1)
Amortisation	7	-	(17.6)	(26.3)	(1.3)	(45.2)
Reclassifications		-	(4.8)	-	(0.1)	(4.9)
Reclassification to assets held for sale		(1.3)	-	-	-	(1.3)
Effect of movements in foreign exchange		48.7	1.8	1.7	0.2	52.4
Impairment loss		(135.0)	(1.5)	(8.6)	-	(145.1)
Balance as at 30 June 2012		**1,635.3**	**117.9**	**35.7**	**6.2**	**1,795.1**
Cost		1,767.7	225.9	181.7	16.4	2,191.7
Accumulated amortisation and impairment		(132.4)	(108.0)	(146.0)	(10.2)	(396.6)
Balance as at 30 June 2012		**1,635.3**	**117.9**	**35.7**	**6.2**	**1,795.1**

21. IMPAIRMENT

(a) Impairment

During the year ended 30 June 2013, a strategic review was completed on the Toll Marine Logistics Asia businesses. A decision was made to dispose of a number of vessels which resulted in the recognition of a $30.1m impairment charge against plant and equipment.

During the year ended 30 June 2013, following the completion of intangible asset impairment testing, a $204.0m charge was taken against Toll Global Forwarding goodwill and an $11.4m charge was taken against Toll Global Forwarding customer relationships. These charges were a consequence of global forwarding market conditions deteriorating over the past six months resulting in reduced growth and margin assumptions and an increased discount rate being used in the impairment testing process.

(b) Goodwill allocation

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 six business segments in 2013 and the comparable 2012 disclosures are presented below:

	Goodwill as at 30 June 2013 $M	Goodwill as at 30 June 2012 $M
Toll Global Express	136.3	134.3
Toll Domestic Forwarding	79.8	73.7
Toll Specialised & Domestic Freight	18.7	18.7
Toll Global Logistics	492.3	465.3
Toll Global Resources	345.0	327.8
Toll Global Forwarding	455.1	615.5
	1,527.2	**1,635.3**

There were no intangible assets with indefinite useful lives at 30 June 2013 (2012: nil).

21. IMPAIRMENT (continued)

(c) Impairment testing

(i) Impairment testing compares the carrying value of assets to be tested to the recoverable amount of future cash flows 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 which are aligned with strategic plans. Forecasts use current management estimates, based on past management experience and future expectations to determine revenue, expenses, capital expenditure and cash flows. Toll Global Forwarding EBIT margin over the current five year forecast is a range from 1.13% to 3.12%.

The following key assumptions have been used in determining the recoverable amounts of CGUs to which goodwill has been allocated:

	Discount rate as at 30 June 2013 % (a)	Discount rate as at 30 June 2012 % (a)	Terminal value growth rate as at 30 June 2013 % (b)	Terminal value growth rate as at 30 June 2012 % (b)
Toll Global Express	11.8	12.9	2.00	2.00
Toll Domestic Forwarding	11.6	12.6	2.00	2.00
Toll Specialised & Domestic Freight	11.7	12.8	2.00	2.00
Toll Global Logistics	10.0	11.0	2.50	2.50
Toll Global Resources	10.1	11.1	2.50	2.50
Toll Global Forwarding	10.4	9.3	2.00	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 CGU country specific risks. The discount rate is a derived rate where there are two or more material country-specific cash flows per CGU. An additional risk premium was applied to the Toll Global Forwarding discount rate to reflect uncertainties in cash flow projections.

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 of logistics assets in the appropriate markets.

(ii) The recoverable amount in Toll Express Japan is based on fair value less cost to sell, using Directors valuations, supported by an observable market price.

(d) Reasonably possible change

With the exception of Toll Global Forwarding, management have determined that, given the significant excess of future cash flows over asset carrying value (head room), there are no reasonably possible changes in key assumptions which could occur to cause the carrying amount of these CGUs to exceed their recoverable amounts. The recoverable amount of goodwill relating to Toll Global Forwarding would be impacted by an adverse movement in earnings, discount rates or terminal growth rates.

22. PAYABLES

	2013 $M	2012 $M
Trade creditors	383.6	365.4
Other creditors and accruals	484.6	527.5
Total payables	**868.2**	**892.9**

Deed of Cross Guarantee

The Company has a Deed of Cross Guarantee ("the Deed") with certain controlled entities as listed in note 32. 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 34.

23. INTEREST BEARING LIABILITIES

	Note	2013 $M	2012 $M
Current			
Term and other loans – unsecured		884.7	221.4
Finance lease liabilities – secured		1.3	2.7
Hire purchase liabilities		-	0.4
Bank overdraft – unsecured	13	48.3	64.0
Total current interest bearing liabilities		**934.3**	**288.5**
Non-current			
Term and other loans – unsecured		850.2	1,414.3
Finance lease liabilities – secured		4.2	5.5
Total non-current interest bearing liabilities		**854.4**	**1,419.8**
Total interest bearing liabilities		**1,788.7**	**1,708.3**

A reclassification of certain borrowings occurred at 30 June 2013 from non-current to current as they are due to expire in period ending 30 June 2014. The Company has developed a refinancing strategy that was approved by the Board in May 2013. Implementation of this strategy is currently underway and negotiations are being held with a number of financial institutions with the expectation that the majority of debt will be refinanced by December 2013. The Directors are not aware of any issues which would result in the refinancing strategy being unsuccessful.

23. INTEREST BEARING LIABILITIES (continued)

Terms and debt repayment schedule

Terms and conditions of outstanding loans were as follows:

	Currency	Weighted average rate	Year of maturity	Face value 2013 $M	Carrying amount 2013 $M	Face value 2012 $M	Carrying amount 2012 $M
Bank overdraft	DKK	2.41%	On demand	2.0	2.0	1.3	1.3
Bank overdraft	EUR	2.42%	On demand	21.5	21.5	19.6	19.6
Bank overdraft	GBP	2.41%	On demand	6.9	6.9	29.6	29.6
Bank overdraft	HKD	6.23%	On demand	2.9	2.9	2.9	2.9
Bank overdraft	ZAR	7.50%	On demand	15.0	15.0	10.6	10.6
Unsecured bank facility	AUD		FY13	-	-	26.0	26.0
Unsecured bank facilities	CNY	5.60%	On demand	11.2	11.2	11.4	11.4
Unsecured bank facility	GBP	1.39%	On demand	12.5	12.5	11.7	11.7
Unsecured bank facility	GBP		FY14	-	-	51.3	51.3
Unsecured bank facility	GBP	1.46%	FY17	80.3	80.0	-	-
Unsecured bank facility	HKD	1.43%	On demand	1.3	1.3	2.3	2.3
Unsecured bank facility	IDR	1.30%	On demand	-	-	0.1	0.1
Unsecured bank facilities	JPY		FY13	-	-	31.8	31.8
Unsecured bank facilities	JPY		FY13	-	-	70.1	70.1
Unsecured bank facilities	JPY	1.20%	FY14	116.7	116.7	62.1	62.1
Unsecured bank facility	JPY	1.20%	FY15	12.4	12.4	15.9	15.9
Unsecured bank facility	JPY	1.40%	FY17	18.0	18.0	-	-
Unsecured bank facility	JPY	1.40%	FY19	14.1	14.1	-	-
Unsecured bank facility	TWD	1.51%	On demand	0.4	0.4	0.3	0.3
Unsecured bank facility	USD		On demand	-	-	1.2	1.2
Unsecured bank facility	USD		FY13	-	-	66.4	66.4
Unsecured bank facility	USD	2.03%	FY17	72.2	72.2	-	-
Unsecured syndicated bank facility	HKD	1.22%	FY14	249.5	249.0	211.8	210.7
Unsecured syndicated bank facility	SGD	1.31%	FY14	424.8	424.2	253.3	252.3
Unsecured syndicated bank facility	SGD	1.43%	FY15	254.9	254.4	370.2	369.3
Unsecured syndicated bank facility	SGD	1.52%	FY16	102.0	101.7	116.9	116.4
Unsecured syndicated bank facility	USD	1.12%	FY14	69.4	69.3	63.8	63.5
USPP notes	USD	2.95%	FY16	108.5	108.1	99.7	99.2
USPP notes	USD	3.65%	FY18	108.5	108.1	99.7	99.2
USPP notes	USD	4.34%	FY21	81.4	81.2	74.7	74.4
Finance lease and hire purchase liabilities	Various	7.29%	FY15	5.5	5.5	8.6	8.6
Loan from non-controlling interest shareholders	USD	1.25%	FY14	0.1	0.1	0.1	0.1
Total interest bearing liabilities				**1,792.0**	**1,788.7**	**1,713.4**	**1,708.3**

The differences between some carrying amounts and face values above are due to the transaction costs directly attributable to the establishment of bank facilities and USPP notes. These costs are deducted from the amount of interest bearing liabilities initially recognised and expensed over the life of the bank facilities and notes.

(a) USPP notes

Toll guaranteed US$275 million senior notes issued in the US Private Placement (USPP) debt market in 2010. The notes have maturities between 2015 and 2020 (2012: between 2015 and 2020).

(b) Unsecured bank facilities

Bank loans, bilateral and syndicated, are denominated in various currencies, principally SGD. These loans are repayable at various times between July 2013 and September 2018 (2012: July 2012 and September 2014) and are guaranteed. During the year a number of bank facilities were renegotiated and extended resulting in a longer period of time for the loans to be repayable. All unsecured bank facilities are subject to negative pledge arrangements.

(c) Defaults and breaches

During the current and prior year, there were no defaults or breaches of covenants on any loans.

24. PROVISIONS

	2013 $M	2012 $M
Current		
Employee benefits	255.0	241.5
Workers' compensation / self-insurance	30.2	28.3
Property related	5.8	14.1
Other	54.1	65.9
Total current provisions	**345.1**	**349.8**
Non-current		
Employee benefits	44.0	47.3
Workers' compensation / self-insurance	48.6	47.4
Property related	37.0	27.5
Other	12.4	27.0
Total non-current provisions	**142.0**	**149.2**
	487.1	**499.0**
Employee benefits		
Aggregate employee benefits, including on-costs:		
Current	255.0	241.5
Non-current	44.0	47.3
Total employee benefits	**299.0**	**288.8**

Reconciliation of provisions

	Employee benefits $M	Workers' compensation / self-insurance $M	Property related $M	Other $M	Total $M
Balance as at 1 July 2012	288.8	75.7	41.6	92.9	499.0
Provision additions	197.1	67.7	(1.1)	85.8	349.5
Provisions utilised	(179.2)	(62.8)	(1.9)	(92.5)	(336.4)
Provisions released	(5.7)	(2.3)	(2.1)	(13.3)	(23.4)
Provisions disposed	(0.2)	-	(0.1)	-	(0.3)
Reclassification (to) / from other liabilities	(0.2)	-	9.1	(8.8)	0.1
Reclassification from liabilities held for sale	0.7	0.4	-	-	1.1
Effects of movements in foreign exchange	(2.3)	0.1	(2.7)	2.4	(2.5)
Balance as at 30 June 2013	**299.0**	**78.8**	**42.8**	**66.5**	**487.1**
Current	255.0	30.2	5.8	54.1	345.1
Non-current	44.0	48.6	37.0	12.4	142.0
Balance as at 30 June 2013	**299.0**	**78.8**	**42.8**	**66.5**	**487.1**

24. PROVISIONS (continued)

(i) Employee benefits

	2013 $M	2012 $M
Other employee benefit liabilities	273.6	258.6
Defined benefit obligations		
Present value of unfunded obligations	25.4	30.2
Present value of funded obligations	-	-
Total present value of defined benefit obligations	**25.4**	**30.2**
Total employee benefit liabilities as at 30 June	**299.0**	**288.8**

The defined benefit plan entitles a retired employee to receive a lump sum payment calculated on the basis of competency grade and qualifying years of service. The actuarial 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. The plan was acquired as part of the Toll Express Japan acquisition in 2010.

Movement in the present value of the defined benefit obligations

	2013 $M	2012 $M
Defined benefit obligations as at 1 July	30.2	29.6
Benefits paid by the plan	(3.1)	(3.1)
Current service costs and interest	1.2	1.5
Foreign exchange movements	(3.3)	1.7
Actuarial gains / losses	0.4	0.5
Defined benefit obligations as at 30 June	**25.4**	**30.2**

Expenses recognised in the Consolidated Statement of Profit or Loss and Other Comprehensive Income

	2013 $M	2012 $M
Current service costs	0.9	1.0
Interest on obligation	0.3	0.5
Total expenses	**1.2**	**1.5**

The expense is recognised in the following line items in the Consolidated Statement of Profit or Loss and Other Comprehensive Income:

	2013 $M	2012 $M
Employee benefits expense	0.9	1.0
Finance expenses	0.3	0.5
Total expenses	**1.2**	**1.5**

Actuarial gains and losses recognised in other comprehensive income

	2013 $M	2012 $M
Cumulative amount as at 1 July	0.9	0.4
Recognised during the period	0.4	0.5
Cumulative amount as at 30 June	**1.3**	**0.9**

24. PROVISIONS (continued)

(i) Employee benefits (continued)

Actuarial assumptions

The principal actuarial assumptions at the reporting date (expressed as weighted averages):

	2013	2012
Discount rate at 30 June	1.1%	1.3%
Future salary increases	0.0%	0.0%
Future superannuation increases	**1.1%**	**1.3%**

Historical information

	2013 $M	2012 $M
Present value of the defined benefit obligation	25.4	30.2
Experience adjustments arising on plan liabilities	-	-

The Group expects $1.9 million in benefits to be paid from its defined benefit plan during the year ending 30 June 2014.

(ii) Workers' compensation / self-insurance

The Group self-insures for risks associated with worker's 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 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.

25. OTHER LIABILITIES

	2013 $M	2012 $M
Current		
Derivative financial instruments	9.3	12.1
Other	16.1	19.1
Total current other liabilities	**25.4**	**31.2**
Non-current		
Derivative financial instruments	7.4	12.0
Other	3.4	6.6
Total non-current other liabilities	**10.8**	**18.6**
Total other liabilities	**36.2**	**49.8**

26. CONTRIBUTED EQUITY

	2013 $M	2012 $M
Issued and paid up capital		
717,133,875 ordinary shares fully paid (2012: 717,133,875)	2,976.7	2,976.7

(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) There was no movement in issued and paid up ordinary share capital of the Company during the year.

Date	Details	Number of shares	Issue price $	Contributed equity $M
01/07/12	Opening balance	717,133,875	-	2,976.7
30/06/13	**Closing balance**	**717,133,875**		**2,976.7**

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.

The Company's Dividend Reinvestment Plan was suspended from the 2012 interim dividend and the Directors have determined to continue its suspension for the 2013 final dividend.

27. 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 FY13 year.

Executive Long Term Incentive (LTI) Plan

Options and/or rights are granted to executives as part of the Group's LTI program under the SEORP. As at 30 June 2013, unissued ordinary shares of the Company under option are:

Offer approval date [1]	Issue/grant date [2]	First possible vesting date	Expiry date	Exercise price	Opening balance as at 1 July 2012	Options granted	Options forfeited / lapsed	Options expired	Options exercised	Closing balance as at 30 June 2013
				$	'000	'000	'000	'000	'000	'000
11 Jan 2008	22 Feb 2008	10 Jan 2011 [3]	10 Jan 2013	10.55	3,123	-	(3,123)	-	-	-
26 Jun 2008	05 Dec 2008	25 Jun 2011 [3]	25 Jun 2013	6.32	761	-	(761)	-	-	-
26 Nov 2008	29 Jun 2009	25 Nov 2011 [4]	25 Nov 2013	5.75	5,362	-	(115)	-	-	5,247
24 Feb 2010	31 Mar 2010	23 Feb 2013 [5]	12 Mar 2015	8.52	5,911	-	(3,310)	-	-	2,601
05 Nov 2010	21 Dec 2010	04 Nov 2013	04 Nov 2015	6.25	5,151	-	(289)	-	-	4,862
28 Sep 2011	16 Dec 2011	27 Sep 2014	27 Sep 2016	4.70	3,790	-	(180)	-	-	3,610
28 Sep 2011	16 Dec 2011	27 Sep 2014	27 Sep 2016	nil	1,755	-	(28)	-	-	1,727
05 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	-	2,083	-	-	-	2,083
26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	-	2,814	-	-	-	2,814
26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	nil	-	2,376	(18)	-	-	2,358
Total					**25,853**	**7,273**	**(7,824)**	**-**	**-**	**25,302**

1. The date the Board approved the offer for each participant (subject to any necessary shareholder approval being obtained).
2. The date on which options were issued. This is also the grant date for determining the fair value of the options for expensing purposes.
3. The final tests for these grants were undertaken during FY13. The performance hurdles were not met and, accordingly, all unvested equity lapsed.
4. The second test for this grant was undertaken but the hurdle was not met and, therefore, no vesting has occurred as at 30 June 2013.
5. The grant comprised two separate tranches. The first and final test for the tranche subject to a relative TSR hurdle was undertaken and the performance hurdle was not met. Accordingly, that tranche of equity lapsed. The first test for the tranche that is subject to the EPS growth hurdle was also undertaken and the hurdle was also not met. Therefore, this tranche has not vested but is still subject to further testing.

No options vested during the year ended 30 June 2013 (2012: nil shares). Nil ordinary shares were issued during the financial year on the exercise of options granted under the SEORP (2012: nil shares).

The final tests against the performance hurdles for the January 2008 and June 2008 grants were undertaken during FY13. The performance hurdles were not met, so all options awarded under these two grants lapsed. The February 2010 grant had dual measures of relative Total Shareholder Return (TSR) and earnings per share (EPS) growth. The relative TSR performance hurdle was measured but did not achieve the required threshold level. Accordingly, the portion of the grant subject to this measure also lapsed during FY13. All other forfeitures during FY13 relate to LTI grants which were forfeited by executives on cessation of employment.

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.

September 2012 and September 2011 grants

In 2011 performance rights were introduced as an alternative equity vehicle under the LTI Plan. In both 2012 and 2011, participants have been able to elect to receive their grant as all options, all rights or half options and half rights. Irrespective of the election, two independently tested performance criteria apply being relative TSR against the ASX 100 for 50% of the dollar allocation and cumulative compound growth in earnings per share (post-amortisation) for ongoing business operations excluding abnormal items (EPS growth) for the other 50% of the dollar allocation.

- Relative TSR against the ASX 100
    - Measurement dates are:
        - September 2012 grant: 1 July 2012 to 30 June 2015
        - September 2011 grant: 1 July 2011 to 30 June 2014

27. SHARE BASED PAYMENTS (continued)

September 2012 and September 2011 grants (continued)

- TSR options and rights 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 retest periods for unvested TSR options or rights.

• EPS growth

- Measurement dates are:
  - September 2012 grant: 1 July 2012 to 30 June 2015, 30 June 2016 and 30 June 2017
  - September 2011 grant: 1 July 2011 to 30 June 2014, 30 June 2015 and 30 June 2016

- The retests in years four and five are based on the cumulative four-year or five-year compound growth from 1 July 2012 and 2011 respectively.

- Options which do not vest in the third and final performance period will lapse.

- EPS options and rights will vest, subject to Board approval, if the following performance criteria are achieved:

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 2010 and February 2010 grants

Two independently tested performance criteria apply being relative TSR against the ASX 100 for 50% of the dollar allocation and cumulative compound growth in earnings per share (post-amortisation in November 2010 and pre-amortisation in February 2010) for ongoing business operations excluding abnormal items (EPS growth) for the other 50% of the dollar allocation.

• Relative TSR 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

- 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 retest periods for unvested TSR Options.

- Toll's relative TSR was measured for the February 2010 grant based on performance over the period 1 January 2010 to 31 December 2012. Toll's TSR performance was below the 50th percentile of the comparator group. Accordingly, the options granted under this tranche lapsed.

• EPS growth

- Measurement dates are:
  - November 2010 grant: 1 July 2010 to 30 June 2013, 30 June 2014 and 30 June 2015
  - February 2010 grant: 1 January 2010 to 31 December 2012, 31 December 2013 and 31 December 2014 (i.e. two retests)

- The retests in years four and five are based on the cumulative four-year or five-year compound growth from the start of the relevant performance period.

- Options which do not vest in the third and final performance period will lapse.

27. SHARE BASED PAYMENTS (continued)

November 2010 and February 2010 grants (continued)

- EPS options and rights will vest, subject to Board approval, if the following performance criteria are achieved:

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 and January 2008 grants

- EPS growth
  - 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
  - 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 (EPS growth).
  - The final tests for the January 2008 and November 2008 grants were undertaken in FY13. The performance hurdles were not met and, therefore, all options remaining from those grants lapsed at that time.

Restricted Rights – High Performance Recognition (HPR) Plan

The HPR 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 further grants were made in September 2011 and September 2012. The HPR 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.

In addition to grants made under the HPR Plan, the Board approved some special grants of restricted rights to recognise key contributors and / or serve as retention with specific restriction periods – refer to details in the table below:

Offer approval date [1]	Issue/grant date [2]	First possible vesting date	Expiry date	Exercise price	Opening balance as at 1 July 2012	Rights granted	Rights forfeited	Rights expired	Rights exercised	Closing balance as at 30 June 2013	Rights vested and exercisable
				$	'000	'000	'000	'000	'000	'000	'000
05 Nov 2010	21 Dec 2010	04 Nov 2012	04 Nov 2015	nil	68	-	(3)	-	(61)	4	4
05 Nov 2010	21 Dec 2010	03 Oct 2013	04 Nov 2015	nil	27	-	-	-	-	27	-
28 Sep 2011	16 Dec 2011	31 Dec 2012	27 Sep 2016	nil	33	-	-	-	(33)	-	-
28 Sep 2011	16 Dec 2011	27 Sep 2013	27 Sep 2016	nil	147	-	(2)	-	-	145	-
10 Oct 2011	17 Feb 2012	09 Oct 2013	27 Sep 2016	nil	12	-	-	-	-	12	-
30 May 2012	24 Jul 2012	01 Jul 2013	29 May 2017	nil	-	9	-	-	-	9	-
05 Sep 2012	26 Oct 2012	01 Jul 2013	25 Sep 2017	nil	-	26	-	-	-	26	-
26 Sep 2012	26 Oct 2012	01 Jul 2013	25 Sep 2017	nil	-	7	-	-	-	7	-
26 Sep 2012	14 Dec 2012	25 Sep 2014	25 Sep 2017	nil	-	130	-	-	-	130	-
Total					**287**	**172**	**(5)**	**-**	**(94)**	**360**	**4**

1. The date the Board approved the offer for each participant (subject to any necessary shareholder approval being obtained).
2. The date on which rights were issued. This is also the grant date for determining the fair value of the rights for expensing purposes.

The first grant of HPR restricted rights awarded in November 2010, became eligible to vest in November 2012. A total of 65,489 rights were eligible to vest under this Plan. The special grant of 32,895 rights awarded to the Managing Director in September 2011 also became eligible to vest on 31 December 2012. The Board approved the vesting of both of these grants and ordinary shares were purchased on market to satisfy the exercise. To date all except 4,390 of the vested rights under the HPR November 2010 grant have been exercised and shares were issued to the participants under these Plans. No other rights vested during the year and no 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.

27. SHARE BASED PAYMENTS (continued)

Restricted Rights – High Performance Recognition (HPR) Plan (continued)

All tranches of restricted rights are subject to continued employment and Board approval at the vesting date. The fair value of the rights, for expensing purposes, was independently determined by PricewaterhouseCoopers (PwC) taking into account factors such as the absence of dividends during the restriction period.

Non-equity units

Cash settled share based payment arrangements (non-equity units) are only issued in jurisdictions where actual options and / or rights cannot be issued. Non-equity units are issued under the terms of the Toll Phantom Unit Plan. At 30 June 2013, the non-equity units are:

Offer approval date [1]	Issue/grant date [2]	First possible vesting date	Expiry date	Exercise price	Opening balance as at 1 July 2012	Units granted	Units forfeited	Units expired	Units exercised	Closing balance as at 30 June 2013
				$	'000	'000	'000	'000	'000	'000
26 Jun 2008	05 Dec 2008	25 Jun 2011 [3]	25 Jun 2013	6.32	241	-	(241)	-	-	-
26 Nov 2008	29 Jun 2009	25 Nov 2011 [4]	25 Nov 2013	5.75	191	-	(48)	-	-	143
24 Feb 2010	31 Mar 2010	23 Feb 2013 [5]	12 Mar 2015	8.52	109	-	(63)	-	-	46
05 Nov 2010	21 Dec 2010	04 Nov 2013	04 Nov 2015	6.25	79	-	(6)	-	-	73
28 Sep 2011	17 Feb 2012	27 Sep 2014	27 Sep 2016	nil	14	-	-	-	-	14
28 Sep 2011	17 Feb 2012	27 Sep 2014	27 Sep 2016	4.70	41	-	-	-	-	41
28 Sep 2011	17 Feb 2012	27 Sep 2013	27 Sep 2016	nil	5	-	-	-	-	5
26 Sep 2012	14 Dec 2012	25 Sep 2014	25 Sep 2017	nil	-	8	-	-	-	8
26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	4.61	-	74	-	-	-	74
26 Sep 2012	26 Oct 2012	25 Sep 2015	25 Sep 2017	nil	-	12	-	-	-	12
Total					**680**	**94**	**(358)**	**-**	**-**	**416**

1. The date the Board approved the offer for each participant.
2. The date on which non equity units were issued.
3. The final test for this grant was undertaken during FY13. The performance hurdle was not met and, accordingly, all unvested units lapsed.
4. The second test for this grant was undertaken but the hurdle was not met and, therefore, no vesting has occurred as at 30 June 2013.
5. The grant comprised two separate tranches. The first and final test for the tranche subject to a relative TSR hurdle was undertaken and the performance hurdle was not met. Accordingly, that tranche of units lapsed. The first test for the tranche that is subject to the EPS growth hurdle was also undertaken and the hurdle was also not met. Therefore, this tranche has not vested but is still subject to further testing.

No non-equity units vested or were redeemed during the year ended 30 June 2013.

September 2012, September 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 and HPR 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 on the ASX business date before the redemption of the vested non-equity unit less the exercise price, if any, 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 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 June 2008 grant did not meet the performance hurdles and all units under this grant have now lapsed.

27. SHARE BASED PAYMENTS (continued)

Equity valuations

Toll engages an external expert, PricewaterhouseCoopers (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:

Type of equity	Offer approval date [1]	Issue/grant date [2]	Equity fair value ($)	First possible vesting date	Exercise price ($)	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) - MD only	05 Sep 2012	26 Oct 2012	$0.76	25 Sep 2015	$4.61	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	3.9
LTI Options - Tranche 2 (TSR) - MD only	05 Sep 2012	26 Oct 2012	$0.72	25 Sep 2015							3.00	3.9
LTI Options - Tranche 1 (EPS)	26 Sep 2012	26 Oct 2012	$0.76	25 Sep 2015	$4.61	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	3.9
LTI Options - Tranche 2 (TSR)	26 Sep 2012	26 Oct 2012	$0.72	25 Sep 2015							3.00	3.9
LTI Rights - Tranche 1 (EPS)	26 Sep 2012	26 Oct 2012	$3.71	25 Sep 2015	Nil	$4.28	35%	5	5.0%	2.63%	3.00 - 5.00	2.9
LTI Rights - Tranche 2 (TSR)	26 Sep 2012	26 Oct 2012	$2.34	25 Sep 2015							3.00	2.9
Restricted Rights - STI Deferral - MD only	05 Sep 2012	26 Oct 2012	$4.14	01 Jul 2013	Nil	$4.28	35%	5	5.0%	2.70%	1.00	0.7
Restricted Rights - STI Deferral	26 Sep 2012	26 Oct 2012	$4.14	01 Jul 2013	Nil	$4.28	35%	5	5.0%	2.70%	1.00	0.7
Restricted Rights - HPR	26 Sep 2012	14 Dec 2012	$4.21	25 Sep 2014	Nil	$4.59	35%	5	5.0%	2.79%	2.00	1.9

1. The date the offer for each participant was approved by the Board (subject to any necessary shareholder approval being obtained). As shareholder approval was required for the grant to the Managing Director, this approval occurred earlier than other LTI recipients to enable details to be included in the 2012 AGM Notice of Meeting.
2. The date on which options/rights were issued. This is also the grant date for determining the fair value of the equity instruments for expensing purposes.

28. FINANCIAL INSTRUMENTS

FINANCIAL RISK MANAGEMENT

Overview

The Group has exposure to the following risks in its normal course of business:

- credit risk
- liquidity risk; and
- 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 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 is the potential loss from a transaction in the event of default by the counterparty during the term of the transaction or on settlement of the transaction. The Group has exposure to credit risk arising principally on its 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.

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 as follows:

		Carrying amount	
	Note	2013 $M	2012 $M
Other cash deposits	16	13.0	16.3
Receivables	14	1,254.2	1,142.2
Cash and cash equivalents	13	515.5	569.1
Investments	18	4.3	4.7
Interest rate swaps	16	3.9	-
Cross currency interest rate swaps used for net investment hedging	16	4.4	9.7
Cross currency interest rate swaps used for cash flow hedging	16	14.5	1.3
Other forward exchange contracts	16	1.9	5.6
Total		**1,811.7**	**1,748.9**

The Group's maximum exposure to credit risk for loans and receivables at balance sheet date by geographical region was as follows:

	Carrying amount	
	2013 $M	2012 $M
Australia / New Zealand	729.4	613.8
Asia	305.5	319.1
Other	219.3	209.3
Total	**1,254.2**	**1,142.2**

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.

28. FINANCIAL INSTRUMENTS (continued)

Credit risk (continued)

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 a credit policy under which each new customer is analysed individually for creditworthiness before standard payment and delivery terms and conditions are offered. Customers that fail to meet the appropriate level of creditworthiness may transact with the Group in a prepayment basis. The Group has established an allowance for impairment losses that represents an estimate of incurred losses in respect of trade and other receivables.

The Group has no significant concentration of credit risk with any one customer due to its diverse customer base.

Impairment losses

The ageing of the Group's trade receivables at balance sheet date was as follows.

	Note	Gross 2013 $M	Impairment 2013 $M	Gross 2012 $M	Impairment 2012 $M
Not past due		637.9	(0.8)	654.5	(1.0)
Past due 1-30 days		189.7	(0.5)	189.6	(1.0)
Past due 31-120 days		71.1	(0.9)	69.8	(0.9)
Past due 121 days to one year		54.5	(16.6)	26.4	(15.6)
Total	14	**953.2**	**(18.8)**	**940.3**	**(18.5)**

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:

	2013 $M	2012 $M
Balance as at 1 July	18.5	22.4
Impairment loss recognised	12.5	12.7
Impairment loss reversed	(5.1)	(5.2)
Impairment loss utilised	(8.0)	(11.2)
Foreign exchange loss / (gain)	0.9	(0.2)
Balance as at 30 June	**18.8**	**18.5**

The impairment loss recognised at 30 June 2013 relates mainly to collective impairment raised on past due receivables in accordance with Toll Group policy, which reflect historical default rates on similar receivables 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 2013, there were no renegotiations of trade receivables by the Group (2012: 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.

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. Management actively monitors credit ratings and given that the Group has only invested in securities with high credit ratings, management does not expect any counterparty to fail to meets its obligations.

28. FINANCIAL INSTRUMENTS (continued)

Impairment losses (continued)

Derivative financial instruments

The Group enters into derivative financial instruments for foreign exchange, interest rates and commodity based derivative transactions with financial institutions 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. 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 encounter difficulty in meeting the obligations associated with its financial liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due under both normal and stressed conditions. 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 2013 the Group had unutilised committed debt facilities of $369.2 million (2012: $396.4 million).

28. FINANCIAL INSTRUMENTS (continued)

Liquidity risk (continued)

The following are the contractual maturities of financial liabilities, including both estimated interest payments and the impact of netting agreements for derivatives. The estimated interest payments on variable interest rate loans in the table below reflect foreign exchange rates and market forward interest rates at balance sheet date. These amounts may change as foreign exchange rates and market interest rates change.

30 June 2013	**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**
Non-derivative financial liabilities							
Term and other loans and bank overdrafts	1,783.2	1,868.7	160.6	800.1	369.6	447.3	91.1
Finance lease liabilities	5.5	5.9	0.9	0.8	4.2	-	-
Hire purchase liabilities	-	-	-	-	-	-	-
Trade and other payables	868.2	868.2	854.8	13.4	-	-	-
Other financial liabilities	19.5	19.5	15.6	2.5	1.1	-	0.3
Derivative financial liabilities							
Interest rate swaps used for cash flow hedging	12.1	13.0	4.3	3.7	3.8	1.2	-
Cross currency interest rate swaps							
Outflow	21.0	354.1	-	-	10.9	247.4	95.8
Inflow	(18.6)	(339.9)	-	-	(10.7)	(239.0)	(90.2)
Other forward exchange contracts	2.2	2.2	2.2	-	-	-	-
Total financial liabilities	**2,693.1**	**2,791.7**	**1,038.4**	**820.5**	**378.9**	**456.9**	**97.0**

30 June 2012	**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**
Non-derivative financial liabilities							
Term and other loans and bank overdrafts	1,699.7	1,803.8	116.3	127.5	734.2	637.0	188.8
Finance lease liabilities	8.2	9.0	1.9	1.2	5.9	-	-
Hire purchase liabilities	0.4	0.4	0.2	0.1	0.1	-	-
Trade and other payables	892.9	892.9	827.1	65.6	0.2	-	-
Other financial liabilities	25.7	25.7	20.7	3.8	-	-	1.2
Derivative financial liabilities							
Interest rate swaps used for cash flow hedging	18.4	19.4	3.6	3.7	7.1	5.0	-
Forward exchange contracts used for cash flow hedging	0.1	0.1	0.1	-	-	-	-
Other forward exchange contracts	5.6	5.7	3.7	2.0	-	-	-
Total financial liabilities	**2,651.0**	**2,757.0**	**973.6**	**203.9**	**747.5**	**642.0**	**190.0**

28. FINANCIAL INSTRUMENTS (continued)

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and commodity prices, will affect the Group's income or the value of its 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 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 Risk Committee. Generally the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

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. $0.4 million relating to ineffectiveness from cash flow hedges was taken to the profit or loss in 2013 (2012: $nil).

The following table indicates the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to occur, when they are expected to affect profit or loss and their fair values.

30 June 2013	**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**
Interest rate swaps							
Assets	3.9	4.0	-	-	(0.8)	4.8	-
Liabilities	(12.1)	(13.0)	(4.3)	(3.7)	(3.8)	(1.2)	-
Cross currency interest rate swaps							
Assets	14.5	14.6	0.5	14.1	-	-	-
Liabilities	-	-	-	-	-	-	-
Forward exchange contracts							
Assets	-	-	-	-	-	-	-
Liabilities	-	-	-	-	-	-	-
Total	**6.3**	**5.6**	**(3.8)**	**10.4**	**(4.6)**	**3.6**	**-**

30 June 2012	**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**
Interest rate swaps							
Assets	-	-	-	-	-	-	-
Liabilities	(18.4)	(19.4)	(3.6)	(3.7)	(7.1)	(5.0)	-
Cross currency interest rate swaps							
Assets	1.3	2.6	0.4	0.7	1.5	-	-
Liabilities	-	-	-	-	-	-	-
Forward exchange contracts							
Assets	-	-	-	-	-	-	-
Liabilities	(0.1)	(0.1)	(0.1)	-	-	-	-
Total	**(17.2)**	**(16.9)**	**(3.3)**	**(3.0)**	**(5.6)**	**(5.0)**	**-**

28. FINANCIAL INSTRUMENTS (continued)

Market risk (continued)

Currency risk

Foreign exchange risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Group has exposure to movements in foreign exchange arising from its operations, capital expenditures and borrowings and overseas controlled entities. The currencies giving rise to this risk are primarily Singapore dollar, Hong Kong dollar, United States dollar, Japanese Yen and British Pound.

Toll Group conducts a review of forward exchange exposures across the business and are of the view that sufficient offsets exist that negate the need to hedge foreign exchange exposures. In certain circumstances 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. For the year ended 30 June 2013 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 nil (2012: $0.1 million).

Toll has 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. These provide economic hedges.

The Group's investment in its Singaporean controlled entities is hedged by SGD denominated bank loans which mitigates the foreign currency translation risk arising from the subsidiary's net assets. The principal amount of the bank loan at 30 June 2013 was $658.5 million (2012: $604.1 million). The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. 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.

The Group's investment in its Hong Kong controlled entities is hedged by a HKD denominated bank loan which mitigates the foreign currency translation risk arising from the subsidiary's net assets. The principal amount of the bank loan at 30 June 2013 was $230.6 million (2012: $211.8 million). The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. 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.

The Group's investment in its British controlled entities is hedged by a GBP denominated bank loan which mitigates the foreign currency translation risk arising from the subsidiary's net assets. The principal amount of the bank loan at 30 June 2013 was $80.3 million (2012: $51.3 million). The loan is designated as a net investment hedge. No ineffectiveness was recognised from the net investment hedge. The Group held a floating-for-floating AUD/GBP cross currency interest rate swap which was designated as a net investment hedge of the Group's investment in its British controlled entities and matures in May 2013. The cumulative fair value of the cross currency interest swap as at 30 June 2013 was nil (2012: $3.0 million).

The Group holds floating-for-floating USD/JPY cross currency interest rate swaps which are designated as cash flow hedges against a portion of its US dollar denominated bank loan and Japanese Yen denominated controlled entity loan. The cumulative fair value gain of the cross currency interest rate swap as at 30 June 2013 was $14.5 million (2012: $1.3 million).

28. FINANCIAL INSTRUMENTS (continued)

Exposure to currency risk

The Group's exposure to foreign currency risk at balance sheet date, based on notional amounts and in Australian dollar equivalents, was as follows:

30 June 2013	**SGD $M**	**HKD $M**	**GBP $M**	**USD $M**	**OTHER $M**
Cash at bank	0.2	0.8	2.1	31.7	20.1
Trade receivables	0.1	0.9	0.2	44.9	14.2
Term and other loans	(658.5)	(230.6)	(80.3)	(371.2)	(2.1)
Trade payables	(2.4)	(0.9)	(0.5)	(18.5)	(8.7)
Gross statement of financial position exposure	(660.6)	(229.8)	(78.5)	(313.1)	23.5
Cross currency interest rate swaps	(244.1)	(54.2)	-	367.7	-
Net exposure	**(904.7)**	**(284.0)**	**(78.5)**	**54.6**	**23.5**

30 June 2012	**SGD $M**	**HKD $M**	**GBP $M**	**USD $M**	**OTHER $M**
Cash at bank	0.2	0.2	0.5	19.8	16.6
Trade receivables	-	0.2	-	41.5	5.2
Term and other loans	(604.1)	(211.8)	(51.3)	(340.3)	(1.5)
Trade payables	(2.6)	(1.4)	(1.1)	(13.3)	(9.1)
Gross statement of financial position exposure	(606.5)	(212.8)	(51.9)	(292.3)	11.2
Cross currency interest rate swaps	(224.2)	(49.8)	(23.7)	337.9	-
Net exposure	**(830.7)**	**(262.6)**	**(75.6)**	**45.6**	**11.2**

The following significant exchange rates applied during the year:

	Average		**Reporting date spot**	
	2013	**2012**	**2013**	**2012**
SGD	1.2700	1.3003	1.1770	1.2830
HKD	7.9473	8.0325	7.1528	7.7873
GBP	0.6551	0.6435	0.5980	0.6323
USD	1.0246	1.0329	0.9219	1.0034

28. FINANCIAL INSTRUMENTS (continued)

Sensitivity analysis

A 10 per cent strengthening / weakening of the Australian dollar against the following currencies at the balance sheet date would have affected the measurement of financial instruments denominated in a foreign currency and increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, interest rates in particular, remain constant. The analysis is performed on the same basis for 2012.

Effect	10% strengthening of AUD		10% weakening of AUD	
30 June 2013	**Equity**	**Profit or loss**	**Equity**	**Profit or loss**
	$M	**$M**	**$M**	**$M**
SGD	84.7	0.2	(103.5)	(0.2)
HKD	26.3	(0.1)	(32.2)	0.1
GBP	7.3	(0.2)	(8.9)	0.2
USD	(2.4)	(5.0)	2.9	6.1
OTHER	(1.3)	(2.6)	1.6	3.2
30 June 2012				
SGD	79.0	0.2	(96.5)	(0.3)
HKD	24.4	0.1	(29.9)	(0.1)
GBP	6.5	0.1	(8.0)	(0.1)
USD	(3.3)	(4.2)	4.0	5.2
OTHER	(0.1)	(1.1)	0.1	1.2

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group has exposure to movements in interest rates arising from its bank loans, cross currency interest rate swaps, interest rate swaps, leases and cash in a number of currencies, predominantly AUD, SGD, HKD, JPY, USD and GBP.

The Group adopts a policy of ensuring that for each core currency, between 40 and 80 per cent of its exposure to changes in interest rates is on a fixed rate basis. The Group enters into and designates floating-to-fixed interest rate swaps as hedges of the variability cash flows attributable to interest rate risk.

In terms of principal outstanding at 30 June 2013, floating-to-fixed interest rate swaps currently in place cover approximately 40% (2012: 40%) of the Group's term and other loans and cross currency interest rate swaps. The fixed interest rates of all swaps range between 0.61% and 5.78% (2012: 0.61% and 5.78%) and the variable rates between 0.20% and 2.84% (2012: 0.36% and 3.52%). The contracts require settlement of net interest receivable or payable every 90 days.

Interest rate risk profile

At balance sheet date the interest rate profile of the Group's interest bearing financial instruments was as follows:

	Carrying amount	
	2013	**2012**
Fixed rate instruments	**$M**	**$M**
Financial assets	106.9	98.4
Financial liabilities	(623.1)	(653.5)
Total fixed rate instruments	**(516.2)**	**(555.1)**
Variable rate instruments		
Financial assets	425.4	490.3
Financial liabilities	(1,168.8)	(1,059.9)
Total variable rate instruments	**(743.4)**	**(569.6)**

28. FINANCIAL INSTRUMENTS (continued)

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, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore a change in interest rates at the balance sheet date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points 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, foreign exchange rates in particular, remain constant. The analysis is performed on the same basis for 2012.

	Profit or loss		Equity	
30 June 2013	**100bp increase $M**	**100bp decrease $M**	**100bp increase $M**	**100bp decrease $M**
Variable rate instruments	(13.8)	13.6	(13.6)	13.2
Interest rate swaps	6.7	(6.6)	18.0	(18.1)
Cash flow sensitivity (net)	**(7.1)**	**7.0**	**4.4**	**(4.9)**
30 June 2012				
Variable rate instruments	(11.0)	10.9	(15.6)	15.3
Interest rate swaps	6.1	(6.1)	18.2	(14.5)
Cash flow sensitivity (net)	**(4.9)**	**4.8**	**2.6**	**0.8**

Other market price risk

Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices. The Group has exposure to movements in the price of diesel and jet fuel. 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 2013 and 2012, 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 and / or option contracts designated as hedges of price risk on specific volumes of fuel purchases. The Group uses swaps and / or options to hedge the exposure to movements in the price of fuel where it considers there are customer contracts that do not mitigate the effects of rising fuel prices on the Group. Hedging is conducted in accordance with Toll Group Policy. As at 30 June 2013 the Group held no fuel hedges (2012: nil).

The Group does not enter into commodity contracts other than to meet the Group's expected usage and sale requirements.

28. 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 total equity. In addition, the Group monitors various other credit metrics, principally interest cover ratio (EBIT divided by net financing costs), leverage (financial indebtedness by EBITDA), return on capital employed (EBIT divided by invested capital) 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.

The Group continually monitors capital management and in the last 12 months, has increased the dividend payment.

Neither the Company nor any of its controlled entities are subject to externally imposed capital requirements.

Fair values (carrying amount / fair value)

The fair values of financial assets and liabilities, together with the carrying amounts shown in the Consolidated Statement of Financial Position, are as follows:

		30 June 2013		30 June 2012	
	Note	Carrying amount $M	Fair value $M	Carrying amount $M	Fair value $M
Investments	18	4.3	4.3	4.7	4.7
Listed investments in associates		-	-	-	-
Receivables	14	1,254.2	1,254.2	1,142.2	1,142.2
Cash and cash equivalents	13	515.5	515.5	569.1	569.1
Interest rate swaps used for hedging:					
Assets		3.9	3.9	-	-
Liabilities		(12.1)	(12.1)	(18.4)	(18.4)
Cross currency interest rate swaps used for net investment hedging:					
Assets		4.4	4.4	9.7	9.7
Liabilities		(2.4)	(2.4)	-	-
Cross currency interest rate swaps used for cash flow hedging:					
Assets		14.5	14.5	1.3	1.3
Liabilities		-	-	-	-
Forward exchange contracts used for cash flow hedging:					
Assets		-	-	-	-
Liabilities		-	-	(0.1)	(0.1)
Other forward exchange contracts:					
Assets		1.9	1.9	5.6	5.6
Liabilities		(2.2)	(2.2)	(5.6)	(5.6)
Term and other loans and bank overdrafts	23	(1,783.2)	(1,783.2)	(1,699.7)	(1,699.7)
Finance lease liabilities	23	(5.5)	(5.5)	(8.2)	(8.2)
Hire purchase liabilities	23	-	-	(0.4)	(0.4)
Other financial liabilities	25	(19.5)	(19.5)	(25.7)	(25.7)
Payables	22	(868.2)	(868.2)	(892.9)	(892.9)
Total		**(894.4)**	**(894.4)**	**(918.4)**	**(918.4)**

The basis for determining fair values is disclosed in note 3.

28. 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); and
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

30 June 2013	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**
Listed equity securities	0.2	-	-
Derivative financial assets	-	24.7	-
Total	**0.2**	**24.7**	**-**
Derivative financial liabilities	-	(16.7)	-
Total	**-**	**(16.7)**	**-**

30 June 2012	**Level 1 $M**	**Level 2 $M**	**Level 3 $M**
Listed equity securities	0.2	-	-
Derivative financial assets	-	16.6	-
Total	**0.2**	**16.6**	**-**
Derivative financial liabilities	-	(24.2)	-
Total	**-**	**(24.2)**	**-**

29. 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.
- At 30 June 2013, the Group, on behalf of its subsidiaries, held various parent and bank guarantees outstanding in the normal course of business. Many of these obligations to external parties have already been recognised in the Group's financial statements; however, the Group has not provided for such amounts in the financial statements where the payout of the guarantee is not probable.
- 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 Revenue Authorities around the world. Provisions for such matters will be recognised if a present obligation in relation to a taxation liability exists which can be reliably measured.

30. COMMITMENTS FOR EXPENDITURE

	Note	2013 $M	2012 $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		79.1	101.2
Later than one year but not later than five years		15.2	-
Later than five years		-	-
Total capital expenditure commitments		**94.3**	**101.2**
Comprising:			
Property		74.0	79.1
Aircraft		0.6	-
Other plant and equipment		19.7	22.1
Total capital expenditure commitments		**94.3**	**101.2**
(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		248.7	269.9
Later than one year but not later than five years		496.0	556.1
Later than five years		241.2	273.4
Total non-cancellable operating lease commitments		**985.9**	**1,099.4**
Comprising:			
Property		870.8	969.2
Aircraft		10.9	18.8
Other plant and equipment		104.2	111.4
Total non-cancellable operating lease commitments		**985.9**	**1,099.4**
(c) Finance lease and hire purchase commitments			
Finance lease rentals and hire purchase payables:			
Not later than one year		1.3	3.1
Later than one year but not later than five years		4.2	5.5
Later than five years		-	-
Future lease rentals		5.5	8.6
Less future finance charges		-	-
Total finance lease and hire purchase commitments		**5.5**	**8.6**
Finance lease commitments			
Current	23	1.3	2.7
Non-current	23	4.2	5.5
Total lease liability		5.5	8.2
Hire purchase liability			
Current	23	-	0.4
Non-current	23	-	-
Total hire purchase liability		-	0.4
Total finance lease and hire purchase commitments		**5.5**	**8.6**

31. RELATED PARTIES

Apart from the details disclosed in this note, no key management personnel (KMP) 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 KMP

The key management personnel compensation included in the personnel expense is as follows:

	2013	2012
	$M	$M
Short-term employee benefits	11,739	13,133
Post-employment benefits	1,214	2,294
Other long-term benefits	-	-
Termination benefits	-	1,505
Share based payments	3,029	4,413
Total	**15,982**	**21,345**

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

During the year ended 30 June 2013, there were no other material Director-related transactions with the Group.

During the year ended 30 June 2012, Paul Little was a Director of the Group during part of the financial year. The Group hired aircraft from Little Aviation Pty Ltd during the first half of that year. Paul Little was a Director of Little Aviation Pty Ltd. An amount of $127,007 was charged to the Group by Little Aviation Pty Ltd. Additionally, the Group provided a sponsorship of $125,640 to the Essendon Football Club during the year. This sponsorship provided marketing opportunities for the Group and was based on commercial terms. Paul Little was a Director of the Essendon Football Club.

Ownership interests in related parties

Interests held in related parties are set out in notes 32 and 33.

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.

	2013 $'000	2012 $'000
Purchases of goods and services		
- Associates	1,072	400
Revenue from services provided:		
- Associates		
Revenue for sales, rental and management fee	2,586	2,371

Other balances with related parties

The following balances are outstanding at the reporting date in relation to transactions with related parties:

	2013 $'000	2012 $'000
Receivables		
- Associates	547	1,167
Payables		
- Associates	67	110

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.

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
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	100
Asia Express Holdings Pte Ltd			Singapore	100	100
Autotrans Express (Aust) Pty Ltd	(a)	26 May 2010	Australia	100	100
BALtrans (China) Ltd	(b)		Hong Kong	-	100
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	(c)		Singapore	70	70
BALtrans International Special Freight Ltd			Peoples Republic of China	60	60
BALtrans Logistics (China) Ltd	(b)		Peoples Republic of China	-	100
BALtrans Logistics (Shanghai) Ltd			Peoples Republic of China	100	100
BALtrans Logistics Ltd			Hong Kong	100	100
BALtrans Ltd Xian	(b)		Peoples Republic of China	-	60
BALtrans Ocean Inc.	(b)		USA	-	100
Bulkships (Hull 4381 & 4382) Pty Ltd	(a),(d)	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.	(b)		USA	-	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
Dynamic Container Line Ltd	(b)		British Virgin Islands	-	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
FMI HoldCo Inc.	(b)		USA	-	100
FMI West (ML) Inc.			USA	100	100
Fracht Forwarding & Travels (Pvt) Ltd			India	100	100
Freight Solutions International LLC	(b)		USA	-	100
Fuel Handling Systems Limited	(b)		United Kingdom	-	100
Genesis Forwarding Group Limited			United Kingdom	100	100
Genesis Forwarding Group USA Inc.			USA	100	100
Genesis Forwarding Property Services Limited			United Kingdom	100	100
Genesis Forwarding Services (Ireland) Limited			Ireland	100	100
Genesis Forwarding Services CA Inc.			USA	100	100
Genesis Forwarding Services HK Holdings Limited			Hong Kong	100	100
Genesis Forwarding Services HK Limited			Hong Kong	100	100
Genesis Forwarding Services IL Inc.			USA	100	100
Genesis Forwarding Services Limited			United Kingdom	100	100
Genesis Forwarding Services NY Inc.			USA	100	100
Genesis Freight Forwarding Services Inc.			USA	100	100
Gluck Pty Ltd	(a)	26 May 2010	Australia	100	100

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (continued)

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
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 (UK) Ltd			United Kingdom	100	100
Holyman Operations Pty Ltd			Australia	100	100
Holyman Pty Ltd			Australia	100	100
Holyman Shipping Services SPRL			Democratic Republic of the Congo	100	100
Holyman Superannuation Pty Ltd			Australia	100	100
Holyman Transport Pty Ltd	(a)	26 May 2010	Australia	100	100
IdeaLab Solutions Pte Ltd			Singapore	100	100
Intravest Pty Ltd	(a),(d)	26 May 2010	Australia	100	100
Inverlael Pty Ltd	(a),(d)	26 May 2010	Australia	100	100
Jamison Equity Pty Ltd	(a)	26 May 2010	Australia	100	100
JLS Logistics (Hong Kong) Ltd	(b)		Hong Kong	-	100
JLS Logistics (Singapore) Pte Ltd	(b)		Singapore	-	100
JLS Logistics (Thailand) Ltd			Thailand	100	100
JLS Transport Services (China) Ltd			Hong Kong	100	100
JTS Transport Services (Delaware) Ltd			USA	100	100
Kilda Express Pte Ltd			Singapore	100	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	(b)		United Arab Emirates	-	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
Mulgara Pty Ltd	(a)	26 May 2010	Australia	100	100
Mitchell East Pty Ltd			Australia	100	100
Mitchell Fleet Partners Pty Ltd			Australia	100	100
Mitchell North Pty Ltd			Australia	100	100
Mitchell Resources Pty Ltd			Australia	100	100
Muragawa Logistics Ltd			Hong Kong	100	100
Offshore Joint Services (Bases) Company of Singapore Pte Ltd	(c)		Singapore	75	75
Oil Tex (Thailand) Co. Ltd			Thailand	60	60
OTI Holdco Inc.	(b)		USA	-	100
Patrick Logistics Superannuation Pty Ltd			Australia	100	100
Patrick Packing Services Pty Ltd			Australia	100	100
Patrick Shipping Pty Ltd			Australia	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

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (continued)

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
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
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),(d)	26 May 2010	Australia	100	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 Corporation	(b)		Japan	-	100
Sanko Unyu Butsuryu Service Co. Ltd			Japan	100	100
SAT Albatross Sea Air Transport FZE			United Arab Emirates	100	100
SAT Germany GMBH			Germany	100	-
Scarabus Pty Ltd	(a)	26 May 2010	Australia	100	100
Seamaster Global Forwarding (Shanghai) Ltd (formerly Seamaster Global Forwarding (China) Ltd)			Peoples Republic of China	100	100
Seamaster Global Forwarding (HK) Limited	(c)		Hong Kong	100	100
Seamaster Logistics Inc.			USA	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			Peoples Republic of China	100	100
Singapore Technologies Logistics Pte Ltd			Singapore	100	100
SOPS (Cambodia) Co. Ltd			Cambodia	100	100
SOPS Orient Caspian Private Limited			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 International Logistics (China) Ltd			Peoples Republic of China	100	100
Summit Logistics International (Shanghai) Ltd			Peoples Republic of China	100	100
Summit Logistics International Holdings (HK) Ltd			Hong Kong	100	100
Summit Logistics International (SCM HK) Ltd			Hong Kong	100	100
Supreme Global Ltd			Hong Kong	100	100
Supreme Logistics (Hong Kong) Limited			Hong Kong	100	100
TGF Customhouse Brokers Inc.			USA	100	100
TGF Charitable Foundation Inc.			USA	100	100
TGF Management Group Holdco Inc.			USA	100	100
Toll (Asia) Pte Ltd			Singapore	100	100
Toll (Cambodia) Co. Ltd			Cambodia	55	55
Toll (Cambodia) Group Limited			Cambodia	100	-
Toll (Corporate Services) Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll (Cowra) Pty Ltd			Australia	100	100

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (continued)

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
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),(d)	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) Unipessoal 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	(b)		Singapore	-	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 Exhibition Logistics (Macau) Ltd			Macau	100	-
Toll Express (Asia) Pte Ltd			Singapore	100	100
Toll Express Japan Insurance Service Co. Ltd			Japan	100	100
Toll Express Japan Co. Ltd			Japan	100	100
Toll Express Japan Chubu Co. Ltd	(c)		Japan	98	96
Toll Express Japan Insurance Co. Ltd			Japan	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	100
Toll Global Express (HK) Ltd			Hong Kong	100	100
Toll Global Express (Shanghai) Co. Ltd (formerly DPEX Worldwide Co.Ltd)			Hong Kong	100	100
Toll Global Express (Singapore) Pte Ltd			Singapore	100	100
Toll Global Express Holdings Pty Ltd	(a)	23 December 2011	Australia	100	100
Toll Global Express Transport (Singapore) Pte Ltd			Singapore	100	100
Toll Global Forwarding Americas Inc.			USA	100	100
Toll Global Forwarding (BVI) Ltd			British Virgin Islands	100	100
Toll Global Forwarding Group (UK) Limited			United Kingdom	100	100
Toll Global Forwarding (Canada) Ltd			Canada	100	100
Toll Global Forwarding (Beijing) Ltd (formerly Toll Global Forwarding (China) Ltd.)			Peoples Republic of China	100	100
Toll Global Forwarding (Hong Kong) Ltd			Hong Kong	100	100
Toll Global Forwarding (India) Private Ltd			India	100	100
Toll Global Forwarding (Shenzhen) 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 Lanka (Private) 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 (SA) (Pty) Ltd			South Africa	100	100
Toll Global Forwarding (Netherlands) B.V.			Netherlands	100	100

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (continued)

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
Toll Global Forwarding (SA) Investments (Pty) Ltd	(b)		South Africa	-	100
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	100	100
Toll Global Forwarding Holdings (USA) Inc.			USA	100	100
Toll Global Forwarding Holdings AB			Sweden	100	100
Toll Global Forwarding Holdings Ltd			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 Turkey Nakliyat Anonim Sirketi			Turkey	100	100
Toll Global Forwarding (UK) Ltd			United Kingdom	100	100
Toll Global Forwarding WC (SA) (Pty) Ltd	(b)		South Africa	-	100
Toll Global Forwarding SCS (USA) Inc, (formerly FMI Inc)			USA	100	100
Toll Global Forwarding Services Ltd			Hong Kong	100	100
Toll Global Forwarding (Vietnam) Co. Ltd			Vietnam	100	100
Toll Global Forwarding Zambia Limited			Zambia	100	100
Toll Global Logistics (Korea) Ltd			Republic of Korea	100	100
Toll Global Logistics (China) Co. Ltd (formerly Shenzhen ST-Anda Logistics Co. Ltd)			Peoples Republic of China	100	100
Toll Global Logistics Lanka (Pvt) Ltd			Sri Lanka	100	100
Toll Global Logistics Philippines Inc.			Philippines	100	100
Toll Global Logistics Vietnam Limited			Vietnam	60	60
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 Investment (Private) Ltd			Sri Lanka	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	(b)		Australia	-	100
Toll Mining Services (MCA) Pty Ltd	(a)	17 June 2011	Australia	100	100
Toll Mining Services (MH) Pty Ltd	(a)	17 June 2011	Australia	100	100
Toll Mining Services (MT) Pty Ltd			Australia	100	100
Toll Mining Services (MW) Pty Ltd	(a)	17 June 2011	Australia	100	100
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

32. PARTICULARS IN RELATION TO CONTROLLED ENTITIES (continued)

Name of entity	Note	Date relief granted (a)	Country of incorporation	Ownership interest 2013 %	2012 %
Toll PDI Investments Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Perishables (UK) Limited			United Kingdom	75	75
Toll Personnel Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Prima (UK) Limited			United Kingdom	75	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			Australia	100	100
Toll Remote Logistics Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Remote Logistics USA Inc.			USA	100	100
Toll Shipping Seagoing Officers Superannuation Pty Ltd	(a)	26 May 2010	Australia	100	100
Toll Supply Chain Solutions (UK) Limited			United Kingdom	100	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 Technologies 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	100
Twala Global Cargo (Pty) Ltd			South Africa	75	75
Union Corporate Services Pty Ltd			Australia	100	100
United Asia Terminals (Shenzhen) Ltd	(b)		Peoples Republic of China	-	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	100
W.T First Line Limited			United Kingdom	100	100
W.T. Installations Limited			United Kingdom	100	100
W.T. Shipping Group Limited			United Kingdom	100	100
W.T. Shipping Limited			United Kingdom	100	100
W.T. Unique Limited			United Kingdom	50	50
Wilgroup Pty Ltd			Australia	100	100
Win Profit Corporation Ltd	(b)		Hong Kong	-	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 Ltd in respect of relief granted from specific accounting and financial reporting requirements in accordance with ASIC class order 98/1418. Refer to note 34.

(b) Disposed / liquidated during the year.

(c) In voluntary liquidation as at 30 June 2013.

(d) These entities entered into a Deed of Revocation dated 3 May 2013 and are expected to be released from the Deed of Cross Guarantee (refer note 32(a)) with effect from 22 November 2013.

33. 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	
			2013	2012	2013	2012
Name	**Note**	**Principal activities**	**%**	**%**	**$M**	**$M**
AMI Asia HK Ltd	(a)	Freight forwarding	50	50	0.2	0.1
BIC Logistics Ventures Limited		Freight forwarding	40	40	7.4	7.2
BES Technology Pte Ltd	(a)	Provision of biomedical equipment and technical services for medical equipment	35	35	-	0.2
Bharat STARS Services Pvt Ltd (Group)		Freight forwarding	34	34	3.3	3.0
Bowmans Intermodal Pty Ltd		Intermodal hub and rail services	33	-	1.4	-
Cargo Services Group		Freight consolidation business	25	25	59.8	54.7
Commonwealth Steamship Insurance Company Pty Ltd		Run off of insurance claims	30	30	-	-
CWT-SML Logistics LLC	(a)	Warehouse distribution	30	30	5.7	4.4
DGM Support (Asia) Pte Ltd	(b)	Provision of specialised training and related activities in dangerous goods management	-	21	-	0.1
Hubei Nan Yang (Shenzhen) Air Express Ltd	(b)	Dormant	-	50	-	-
JPM Logistics Inc.		Dormant	28	28	-	-
Macquarie Textile Holdings Pty Ltd		Manufacturer of woollen and worsted fabrics	34	34	2.6	3.0

33. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

Name	Note	Principal activities	Ordinary share ownership interest 2013 %	2012 %	Investment carrying value 2013 $M	2012 $M
Prixcar Services Pty Ltd		Pre-dealer motor vehicle preparation	50	50	61.8	22.5
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	3.6	3.3
Shenzhen Yantian Port Logistics Services Co. Ltd	(a)	Freight forwarding	30	30	0.5	0.5
Skynet Worldwide Express Management Co. Ltd	(a)	Holding company for Skynet business	26	23	-	-
Toll Dnata Airport Services Pty Ltd		Airport ground handling services	50	50	13.4	15.1
Toll Goodman Property Services Pty Ltd		Property developer and owner	50	50	0.3	0.9
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	9.0	5.4
Toll Zari Holdings (Malaysia) Sdn Bhd		Investment holding	30	30	-	-
UOT (Thailand) Limited	(a)	Oil field equipment machine and repair	29	29	1.1	0.7
Zari Haulage Sdn Bhd		Logistics provider	45	45	-	-
					170.8	**121.9**

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.

33. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES (continued)

	2013 $M	2012 $M
Results of associates and joint ventures		
Share of net profit of associates and joint ventures, using the equity accounted method	8.4	12.2
Summarised financial information of equity accounted associates, not adjusted for the percentage ownership held by the Group		
Total assets	530.7	342.2
Total liabilities	243.4	136.1
Total revenue	1,158.1	871.9
Total profit after income tax expense	29.5	32.2

34. DEED OF CROSS GUARANTEE

The Australian wholly owned subsidiaries set out in note 32 are parties to a Deed of Cross Guarantee executed on 26 May 2010 ("the Deed").

The effect of the 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 Profit or Loss and Other Comprehensive Income and Consolidated Statement of Financial Position as at 30 June 2013 for the Company and the controlled entities which are party to the Deed after eliminating all transactions between parties to the Deed at 30 June 2013 are set out below:

	2013 $M	2012 $M
Consolidated Statement of Profit or Loss and Other Comprehensive Income		
Revenue	5,824.5	5,827.7
Results from operating activities	346.9	557.2
Impairment losses on property, plant and equipment	-	(55.6)
Net finance costs	(24.9)	(23.3)
Share of net profit of associates and joint ventures	(3.3)	7.1
Profit before income tax expense	**318.7**	**485.4**
Income tax expense	(84.3)	(76.2)
Profit for the year	**234.4**	**409.2**
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Effective portion of changes in fair value of cash flow hedges	(27.1)	(4.5)
Other comprehensive loss for the year	**(27.1)**	**(4.5)**
Total comprehensive income for the year	**207.3**	**404.7**
Retained earnings at the beginning of the financial year	155.0	(75.8)
Profit for the year	234.4	409.2
Dividends provided for or paid	(186.4)	(178.4)
Retained earnings at the end of the financial year	**203.0**	**155.0**

34. DEED OF CROSS GUARANTEE (continued)

Consolidated Statement of Financial Position	2013 $M	2012 $M
Cash and cash equivalents	297.6	375.5
Receivables	717.0	608.5
Inventories	21.2	22.5
Assets held for sale	22.2	88.2
Prepayments	46.3	42.5
Other financial assets	18.9	7.6
Total current assets	**1,123.2**	**1,144.8**
Receivables	115.8	100.7
Investments accounted for using the equity method	89.3	47.7
Investments	2,349.7	2,381.5
Property, plant and equipment	1,221.2	1,176.7
Intangible assets	502.8	500.4
Deferred tax assets	59.7	65.6
Prepayments	0.9	1.4
Other financial assets	3.9	3.4
Total non-current assets	**4,343.3**	**4,277.4**
Total assets	**5,466.5**	**5,422.2**
Payables	497.0	520.9
Interest bearing liabilities	592.9	35.9
Current tax liabilities	41.3	68.5
Provisions	291.5	289.5
Liabilities held for sale	-	18.2
Other liabilities	23.3	25.5
Total current liabilities	**1,446.0**	**958.5**
Interest bearing liabilities	737.6	1,205.0
Provisions	77.8	63.0
Other liabilities	7.4	15.9
Total non-current liabilities	**822.8**	**1,283.9**
Total liabilities	**2,268.8**	**2,242.4**
Net assets	**3,197.7**	**3,179.8**
Contributed equity	2,976.7	2,976.7
Treasury shares	(4.1)	(4.5)
Reserves	22.1	52.6
Retained earnings	203.0	155.0
Total equity	**3,197.7**	**3,179.8**

35. NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS

	2013 $M	2012 $M
Reconciliation of profit for the year to net cash provided by operating activities		
Profit for the year	**91.7**	**70.9**
Share of net profit of associates and joint ventures	(8.4)	(12.2)
Dividends received from associates	5.9	7.2
Net gain on disposal of property, plant and equipment	(8.5)	(9.3)
Net (gain) / loss on disposal of investments	(0.4)	0.3
Net gain on disposal of controlled entities	(55.8)	-
Amortisation of debt establishment costs	2.2	2.2
Add / (less) non-cash items:		
Depreciation and amortisation	285.0	282.6
Share option expense	(3.1)	6.9
Impairment of property, plant and equipment	30.1	81.4
Impairment of goodwill and intangibles	215.4	145.1
Impairment of debtors	7.4	7.5
Impairment of loans to others	-	1.1
Profit from acquisition of non-controlling interests	-	(5.3)
Net cash inflow from operating activities before changes in assets and liabilities	**561.5**	**578.4**
Changes in assets and liabilities adjusted for effect of purchase and disposal of controlled entities during the financial year:		
(Increase) / decrease in receivables	(107.0)	(43.2)
(Increase) / decrease in inventories	(8.3)	(4.4)
(Increase) / decrease in prepayments	(6.1)	(4.0)
(Increase) / decrease in other assets	3.4	1.2
Increase / (decrease) in payables	(22.5)	18.0
Increase / (decrease) in provisions	(7.5)	(0.3)
Increase / (decrease) in other liabilities	(7.3)	21.4
Increase / (decrease) in current tax receivables and liabilities	(23.3)	10.3
Increase / (decrease) in deferred tax assets and liabilities	(1.5)	(21.6)
Net cash inflow from operating activities	**381.4**	**555.8**

36. EXCESS OF CURRENT LIABILITIES OVER CURRENT ASSETS

At 30 June 2013, the Company had total current liabilities in excess of total current assets of $285.9 million. This current asset deficiency is due to the reclassification of certain borrowings at 30 June 2013 as current liabilities; as they are due to expire in the period ending 30 June 2014. The Company currently has adequate undrawn facilities of $369.2 million and access to operating cash flow to refinance this debt if required. The Company has developed a refinancing strategy that was approved by the Board in May 2013. Implementation of this strategy is currently underway and negotiations are being held with a number of financial institutions with the expectation that the majority of debt will be refinanced by December 2013. The Directors are not aware of any issues which would result in the refinancing strategy being unsuccessful.

37. PARENT ENTITY DISCLOSURES

As at, and throughout, the financial year ending 30 June 2013 the parent company of the Group was Toll Holdings Limited.

	The Company	
	2013	**2012**
	$M	**$M**
Result of the parent entity		
Profit / (loss) for the year	(42.7)	485.2
Other comprehensive income for the year	-	-
Total comprehensive income / (loss) for the year	**(42.7)**	**485.2**
Financial position of parent entity at year end		
Current assets	1,693.7	1,943.6
Total assets	3,317.6	3,556.3
Current liabilities	136.9	148.2
Total liabilities	175.6	183.2
Total equity of the parent entity comprising of:		
Contributed equity	2,976.7	2,976.7
Treasury shares	(4.1)	(4.5)
Reserves	33.1	35.5
Retained earnings	136.3	365.4
Total equity	**3,142.0**	**3,373.1**

(a) Commitments for expenditure

During the year, the Company did not have any capital expenditure or non-controllable operating lease commitments (2012: nil).

(b) Contingencies

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 exists.

(c) 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	
	2013	**2012**
	$M	**$M**
Bank and other guarantees	0.3	0.3

38. EVENTS SUBSEQUENT TO THE BALANCE DATE

Dividends

The Directors have determined a final dividend of 14.5 cents per share, which is payable on 21 October 2013.

39. AUDITORS REMUNERATION

	2013 $'000	2012 $'000
Audit services		
Auditors of the Company – audit and review of financial reports		
KPMG Australia	2,000	2,436
Overseas KPMG firms	2,849	2,974
Other auditors – audit and review of financial reports (non-KPMG firms)	326	444
Total audit services	**5,175**	**5,854**
Other services		
Taxation services		
KPMG Australia	335	534
Overseas KPMG firms	954	318
Other assurance services		
KPMG Australia	3	10
Overseas KPMG firms	59	117
Other services		
KPMG Australia	-	22
Overseas KPMG firms	105	45
Total other services	**1,456**	**1,046**

1. In the opinion of the Directors of the Company:

(a) the consolidated financial statements and notes set out on pages 63 to 138, and the Remuneration Report on pages 22 to 41 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 2013 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 32 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 2013.

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

B Kruger
Director

Dated at Melbourne this 22nd day of August 2013

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 2013, and consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date, notes 1 to 39 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 2, 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 2013 and of its 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 2.

Report on the remuneration report

We have audited the Remuneration Report included in pages 22 to 41 of the directors' report for the year ended 30 June 2013. 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 2013 complies with Section 300A of the *Corporations Act 2001*.

KPMG

KPMG

M. Bisetto

Maurice Bisetto
Partner

Melbourne
22 August 2013