

**TOLL HOLDINGS LIMITED
ACN 006 592 089
AND ITS CONTROLLED ENTITIES**

Half-Year Financial Report
31 December 2000

TOLL HOLDINGS LIMITED
DIRECTORS' REPORT
For the half year ended 31 December 2000

The directors present their report together with the consolidated Financial Report for the half-year ended 31 December 2000 and the auditors' review thereon.

Directors

The following persons hold office as directors of Toll Holdings Limited at the date of this report:

<u>Director</u>	<u>Date of Appointment</u>
Mr Peter Rowsthorn (Chairman)	22 August 1986
Mr Paul Little (Managing Director)	10 July 1986
Mr Mark Rowsthorn	1 September 1988
Mr John Moule AM	20 July 1995
Mr Bill Farrands	11 March 1997
Mr Ron Paul AM	1 July 1998
Mr Neil Chatfield	29 July 1998

Principal Activities

The principal activities of the economic entity during the year consisted of:

- National less than full load express and economy freight forwarding service using all modes of transport;
- National full load road and rail freight forwarding service including rail linehaul operation;
- National temperature controlled transport service for full load and less than full load clients;
- Warehousing and distribution of bulk dry and refrigerated goods in all capital cities;
- National wharf cartage, container handling and storage;
- National contract distribution services;
- National time sensitive parcel freight distribution services;
- Deposit legislation beverage container recycling in South Australia;
- Specialised international forwarding services;
- Ports management including land and sea based distribution and services, and
- National removals and relocation brokerage service.

There were no significant changes in the nature of the activities of the economic entity during the half-year.

Review of Operations

Group Performance

The Group recorded a 6.5% increase in revenue for the six months from \$686 million to \$731 million.

Profit after tax increased 27% to \$27 million, compared to the previous corresponding period of \$21.2 million (before an abnormal income tax gain of \$1.06 million).

EBIT margin increased by 18% to 5.19%, which was achieved in a challenging environment highlighted by the introduction of GST and abnormally high fuel prices. Margin improvement was achieved by every division.

Cashflows remained strong, with cashflow from operations growing 50% to \$31.5 million. The company's balance sheet strengthened during the six months. As at 31 December 2000 the net cash position was \$1.6 million compared to \$31.4 million net debt twelve months earlier. Since the December 2000 close, the company has sold Phase 1 of its Altona property development for approximately \$19 million, the proceeds of which were received at the beginning of February 2001, and the ARN Logistics acquisition has settled for around \$12 million.

Earnings per share (fully diluted), grew by 15.3% to 42.9 cents during the six months.

The company has declared a 15.4% increase in its interim dividend from 13 cents to 15 cents per share, with franking of 60%, compared to 20% previously.

Divisional Performance

Long Distance

The Long Distance division continued its strong earnings growth, generated from revenues of \$350 million.

The performance of Toll IPEC and Toll Express were again pleasing, as new facilities and enhanced customer service levels assisted earnings.

The improvement in Refrigerated Roadways also continued during the six months, with the linehaul division breaking even for the period.

Long Distance rail operations were constrained by a lack of rail network efficiency, an area that should benefit from the proposed privatisation of National Rail Corporation.

Toll North

Toll North performed satisfactorily during the six months, with revenues of \$168 million. The flat mining sector and reduced building and construction activity in Queensland both affected revenue growth. The establishment of a major new facility for NQX in Brisbane is expected to further improve operational efficiencies and earnings of Toll North.

Logistics

Logistics again reported higher earnings, with revenue of \$156 million generally in line with the previous period. The ability of the Logistics division to produce supply chain efficiencies is generating improved margins while capturing significant savings for Toll's customer base.

Technology

Toll Technologies reported revenues of \$56 million with the inclusion of Removals Australia. Earnings for the period were in line with plan. Progress on the relocations strategy has been significant, with the service integration of Movinghome.com.au and the recently acquired International Corporate Relocations. The web based trading solution for Removals Australia is in place, which will assist cost reduction, as well as customer service efficiency.

The rollout of the TollWorks technology platform is now in full swing and is proceeding on time and on budget. In addition, customer response to the TollConnect range of services has been strong, with significant growth in the number of customers now using the services.

Rounding Off

The economic entity is of a 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 thousand dollars, unless otherwise stated.

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

Dated at Melbourne this 21st day of February 2001

P Rowsthorn

Director

P A Little

Director

TOLL HOLDINGS LIMITED
DIRECTORS' DECLARATION
For the half year ended 31 December 2000

In the opinion of the directors of Toll Holdings Limited:

1. the financial report and notes set out in ASX Appendix 4B on pages 1 to 15, are in accordance with the Corporations Law, including:
 - (a) giving a true and fair view of the financial position of the consolidated entity as at 31 December 2000 and of its performance, as represented by the results of its operations and cash flows for the half- year ended on that date; and
 - (b) complying with Accounting Standard AASB1029 "Half-Year Accounts and Consolidated Accounts" and the Corporations Regulations; and
2. there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable .

Signed in accordance with a resolution of the Directors:

Dated at Melbourne this 21st day of February, 2001.

P Rowsthorn Director

P A Little Director

**INDEPENDENT REVIEW REPORT
TO THE MEMBERS OF TOLL HOLDINGS LIMITED**

Scope

We have reviewed the financial report of Toll Holdings Limited for the half-year ended 31 December 2000, in the form of Rule 4.13(a) version of Appendix 4B of the Australian Stock Exchange ("ASX") Listing Rules, consisting of the profit and loss statement, balance sheet, statement of cash flows, accompanying notes and the Directors Declaration, but excluding the following sections:

- (a) material factors affecting the revenues and the expenses of the economic entity for the current period (page 13) and referred to in the media release; and
- (b) compliance statements (pages 14 and 15).

The financial report includes the consolidated financial statements of the consolidated entity comprising the company and the entities it controlled at the end of the half-year or from time to time during the half-year. The company's Directors are responsible for the financial report.

We have performed an independent review of the financial report in order to state whether, on the basis of procedures described, anything has come to our attention that would indicate that the financial report is not presented fairly in accordance with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts" and other mandatory professional reporting requirements and statutory requirements, so as to present a view which is consistent with our understanding of the consolidated entity's financial position, and performance as represented by the results of its operations and its cash flows, and in order for the company to lodge the financial report with the Australian Securities and Investments Commission.

Our review has been conducted in accordance with Australian Auditing Standards applicable to review engagements. The review is limited primarily to inquiries of company personnel and analytical procedures applied to the financial data. Our review has not involved a study and evaluation of internal accounting controls, tests of accounting records or tests of responses to inquiries by obtaining corroborative evidence from inspection, observation or confirmation. The procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.

Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Toll Holdings Limited is not in accordance with:

- (a) the Corporations Law, including:
 - (i) giving a true and fair view of the consolidated entity's financial position as at 31 December 2000 and of its performance for the half-year ended on that date; and
 - (ii) complying with Accounting Standard AASB 1029 "Half-Year Accounts and Consolidated Accounts" and the Corporations Regulations; and
- (b) other mandatory professional reporting requirements.

KPMG
Chartered Accountants

J J O'CONNELL
Partner

Melbourne
21 February 2000