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Toll Holdings Limited
ABN 25 006 592 089

20 February 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: 18

Dear Sir

HALF YEAR RESULTS 31 DECEMBER 2012

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

1. ASX and Media Release; and
2. Summary of Earnings.

Yours faithfully
TOLL HOLDINGS LIMITED



Bernard McInerney
Company Secretary

Encl.



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ASX and media release

Wednesday 20 February 2013

Interim results – Benefits from recent capital investment underpin solid result

- Operating net profit after tax up
- Continued focus on improving returns on investment in existing businesses
- Positive operating cash flow and strong balance sheet
- Increased dividend reflects confidence in the sustainability of earnings and cash flow

Leading transport and logistics provider Toll Group today released its interim results for the six months ended 31 December 2012, with strong returns in a number of core Australian businesses underpinning an improved result.

Sales revenue increased 2.5 per cent on the same time last year to A\$4.5 billion, and net profit after tax before non-recurring items increased 7.6 per cent to A\$174 million. Earnings per share increased by 1.1 cent to 25.4 cents per share, and Toll's interim dividend increased 1.0 cent per share to 12.5 cents.

Speaking at today's announcement, Toll Group Managing Director Brian Kruger said Toll has again shown the benefits of its strong and diversified business.

"This result has primarily been achieved through the work we've done to win contracts, grow revenue and retain customers, while at the same time reduce costs and improve productivity," Mr Kruger said.

"We recognise that all parts of the business will need to retain a strong focus on productivity improvements and increased efficiency to ensure we maintain our leading position in what remains a highly competitive marketplace.

"I'm pleased that we're starting to see the benefit of the recent investments we've made in fleet, IT and property both in Australia and in our developing international businesses, and we will continue to target our capital expenditure to grow our returns."

Looking ahead, Mr Kruger said he was not assuming the external economic environment would get any better in the short term, so Toll's focus will be on continuing to win business and improve the things it can control.

"Overall, the company expects its results for the second half of the year to be better than for the same period last year."

Mr Kruger said an increased fully franked interim dividend of 12.5 cents per ordinary share will be paid to shareholders on 2 April 2013.

A full review of operations can be found on the succeeding pages.

Note to editors

Toll Group is the Asia Pacific region's leading provider of transport and logistics, employing more than 45,000 people across some 1,200 locations in more than 50 countries.

Toll's specialist logistics capabilities incorporate a range of sectors including defence & government, industrial, manufacturing, mining & resources, retail and automotive.

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Review of operations

Toll Group sales revenue was \$4.5 billion for the six months ended 31 December 2012, up 2.5% on the prior corresponding period. Total operating profit (EBIT) before non-recurring items was \$256.4 million, up 3.3%. Net profit after tax (before non-recurring items) was \$173.5 million, up 7.6%.

Summary profit table

All Australian dollars unless otherwise specified	1H13 \$M	1H12 \$M	% change
Sales revenue	4,546	4,437	+2.5
Total operating EBITDA ¹	386.6	379.8	+1.8
Total operating EBIT ²	256.4	248.2	+3.3
Net profit after tax (before non-recurring items)	173.5	161.3	+7.6
Net profit after tax (after non-recurring items)	195.5	160.9	+21.5
Operating cash flow	221.3	204.1	+8.4
Earnings per share (before PPA and non-recurring items)	25.4	24.3	+1.1cps
Interim dividend per share (fully franked)	12.5	11.5	+1.0cps

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

Toll has again shown the benefits of its strong and diversified business with a solid result in a business environment that has remained challenging and volatile. Toll has continued to invest in both its Australian base business and in its developing international activities. This has been supported by good progress on cost reductions across the Group, both in response to the need to continually improve productivity to meet pressure from customers and also where it has been necessary to respond rapidly to changes in end markets. Ongoing fiscal discipline and a focus on returns have seen the company maintain its robust balance sheet with strong cash generation, and an increased dividend to shareholders.

This result contains non-recurring items totalling a net gain of \$22 million after tax (\$24 million before tax). There is a \$52 million after tax gain on the sale of Toll's vehicle distribution business and Toll Refrigerated's linehaul and warehousing business and a \$30 million impairment of some assets in Toll Marine Logistics Asia, following a strategic review of that business.

Toll Global Resources grew both revenue and earnings, driven by an excellent performance from Toll Energy benefitting from the increased activity associated with LNG projects and continued strength in its core business. Toll Mining Services was adversely affected by reduced customer activity and some operational issues as the mining sector responded to the significant volatility in commodity prices.

Toll Global Logistics earnings reflect the sale of its vehicle distribution business at the end of July 2012. On a normalised basis, earnings were up 5% on the prior corresponding period, with down-trading across a number of customers being offset by new contract wins.

Toll Global Forwarding continued to face challenging market conditions. Higher revenues reflected higher average ocean carrier freight rates than the prior corresponding period contributing to margins and yields declining. Ocean freight volumes declined due to lower demand in end markets and the loss of some market share due to ocean carriers dealing directly with customers. The decrease in gross profit has been largely offset by operating cost reductions and productivity improvements.



The Australian operations of Toll Global Express grew revenue despite continuing difficult operating conditions. Margins remained under some pressure with volume growth from existing customers and up rates being insufficient to offset cost increases. While the Japan business reported a small EBITA loss, the underlying business showed improvement with positive earnings in each month of the second quarter. Economic conditions in Japan remain very challenging. Activities to offset this macro decline, including initiatives targeting operational efficiencies, continue to improve the business. The strategic review of the business is on-going, however a complete sale of the Japan business has been ruled out as an option at this stage.

Toll Domestic Forwarding produced a strong result with underlying revenue up even after the divestment of Toll Refrigerated's interstate linehaul and warehousing operation. Improved volumes in the Toll ANL Bass Strait shipping business was a key driver of the improved earnings performance.

Toll Specialised and Domestic Freight again performed strongly with margin improvement being driven by cost savings initiatives and the benefits of recent investments in fleet and IT upgrades.

Overall, the Group generated operating cash flow of \$221 million, and invested \$216 million in capital expenditure, including \$16 million on the Toll Offshore Petroleum Services (TOPS) redevelopment in Singapore and key investments in rail terminals at Moolabin and Kewdale. The balance sheet remains strong with net debt to net debt plus equity at 29.5% ensuring sufficient balance sheet capacity to fund planned growth initiatives.

The interim fully franked dividend of 12.5 cents per share, an increase of 1.0 cents per share, will be paid to shareholders on 2 April 2013. This reflects the Group's confidence in the sustainability of its earnings and cash flows.

While Toll is not assuming any improvement in the external economic environment, the ongoing focus on organic growth and internal productivity is expected to see operating earnings in the second half ahead of the same period last year. The second half will see an acceleration of the roll-out of both the Toll Way values programme and the Think Safe. Act Safe. Be Safe. safety strategy, while the One Toll program is continuing to support organic growth. With improved internal collaboration driving efficiency, Toll remains well placed to take advantage of any improvement in market conditions in the future.



Sales and profit summary

	Earnings		Sales revenue	
	6 months to December 2012 \$M	6 months to December 2011 \$M	6 months to December 2012 \$M	6 months to December 2011 \$M
Toll Global Resources	54.2	53.2	613.2	552.0
Toll Global Logistics	46.0	51.3	645.7	709.0
Toll Global Forwarding	10.9	13.1	786.1	751.6
Toll Global Express				
Australia	74.9	81.3	822.1	758.1
Japan	<u>(1.5)</u>	<u>(3.0)</u>	<u>346.5</u>	<u>376.9</u>
Toll Global Express (Total)	73.4	78.3	1,168.6	1,135.0
Toll Domestic Forwarding	40.0	35.3	588.3	584.2
Toll Specialised & Domestic Freight	<u>68.2</u>	<u>58.4</u>	<u>731.8</u>	<u>692.3</u>
Total divisions	292.7	289.6	4,533.7	4,424.1
Corporate / other	<u>(23.7)</u>	<u>(26.6)</u>	<u>12.4</u>	<u>12.7</u>
Total EBITA	269.0	263.0	4,546.1	4,436.8
Total PPA amortisation	<u>(12.6)</u>	<u>(14.8)</u>		
Total EBIT (before non-recurring items)	256.4	248.2		
Net finance costs	<u>(16.9)</u>	<u>(20.0)</u>		
Net profit before tax	239.5	228.2		
Income tax expense	<u>(66.0)</u>	<u>(66.9)</u>		
Reported NPAT pre non-recurring items	173.5	161.3		
Non-recurring items (net of tax)	<u>22.0</u>	<u>(0.4)</u>		
Net profit after tax	195.5	160.9		
Non-controlling interests	<u>(4.1)</u>	<u>(3.0)</u>		
NPAT attributable to shareholders	191.4	157.9		



Divisional operating review

Toll Global Resources

	1H13 \$M	1H12 \$M	% change
Sales revenue	613.2	552.0	+11.1
EBITDA ¹	88.6	85.6	+3.5
EBITA ²	54.2	53.2	+1.9
EBITA margin (excluding associate earnings)	8.6%	9.6%	-1.0%
Average capital employed (\$ million)	1,041	904	+15.2
Return on capital employed (rolling 12 months)	9.7%	9.7%	0.0%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- Toll Global Resources saw strong revenue growth primarily due to the increased activity in Toll Energy, while earnings saw the impact of a lower result from Toll Mining Services.
- Toll Energy contributed another outstanding performance. The Gorgon project continued to grow with additional staffing and equipment mobilised to Barrow Island to support overall project performance, whilst two new contracts supporting upstream construction of the LNG projects in Queensland were in operation for the full six months. Increased exploration for shale gas in the Cooper Basin created opportunities for the business in the first half and this is expected to continue.
- Toll Mining Services saw reduced volumes in existing contracts in the Queensland coal sector. Earnings were also affected by operational issues in the West Australian iron ore business. Resolution of these operational issues is progressing well.
- Toll Offshore Petroleum Services (TOPS) revenue and EBITA was ahead of the prior corresponding period after normalising the prior period contribution of the divested investment in Shenzhen Chiwan. The TOPS redevelopment is near completion, with the remaining works mainly alterations and refurbishment of existing facilities. The redevelopment is targeted for completion by the end of the fiscal year.
- Toll Remote Logistics' result increased on the prior corresponding period following solid contributions from logistics support contracts with the Australian Defence Force and the Australian Federal Police and new logistic support services provided to Australian Federal Government to support asylum seekers. A reduction in activity with the Australian Defence Force contract, in line with troop number withdrawal from Timor Leste, will adversely affect the second half.
- Toll Marine Logistics Australia saw increased activity from Gladstone LNG contracts.
- Toll Marine Logistics Asia improved earnings as a result of cost and productivity improvements. The strategic review of this business has been completed. This resulted in a decision to pursue divestment of those vessels that are unlikely to deliver positive operating results in the near term. The decision to divest these assets has resulted in the recognition of an impairment of \$30 million in the current period.



Toll Global Logistics

	1H13 \$M	1H12 \$M	% change
Sales revenue	645.7	709.0	-8.9
EBITDA ¹	62.2	72.0	-13.6
EBITA ²	46.0	51.3	-10.3
EBITA margin (excluding associate earnings)	6.8%	6.9%	-0.1%
Average capital employed (\$ million)	791	812	-2.6
Return on capital employed (rolling 12 months)	9.5%	10.6%	-1.1%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- Toll Global Logistics earnings reflect the impact of the sale of its vehicle distribution business. On a normalised basis, earnings were up 4.8% on the prior corresponding period and were impacted by lower customer production output and overall cost pressure on margins, offset by new contract wins in the period.
- TGL Contract Logistics in Australia was affected by a key customer exiting a market segment, loss of contracts and lower volumes from a number of customers which were only partially offset with new business wins from customers including George Weston Foods and BlueScope Port Kembla.
- TGL Customised Solutions increased revenue and earnings as a result of new business wins, including Rubbermaid, Adidas, RCG and Unilever Ice Cream, along with growth from existing customers – Nike, Cadbury and Kmart. New facilities established during the half included Optus in Yennora and IKEA in Greystanes, NSW and a state of the art automation facility for Adidas in Melbourne.
- Automotive Logistics results reflected the divestment of its vehicle distribution business, but grew both earnings and revenue after normalising for the divestment. Strongest growth came from Komatsu, Mazda and Volkswagen. Automotive growth in the Asia market (particularly Thailand and China) has continued; including the establishment in 2H13 of a new stand-alone warehouse for John Deere in Thailand to support their growing business.
- Singapore Government and Defence Logistics (GBG) business maintained strong results, albeit flat on the prior corresponding period.
- South & South East Asia revenue declined as the business exited unprofitable businesses in India. This was partially offset by growth with existing customers including Yamaha (Thailand), Tesco (Thailand), P&G (Vietnam), Diversy (India) and new contract wins with Dynaplast (Vietnam) and Nestle (India). In the half year, Toll India was awarded the “Best Chemical Third Party Logistics Company of the Year” at the Express, Logistics and Supply Chain India awards for 2012, which is the flagship event for the logistics and supply chain industry in India.
- Singapore & Malaysia grew revenue with new contract wins in Malaysia with Tronox and Illuka. Development of cross border marketing continues to deliver synergies and improve leverage on broader South East Asian opportunities.
- North Asia was affected by volume weakness at major customers and increasing wages and property costs being only partially offset by rate increases.



Toll Global Forwarding

	1H13 \$M	1H12 \$M	% change
Sales revenue	786.1	751.6	+4.6
Gross profit	151.1	157.8	-4.2
Gross profit %	19.2%	21.0%	-1.8%
EBITA ²	10.9	13.1	-16.8
EBITA margin (excluding associate earnings)	1.0%	1.3%	-0.3%
Average capital employed (\$ million)	816	769	+6.1
Return on capital employed (rolling 12 months)	1.3%	1.7%	-0.4%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- The global forwarding market continues to face challenging market conditions. Higher first half sales revenue reflects the pass through of higher average ocean carrier freight costs than in the prior corresponding period.
- Sea freight volumes for the period were down by 5% compared to the prior corresponding period to 237,000 TEU, due to the weakening retail market conditions in the USA, Europe and Australia & New Zealand and also ocean carriers now competing directly with forwarders in the transpacific market. Air freight volumes were maintained at the same level of last year at 66 million kgs.
- Gross profit margin decreased to 19.2% due to the increasing ocean carrier costs and airfreight customers increasingly requiring spot pricing. This combined with the reduced ocean volumes through aggressive ocean carrier tactics and weaker retail business in the western markets resulted in a gross profit decline. Notwithstanding this, the decrease in gross profit has mostly been offset by operating cost reductions and productivity improvements.
- Operations in developing countries such as India and in South East Asia continue to report strong double digit volume and gross profit growth.
- There were no new acquisitions during the first half. Potential target companies continue to be actively pursued. A key focus is to ensure discipline is maintained in the approach to pursue the right acquisitions in order to increase scale and improve returns.
- We maintain our focus on internal integration and productivity projects. During the first half the new IT global FMS platform was completed in South Africa and Dubai. Most of the global network is now on the one freight management platform with Europe the last region to be implemented. Overall staff costs are down 5% and jobs processed per fulltime employee improved by over 6%.



Toll Global Express

	1H13 \$M	1H12 \$M	% change
Sales revenue (excluding Japan)	822.1	758.1	+8.4
Japan sales revenue	<u>346.5</u>	<u>376.9</u>	-8.1
Total sales revenue	1,168.6	1,135.0	+3.0
EBITDA (excluding Japan) ¹	87.3	90.8	-3.9
Japan EBITDA ¹	<u>3.7</u>	<u>3.4</u>	+8.8
Total EBITDA ¹	91.0	94.2	-3.4
EBITA ² (excluding Japan)	74.9	81.3	-7.9
Japan EBITA ²	<u>(1.5)</u>	<u>(3.0)</u>	nm
Total EBITA ²	73.4	78.3	-6.3
EBITA margin (excluding Japan and associate earnings)	9.0%	10.5%	-1.5%
EBITA margin (excluding associate earnings)	6.2%	6.7%	-0.5%
Average capital employed (excluding Japan) (\$ million)	279	276	+1.1
Return on capital employed (excluding Japan)	46.0%	53.3%	-7.3%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- The domestic operations of Toll Global Express achieved revenue growth (after excluding the impact of fuel surcharges) despite a continuation of difficult operating conditions. Margins declined as growth from new or existing customers and up-rates were not sufficient to offset cost increases and down-trading by some smaller customers.
- Toll IPEC saw revenue growth on the prior corresponding period, particularly in the Queensland and Western Australian markets with revenue growth from the mining and resource sector. This offset flat conditions in the consumer discretionary sector. Margins were affected by NSW and VIC depot capacity constraints which contributed to increased handling costs, which were offset by pick-up and delivery (PUD) efficiencies, including ongoing fleet replacement programs.
- Toll Priority express parcel and document business saw revenue growth from its larger, lower yielding customers. However, growth from existing customers and new business was not sufficient to offset the impact of cost increases. Toll Secure commenced servicing a cornerstone customer, Westpac, successfully during the period. Capital investment in industry leading technology has largely been completed, providing the capability to target further scale and earnings improvement.
- Toll Priority's aviation business Toll Air Express saw earnings improvement as engineering contracts with Skywest and Virgin Australia commenced. Toll Dnata Airport Services, a joint venture with the Dnata Group, saw earnings pressure from wage cost increases and start-up training costs associated with new contracts, offsetting revenue increases from the commencement of a number of new contracts with domestic and international airlines.
- Toll Fast produced earnings largely in line with the prior corresponding period as volume growth largely offset pick-up and delivery (PUD) cost increases.
- Toll continued development of its B2C product, Toll Consumer Delivery. The alternate drop point solution with Nparcel (Australian Newsagents Federation) has expanded and is successfully operating in Victoria, with New South Wales and Queensland currently being implemented. Toll is on track to have a comprehensive national coverage of alternate drop points by the end of 2013. Consumer feedback has been positive regarding the range of flexible delivery options which also includes customisable track and trace and notified delivery windows. New customer revenue is increasing as the end to end supply chain solution that the Toll delivery network and technology provides is trialled by traditional retailers and online companies.



- Toll Global Express Japan reported a small EBITA loss. However the underlying business has shown improvement with a positive EBITA in each month of the second quarter. Economic conditions in Japan remain very challenging. Activities to offset this macro decline, including initiatives targeting operational efficiencies, continue to improve the business. The strategic review of the business is on-going however the sale of Toll Express Japan has been ruled out as an option at this stage.



Toll Domestic Forwarding

	1H13 \$M	1H12 \$M	% change
Sales revenue	588.3	584.2	+0.7
EBITDA ¹	55.9	51.3	+9.0
EBITA ²	40.0	35.3	+13.3
EBITA margin (excluding associate earnings)	6.8%	6.0%	+0.8%
Average capital employed (\$ million)	297	275	+8.0
Return on capital employed (rolling 12 months)	20.6%	22.5%	-1.9%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- Toll Domestic Forwarding increased revenue despite the divestment of Toll Refrigerated's Interstate linehaul and warehousing operation. Revenue grew as a result of new business, the impact of cost recoveries associated with Port of Melbourne wharfage and channel fee increases and benefitting from a full six months trade of the Northern Southland acquisition in New Zealand. Earnings benefitted primarily from revenue growth in the Toll ANL Bass Strait shipping business, together with the removal of the loss making Refrigerated linehaul and warehousing business.
- Toll Intermodal benefitted from significant contract wins including work with BlueScope, BHP Billiton, NCI Packaging and Kmart and retention of key customer contracts. Earnings were impacted by operational inefficiencies associated with the major terminal redevelopment at Moolabin.
- Key investments in rail terminals for Toll Intermodal are progressing well, with the Moolabin redevelopment in Brisbane forecast to be complete in May 2013. The new Kewdale rail terminal development in Perth will open in March 2013 and the development of the Brighton site in Hobart for Toll Tasmania will commence soon.
- Toll New Zealand grew revenue and earnings, with a full six month contribution from the Northern Southland acquisition (acquired in October 2011) and new contract wins.
- Toll ANL Bass Strait Shipping increased revenue and earnings due to organic growth from existing customers and improved internal productivity, while revenue was further boosted by increases in rates to recover wharfage and channel fee increases imposed by Port of Melbourne Corporation.
- Toll Tasmania had a strong result driven by organic growth from existing customers and new contract wins.



Toll Specialised and Domestic Freight

	1H13 \$M	1H12 \$M	% change
Sales revenue	731.8	692.3	+5.7
EBITDA ¹	88.2	76.1	+15.9
EBITA ²	68.2	58.4	+16.8
EBITA margin (excluding associate earnings)	9.3%	8.4%	+0.9%
Average capital employed (\$ million)	237	209	+13.4
Return on capital employed (rolling 12 months)	41.1%	40.9%	+0.2%

¹ EBITDA excludes profits from Associates and non-recurring items.

² EBITA excludes non-recurring items, includes profits from Associates.

- Toll Specialised and Domestic Freight again performed strongly with good revenue growth and margin improvement driven by cost and yield management.
- Toll Express benefited from strong volumes in Western Australia from the resources sector and recent investment in IT, depots and fleet, coupled with operational improvements, have allowed the business to improve margins.
- Volumes for Toll NQX in the less than full load (LTL) market were lower as a result of the downturn in activity in the coal sector in Queensland. Margins were under pressure in the period due to lower than expected volumes. However they are expected to improve as benefits are seen from cost saving initiatives and further investment in fleet.
- The Toll Liquids business benefited from increased revenue from new customer wins including Shell and 7-Eleven, and organic growth from existing contracts such as Woolworths and BOC.
- Toll Transitions saw some reduced activity in the Defence contract but this has been offset with improved back office processes resulting from prior and ongoing investment in its technology platform.



Additional financial information

Cash flow

Cash flow generated from operations was up 8.4% on the prior corresponding period while reduced overall capital expenditure, a reduction in investments, and the sale of Toll Auto's vehicle distribution business and Toll Refrigerated's linehaul and warehousing operations resulted in a strong cash flow before financing and tax.

Interest payments benefitted from lower average cost of debt, while tax payments increased primarily due to a higher instalment rate. The previously cancelled dividend reinvestment plan resulted in an increased dividend payout.

	1H13 \$M	1H12 \$M
EBITDA excluding non-cash items	384	376
Working capital movement	<u>(163)</u>	<u>(172)</u>
Net operating cash flows	221	204
- Capital expenditure	(216)	(240)
- Sale of PPE	<u>19</u>	<u>8</u>
Free cash flow	24	(28)
- Acquisitions	(1)	(13)
- Sale of businesses & investments	<u>92</u>	<u>1</u>
Net cash flow before financing and tax	115	(40)
Interest	(15)	(19)
Tax	(82)	(47)
Dividends	<u>(92)</u>	<u>(76)</u>
Cash flow before movements in net debt	(74)	(182)

Capital expenditure

	1H13 \$M	1H12 \$M
Toll Global Resources	61	100
Toll Global Logistics	18	34
Toll Global Forwarding	4	6
Toll Global Express	33	30
Toll Domestic Forwarding	43	14
Toll Specialised & Domestic Freight	43	43
Corporate	<u>14</u>	<u>13</u>
Total	216	240

A major item of capital expenditure during the year related to Toll Global Resource's Singapore Offshore Petroleum Services (TOPS) development (A\$16 million). Total expenditure on the TOPS project to date is SGD273 million. Toll Domestic Forwarding increased investment in key rail terminals at Moolabin and Kewdale with approximately \$13 million invested in each.



Tax

After adjusting for non-recurring items, the normalised effective tax rate was 27.5% compared with 29.3% in the prior corresponding period.

Net debt

	1H13 \$M	1H12 \$M
Total debt	1,725	1,694
Cash	<u>540</u>	<u>463</u>
Net debt	1,185	1,231
Net debt / (Net debt & equity)	29.5%	29.7%

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. The average tenor of debt is now 2.3 years.

Interest costs

Net interest costs of \$16.9 million decreased (down 16%) over the prior corresponding period due to a decrease in average cost of debt.

Non-recurring items

This result contains non-recurring items totalling a net gain of \$22 million after tax (\$24 million before tax). There is a \$52 million after tax gain on the sale of Toll's vehicle distribution business and Toll Refrigerated's linehaul and warehousing business and a \$30 million impairment of some vessel assets in Toll Marine Logistics Asia.

Dividend and Dividend Reinvestment Plan

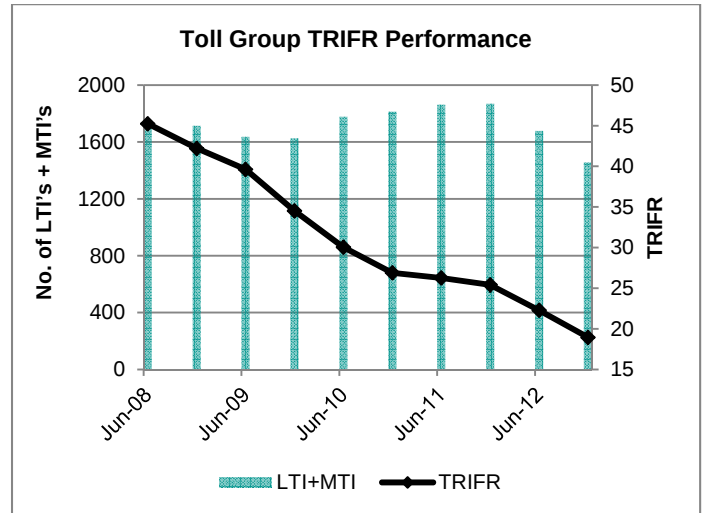
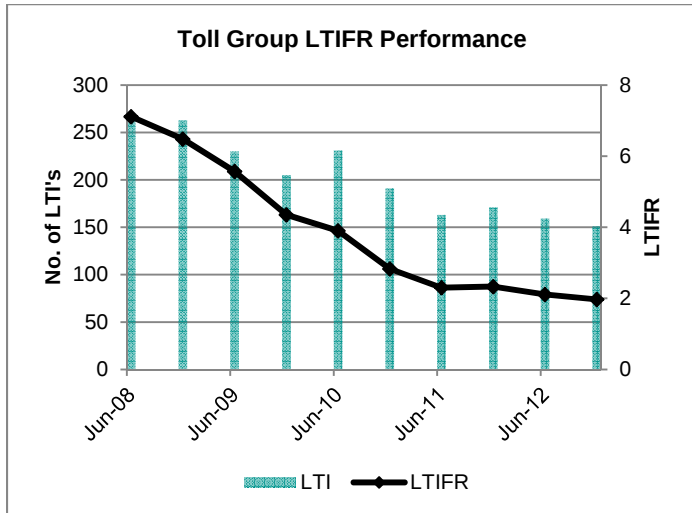
An interim dividend of 12.5 cents per share (up 1 cent per share), fully franked, has been determined, payable on 2 April 2013. This increased dividend reflects the Group's confidence in the sustainability of its earnings and cash flows. The record date for determining entitlement to the dividend is 8 March 2013.

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



Safety and our people

For the 12 months ended December 2012 Toll's Lost Time Injury Frequency Rate (LTIFR) reduced by 15% from 2.33 down to 1.97 and Total Recordable Injury Frequency Rate (TRIFR) reduced by 25% from 25.42 down to 18.95.



Tragically in the half year, we had five fatalities involving Toll employees and contractors. These included

- Two contractor truck drivers and one employee truck driver involved in motor vehicle incidents
- One airline pilot employed by an air freight contractor
- One employee seaman involved a shipping incident in Indonesia

These tragedies and a desire to become an industry leader in Health and Safety have encouraged us to redouble our efforts to improve Health and Safety with a number of initiatives developed and implemented during the half year.

Some of the key initiatives include:

- Launch of Toll's new **Think safe. Act safe. Be safe.** global health and safety strategy in October to Senior Management with all employees scheduled to participate in a global "Stop for Safety" launch in February 2013.
- Commencement of the supervisors and managers "Leading Safety at Toll" training program with 150 managers and supervisors trained to date and 1300 scheduled to participate in the next 12 months.
- A major focus on road safety which included:
 - Ongoing work with regulators and enforcement agencies to forge stronger partnerships to improve heavy vehicle safety and compliance;
 - The establishment of three cross divisional "Safety Networks" to identify and resolve critical risks with Linehaul operations, sub-contractor management and pick-up and delivery operations;
 - A review of fatigue management practices and processes across our Asia businesses.
- A revamp of internal recording and reporting of incidents including a broadening of safety measures reviewed at Executive, Board Committee and Board levels as well as implementation of practices to better share and learn from incidents across the business
- New, simplified Global Health and Safety Management standards have been developed which set out the minimum standards for Toll businesses. The standards are consistent with Australian and International standards.



Environment

As a large logistics company, Toll is focussed on minimising our environmental impacts across a number of key environmental aspects while continuing to provide superior service and value to our customers.

The Australian Government Clean Energy Legislation has introduced a carbon price mechanism and placed increased emphasis on energy efficiency and greater use of clean energy. From July 1st 2012, this applied a cost to carbon emissions produced from off-road mining, marine, air and rail activities and indirectly from increased electricity charges in facility operations along with other embedded carbon costs. On-road operations remain exempt from carbon pricing until at least July 2014.

Carbon pricing has not had a material financial impact on Toll in the current financial year. We continue to focus on introducing programs to reduce the intensity of Greenhouse Gas Emissions which has improved by around 3.5% since 2010 in our Australian operations.

All Toll's Australian business units have adopted Toll's Smarter Green Program and have developed plans to improve energy efficiency and reduce emissions. There are 160 improvement projects underway. This program will be progressively rolled out to overseas operations leveraging the insights and know how gained in Australian operations to reduce our carbon intensity.

Reductions are being achieved through a combination of fleet upgrades, better fleet utilisation, improvements in driver behaviour, and gains in the energy efficiency of facilities along with a range of business unit specific abatement initiatives.

Forward-looking statements

Certain statements made in this release relate to the future, including forward looking statements relating to Toll's financial position and strategy. These forward looking statements involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Toll to be materially different from future results, performance or achievements expressed or implied by such statements. Neither Toll nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this document will actually occur and you are cautioned not to place undue reliance on such forward looking statements.

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

<ends>

Summary of Earnings

	2010			2011			2012			2013
	1H10A	2H10A	2010A	1H11A	2H11A	2011A	1H12A	2H12A	2012A	1H13A
Revenue										
Global Express - Australia	652.7	627.3	1,280.0	717.4	692.7	1,410.1	758.0	751.9	1,509.9	822.1
Express Japan	140.9	369.2	510.2	384.7	345.4	730.1	376.9	347.1	724.0	346.5
Global Express - Total	793.7	996.6	1,790.2	1,102.1	1,038.1	2,140.2	1,135.0	1,098.9	2,233.9	1,168.6
Domestic Forwarding	554.8	512.3	1,067.1	561.6	535.5	1,097.1	584.2	566.7	1,150.9	588.3
Specialised & Domestic Freight	515.2	489.0	1,004.2	621.7	579.4	1,201.1	692.3	629.7	1,322.0	731.8
Global Logistics	648.2	659.6	1,307.8	676.4	680.9	1,357.3	709.0	710.7	1,419.7	645.7
Global Resources	347.3	348.2	695.5	370.7	413.5	784.2	552.0	554.8	1,106.8	613.2
Global Forwarding	439.9	626.2	1,066.1	900.7	734.3	1,635.0	751.6	698.9	1,450.6	786.1
Total Divisional Revenue	3,299.1	3,631.9	6,930.9	4,233.2	3,981.6	8,214.9	4,424.1	4,259.8	8,683.9	4,533.7
Other/ Corporate	5.8	7.3	13.1	5.3	4.3	9.6	12.7	10.6	23.3	12.4
Total Revenue	3,304.9	3,639.2	6,944.0	4,238.5	3,985.9	8,224.5	4,436.8	4,270.4	8,707.2	4,546.1
EBITDA (pre Associates and JV's)										
Global Express - Australia	74.6	67.6	142.2	87.5	78.8	166.3	90.8	67.5	158.3	87.3
Express Japan	7.2	16.9	24.1	24.0	12.0	36.0	3.4	3.6	7.0	3.7
Global Express - Total	81.8	84.5	166.3	111.5	90.9	202.3	94.2	71.1	165.3	91.0
Domestic Forwarding	57.2	41.1	98.3	51.6	39.9	91.5	51.3	37.7	89.0	55.9
Specialised & Domestic Freight	52.8	35.9	88.7	60.0	43.2	103.1	76.1	49.4	126.6	88.2
Global Logistics	63.9	71.5	135.4	64.4	66.1	130.5	72.0	64.0	136.0	62.2
Global Resources	61.6	69.5	131.1	64.2	60.9	125.1	85.5	82.8	168.4	88.6
Global Forwarding	8.4	12.9	21.3	26.5	13.7	40.2	17.2	12.6	29.8	14.8
Other/ Corporate	16.7	6.7	23.4	17.2	11.9	29.1	16.6	16.2	32.7	14.0
Total EBITDA pre Associates and JV's	309.0	308.6	617.6	361.0	302.7	663.7	379.8	301.5	681.3	386.7
EBITDA (inc Associates and JV's)										
Global Express - Australia	76.0	68.9	145.0	89.4	80.2	169.6	92.7	68.1	160.8	87.8
Express Japan	7.2	16.9	24.1	24.0	12.0	36.0	3.4	3.6	7.0	3.7
Global Express - Total	83.3	85.8	169.1	113.4	92.3	205.6	96.1	71.7	167.8	91.5
Domestic Forwarding	57.2	41.1	98.3	51.6	39.9	91.5	51.3	37.7	89.0	55.9
Specialised & Domestic Freight	52.8	35.9	88.7	60.0	43.2	103.1	76.1	49.4	126.6	88.2
Global Logistics	66.6	75.0	141.6	66.6	68.6	135.2	74.0	66.5	140.5	64.6
Global Resources	64.2	72.7	136.9	67.0	60.8	127.8	85.7	83.4	169.1	90.1
Global Forwarding	10.7	15.6	26.3	29.7	15.6	45.3	20.2	13.7	33.9	18.2
Other/ Corporate	15.5	6.1	21.6	17.0	11.9	28.9	16.4	16.0	32.4	13.8
Total EBITDA incl Associates and JV's	319.2	320.0	639.2	371.3	308.4	679.6	387.0	306.5	693.5	394.7
Depreciation and Amortisation (exc PPA)										
Global Express - Australia	8.6	10.4	19.0	11.0	11.7	22.6	11.3	12.9	24.2	12.9
Express Japan	3.3	13.0	16.3	7.5	5.6	13.1	6.4	6.0	12.3	5.2
Global Express - Total	11.9	23.4	35.3	18.5	17.2	35.7	17.7	18.8	36.5	18.1
Domestic Forwarding	13.6	15.5	29.1	14.4	15.8	30.2	16.0	16.4	32.3	15.9
Specialised & Domestic Freight	11.0	12.1	23.1	14.9	16.2	31.1	17.8	20.1	37.9	20.0
Global Logistics	21.3	21.6	42.9	22.9	21.8	44.7	22.7	25.2	47.9	18.6
Global Resources	18.3	24.3	42.6	16.6	22.6	39.2	32.5	33.6	66.1	35.9
Global Forwarding	3.3	2.7	6.0	5.1	6.3	11.4	7.1	6.2	13.3	7.3
Other/ Corporate	15.8	9.9	25.7	11.4	10.8	22.1	10.3	9.8	20.1	9.9
Total Associates and JV's	95.2	109.5	204.6	103.7	110.8	214.5	124.1	130.1	254.1	125.7
EBITA (pre Associates and JV's)										
Global Express - Australia	66.0	57.2	123.2	76.5	67.2	143.7	79.4	54.6	134.1	74.4
Express Japan	3.9	3.9	7.8	16.5	6.5	22.9	3.0	2.4	5.4	1.5
Global Express - Total	69.9	61.1	131.0	93.0	73.6	166.6	76.4	52.3	128.7	72.9
Domestic Forwarding	43.6	25.6	69.2	37.2	24.0	61.3	35.3	21.3	56.7	40.0
Specialised & Domestic Freight	41.8	23.8	65.6	45.1	27.0	72.1	58.4	29.3	87.7	68.2
Global Logistics	42.6	49.9	92.5	41.5	44.3	85.8	49.2	38.9	88.1	43.6
Global Resources	43.3	45.2	88.5	47.6	38.3	85.9	53.0	49.2	102.3	52.7
Global Forwarding	5.1	10.2	15.3	21.4	7.4	28.8	10.1	6.4	16.5	7.5
Other/ Corporate	32.5	16.6	49.1	28.6	22.7	51.3	26.8	26.0	52.8	23.9
Total EBITA pre Associates and JV's	213.8	199.2	413.0	257.3	191.9	449.2	255.7	171.5	427.2	261.0
Associates and JV's										
Global Express - Australia	1.5	1.3	2.8	1.9	1.4	3.3	1.9	0.6	2.5	0.5
Express Japan	-	-	-	-	-	-	-	-	-	-
Global Express - Total	1.5	1.3	2.8	1.9	1.4	3.3	1.9	0.6	2.5	0.5
Domestic Forwarding	-	-	-	-	-	-	-	-	-	0.0
Specialised & Domestic Freight	-	-	-	-	-	-	-	-	-	-
Global Logistics	2.7	3.5	6.2	2.2	2.5	4.7	2.1	2.4	4.5	2.4
Global Resources	2.6	3.2	5.8	2.8	0.1	2.7	0.1	0.6	0.7	1.5
Global Forwarding	2.3	2.7	5.0	3.2	1.9	5.1	3.0	1.1	4.1	3.4
Other/ Corporate	1.2	0.6	1.8	0.2	0.0	0.2	0.2	0.2	0.4	0.2
Total Associates and JV's	10.3	11.3	21.6	10.3	5.7	16.0	7.3	4.9	12.2	8.0
EBITA (inc Associates and JV's)										
Global Express - Australia	67.4	58.5	126.0	78.4	68.6	147.0	81.3	55.2	136.6	74.9
Express Japan	3.9	3.9	7.8	16.5	6.5	22.9	3.0	2.4	5.4	1.5
Global Express - Total	71.4	62.4	133.8	94.9	75.0	169.9	78.3	52.9	131.2	73.4
Domestic Forwarding	43.6	25.6	69.2	37.2	24.0	61.3	35.3	21.3	56.7	40.0
Specialised & Domestic Freight	41.8	23.8	65.6	45.1	27.0	72.1	58.4	29.3	87.7	68.2
Global Logistics	45.3	53.4	98.7	43.7	46.8	90.5	51.3	41.3	92.6	46.0
Global Resources	45.9	48.4	94.3	50.4	38.1	88.6	53.2	49.8	103.0	54.2
Global Forwarding	7.4	12.9	20.3	24.6	9.3	33.9	13.1	7.5	20.6	10.9
Other/ Corporate	31.3	16.0	47.3	28.4	22.7	51.1	26.6	25.8	52.4	23.7
Total EBITA incl Associates and JV's	224.1	210.5	434.6	267.6	197.6	465.2	263.0	176.4	439.4	269.0

	2010			2011			2012			2013
	1H10A	2H10A	2010A	1H11A	2H11A	2011A	1H12A	2H12A	2012A	1H13A
PPA										
Global Express - Australia	-	2.8	2.8	1.4	1.4	2.8	1.4	1.3	2.7	0.5
Express Japan	-	1.7	1.7	0.2	0.6	0.4	0.6	0.6	1.1	-
Global Express - Total	-	4.5	4.5	1.2	2.0	3.2	2.0	1.8	3.8	0.5
Domestic Forwarding	-	-	-	-	0.2	0.2	0.1	0.1	0.3	0.2
Specialised & Domestic Freight	-	-	-	-	-	-	-	-	-	-
Global Logistics	8.4	5.5	13.9	6.1	6.0	12.1	5.9	5.8	11.7	6.4
Global Resources	-	4.0	4.0	2.0	1.9	3.9	1.9	1.9	3.8	0.9
Global Forwarding	2.1	2.6	4.7	4.0	4.6	8.6	4.4	3.7	8.1	4.2
Other/ Corporate	2.7	1.8	0.8	0.4	0.4	0.8	0.4	0.4	0.8	0.4
Total Associates and JV's	13.1	14.8	28.0	13.7	15.0	28.8	14.8	13.8	28.6	12.6
EBIT										
Global Express - Australia	67.4	55.7	123.2	77.0	67.1	144.2	79.9	54.0	133.9	74.4
Express Japan	3.9	2.2	6.1	16.7	5.9	22.6	3.6	2.9	6.5	1.5
Global Express - Total	71.4	57.9	129.3	93.7	73.0	166.7	76.4	51.0	127.4	72.9
Domestic Forwarding	43.6	25.6	69.2	37.2	23.8	61.1	35.2	21.2	56.4	39.8
Specialised & Domestic Freight	41.8	23.8	65.6	45.1	27.0	72.1	58.4	29.3	87.7	68.2
Global Logistics	36.9	47.9	84.8	37.6	40.8	78.4	45.4	35.5	80.9	39.6
Global Resources	45.9	44.4	90.3	48.4	36.2	84.7	51.3	47.9	99.2	53.3
Global Forwarding	5.3	10.3	15.6	20.6	4.7	25.3	8.7	3.8	12.5	6.7
Other/ Corporate	34.0	14.2	48.1	28.8	23.1	51.9	27.1	26.2	53.3	24.1
TOTAL EBIT	211.0	195.7	406.6	253.9	182.5	436.4	248.2	162.6	410.8	256.4
Net Finance Costs	- 14.2	- 23.2	- 37.4	- 18.0	- 17.4	- 35.4	- 20.0	- 17.0	- 37.0	- 16.9
NPBT	196.8	172.5	369.2	235.9	165.1	401.0	228.2	145.6	373.8	239.5
Income Tax Expense	- 49.5	- 21.4	- 70.9	- 62.8	- 47.1	- 109.9	- 66.9	- 32.7	- 99.6	- 66.0
Reported NPAT	147.3	151.1	298.3	173.1	118.0	291.1	161.3	112.9	274.2	173.5
Significant items (net of tax)	- 37.4	- 23.4	- 14.0	- 2.0	- 1.7	- 3.7	- 0.4	- 202.9	- 203.3	- 22.0
Reported NPAT (post Significant items)	109.9	174.5	284.3	175.1	119.7	294.8	160.9	90.0	70.9	195.5
Minority Interests	2.9	2.6	5.5	2.9	2.2	5.1	3.1	3.2	6.3	4.1
Minority interests (individually significant item)	-	-	-	8.3	-	8.3	0.1	0.1	-	-
Reported Profit attributable to owners	107.0	171.9	278.8	163.9	117.5	281.4	157.9	93.2	64.6	191.4
Reported Profit attributable to owners (pre SI's)	144.4	148.5	292.8	161.9	115.8	277.7	158.3	109.7	267.9	169.4
	2010			2011			2012			2013
	1H10A	2H10A	2010A	1H11A	2H11A	2011A	1H12A	2H12A	2012A	1H13A
EBITA Margin (pre Associates and JV's)										
Global Express - Australia	10.1%	9.1%	9.6%	10.7%	9.7%	10.2%	10.5%	7.3%	8.9%	9.0%
Express Japan	2.8%	1.0%	1.5%	4.3%	1.9%	3.1%	-0.8%	-0.7%	-0.7%	-0.4%
Global Express - Total	8.8%	6.1%	7.3%	8.4%	7.1%	7.8%	6.7%	4.8%	5.8%	6.2%
Domestic Forwarding	7.9%	5.0%	6.5%	6.6%	4.5%	5.6%	6.0%	3.8%	4.9%	6.8%
Specialised & Domestic Freight	8.1%	4.9%	6.5%	7.3%	4.7%	6.0%	8.4%	4.7%	6.6%	9.3%
Global Logistics	6.6%	7.6%	7.1%	6.1%	6.5%	6.3%	6.9%	5.5%	6.2%	6.8%
Global Resources	12.5%	13.0%	12.7%	12.8%	9.3%	10.9%	9.6%	8.9%	9.2%	8.6%
Global Forwarding	1.2%	1.6%	1.4%	2.4%	1.0%	1.8%	1.3%	0.9%	1.1%	1.0%
Total pre Associates and JV's pre discontinued	6.5%	5.5%	5.9%	6.1%	4.8%	5.5%	5.8%	4.0%	4.9%	5.7%
EBITA Margin (inc Associates and JV's)										
Global Express - Australia	10.3%	9.3%	9.8%	10.9%	9.9%	10.4%	10.7%	7.3%	9.0%	9.1%
Express Japan	2.8%	1.0%	1.5%	4.3%	1.9%	3.1%	-0.8%	-0.7%	-0.7%	-0.4%
Global Express - Total	9.0%	6.3%	7.5%	8.6%	7.2%	7.9%	6.9%	4.8%	5.9%	6.3%
Domestic Forwarding	7.9%	5.0%	6.5%	6.6%	4.5%	5.6%	6.0%	3.8%	4.9%	6.8%
Specialised & Domestic Freight	8.1%	4.9%	6.5%	7.3%	4.7%	6.0%	8.4%	4.7%	6.6%	9.3%
Global Logistics	7.0%	8.1%	7.5%	6.5%	6.9%	6.7%	7.2%	5.8%	6.5%	7.1%
Global Resources	13.2%	13.9%	13.6%	13.6%	9.2%	11.3%	9.6%	9.0%	9.3%	8.8%
Global Forwarding	1.7%	2.1%	1.9%	2.7%	1.3%	2.1%	1.7%	1.1%	1.4%	1.4%
Incl Associates and JV's	6.8%	5.8%	6.3%	6.3%	5.0%	5.7%	5.9%	4.1%	5.0%	5.9%
Average Capital Employed										
Global Express - Australia			232.0	253.5		265.5	275.9		276.8	279.2
Express Japan			277.5	282.1		301.7	337.0		332.7	246.5
Global Express - Total			424.1	535.6		567.2	612.9		609.5	525.7
Domestic Forwarding			275.6	268.7		265.2	275.0		278.0	297.0
Specialised & Domestic Freight			162.1	181.0		195.5	208.7		219.7	237.2
Global Logistics			829.3	819.6		826.5	812.3		802.1	790.7
Global Resources			712.8	740.0		798.3	904.4		1,010.6	1,041.4
Global Forwarding			542.2	664.5		742.5	768.5		787.6	815.6
Return on Capital Employed										
Global Express - Australia			53.1%	52.4%		54.3%	53.3%		48.4%	46.0%
Express Japan			2.2%	6.7%		7.5%	0.7%		-2.0%	-1.8%
Total - Global Express			30.5%	28.3%		29.4%	24.4%		20.9%	23.6%
Domestic Forwarding			25.1%	23.7%		23.0%	22.5%		20.3%	20.6%
Specialised & Domestic Freight			40.5%	38.1%		36.9%	40.9%		39.9%	41.1%
Global Logistics			10.2%	10.4%		9.5%	10.6%		10.1%	9.5%
Global Resources			12.7%	12.5%		10.6%	9.7%		9.8%	9.7%
Global Forwarding			2.9%	4.6%		3.4%	1.7%		1.6%	1.3%

This summary should be read, used and/or considered only in conjunction with the full Half Year Report of Toll Holdings for the six months ended 31 December 2012, a copy of which is available on the Company website or from the ASX.