

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
A.C.N. 006 592 089

**ANNUAL CONCISE REPORT
FOR THE YEAR ENDED 30 June 2000**

TOLL HOLDINGS LIMITED
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TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

The directors present their report together with the concise financial report of the consolidated entity, being the Toll Holdings Limited ("the Company") and its controlled entities, for the year ended 30 June 2000 and the auditors' report thereon.

Directors

The following persons held office as directors of Toll Holdings Limited during or since the financial year:

Mr Peter Rowsthorn (Chairman)
Mr Paul Little (Managing Director)
Mr Mark Rowsthorn
Mr John Moule AM
Mr William Farrands
Mr Ron Paul AM
Mr Neil Chatfield

Principal Activities

The principal activities of the consolidated 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 transcontinental 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.

The following significant changes in the nature of the activities of the consolidated entity occurred during the year:

The company acquired the business operations of Removals Australia, from the Commonwealth Government effective 1 February 2000.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT

There were no other significant changes in the nature of the activities of the consolidated entity during the year.

Consolidated Result

The consolidated profit for the year attributable to the members of Toll Holdings Limited was:

	2000 \$'000	1999 \$'000
Operating profit after income tax attributable to members of Toll Holdings Limited	<u>40,404</u>	<u>30,140</u>

Earnings per share

	2000	1999
Basic earnings per share	67.67¢	59.16¢
Diluted earnings per share	66.28¢	51.41¢

Review of Operations

Results for the year were very pleasing with earnings before abnormal gains, interest and tax increasing 25% from \$40.7 million to \$51.0 million. Profit after tax also rose 34% from \$30.1 million to \$40.4 million for the year. Group sales revenue grew by 5% for the year reflecting the full year inclusion of Toll IPEC, which was acquired in October 1998, and the inclusion of revenue from Removals Australia, which was acquired in February 2000. These increases were partially offset by lower revenues from Refrigerated Roadways following reshaping of its operations during the year.

In February 2000, the company repositioned its businesses by consolidating the former Specialised Division into the Long Distance Division and established Toll Technologies as a new operating Division.

The Long Distance Division performed exceptionally well throughout the year, posting a strong improvement on the previous year and trading generally above expectations. Toll Express and Toll SPD recorded solid results with continued excellent progress being made in the areas of cost control and asset utilisation.

The Toll IPEC result was quite pleasing given that the integration process continued during the year and the very competitive market conditions in the express parcel sector.

Both Toll Tasmania and Edwards Transport contributed well to earnings and both traded higher than the previous year. Refrigerated Roadways full year result was a disappointment, although non-recurring restructure costs impacted earnings. The result whilst still below acceptable levels, was a significant improvement over the prior year and is trending in accordance with our plans.

The Toll North Division traded well during the year, although its result was hampered by continuous adverse weather conditions across Queensland. Revenue growth was limited as the mining sector remained flat and the North Queensland produce sector was impacted by poor weather.

The Logistics Division recorded a sound result, which reflected an excellent improvement on the prior year, with Port Logistics and the Automotive operations producing particularly pleasing earnings.

The Toll Technologies Division, which was established during February 2000, has implemented a number of initiatives including development of internet based software for its Removals Australia operation which was acquired effective 1 February 2000. The integration of Removals Australia has proceeded very well and progress in developing the business has been good. Contribution to earnings for Toll Technologies although minor, was slightly above expectations.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 DIRECTORS' REPORT

Dividends - Toll Holdings Limited

Dividends paid or declared by the Company since the end of the previous financial year were:

- As proposed and provided for in last year's report and paid on 30 September 1999.

A final ordinary dividend of 12 cents per share, franked to 50% with Class C (36%) franking credits, amounting to \$7.1 million (1999: 8 cents per share, \$3.6 million, 65% franked Class C (36%))

- A final ordinary dividend of 12 cents per share, franked to 50% with Class C (36%) franking credits, amounting to \$11,000, in relation to shares issued following the exercise of Executive Share options on 19 July 1999 and 15 September 1999. (1999: 8 cents per share, \$11,000, 65% franked Class C (36%))

- In respect of the current year:

2000	1999
\$'000	\$'000

Ordinary Shares

An interim ordinary dividend of 13 cents franked to 20% with Class C (36%) franking credits per share was paid on 31 March 2000. (1999: 10 cents 35% franked Class C (36%))

7,820	4,545
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The final dividend declared by the directors of the Company in respect of the year ended 30 June 2000 is an ordinary dividend of 15 cents per share franked to 50% with Class C (34%) franking credits (1999: 12 cents 50% franked Class C (36%))

9,078	7,080
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The total dividends provided for or paid in respect of the year ended 30 June 2000

<u>16,898</u>	<u>11,625</u>
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Preference Shares

Fully franked Class C (36%) dividend of 7.75% p.a. paid 1 December 1998	-	1,550
Fully franked Class C (36%) dividend of 7.75% p.a. paid 1 June 1999	-	1,470
Fully franked Class C (36%) dividend of 7.75% p.a. declared on 30 June 1999 and paid on 14 July 1999	<u>-</u>	<u>220</u>
	<u>-</u>	<u>3,240</u>

Derivatives and other financial instruments

The consolidated entity's activities expose it to changes in interest rates and credit, liquidity and cash flow risks. The Board has established policies and procedures in each of these areas to manage these exposures.

The consolidated entity has a strict credit policy for all customers trading on credit terms and only deals with financial market intermediaries with an acceptable credit rating determined by a recognised rating agency.

Financing facilities and operating cash flows are managed to ensure that the consolidated entity is not exposed to any adverse liquidity risks. Adequate stand-by facilities are maintained to provide strategic liquidity to meet unexpected and material cash outflows in the ordinary course of business.

Significant Changes in the State of Affairs

Significant changes in the state of affairs of the consolidated entity during the financial year were:

- (a) An increase in paid up capital of \$8.5 million to \$98.8 million which included the following:
- Issue of 760,795 fully paid ordinary shares in accordance with the Dividend Reinvestment Plan;
 - Issue of 230,000 fully paid ordinary shares following exercise of executive share options;
 - Issue of 532,200 fully paid ordinary shares in accordance with employee share plan;
- (b) An increase in assets and liabilities due to the acquisition of the Removals Australia business from the Commonwealth Government on 1 February 2000.

Environmental Regulation

The consolidated entity's operations are not subject to any significant environmental regulations under either Commonwealth or State legislation. However, the Board believes that the consolidated entity has adequate systems in place for the management of its environmental requirements and is not aware of any significant breach of those environmental requirements as they apply to the consolidated entity.

Events Subsequent to Balance Date

On 27 June 2000, the Company launched a takeover for 100% of Finemore Holdings Ltd (Finemore). Formal takeover documents were despatched to Finemore shareholders on 2 August 2000. The bid, which has been recommended by Finemore directors, in the absence of a higher offer, is priced at \$2.25 per fully paid ordinary share resulting in an approximate purchase price of \$119 million, and is conditional upon receiving 90% acceptances. The bid, which is to be funded by fully committed debt facilities, is scheduled to close on 22 September 2000.

Other than the matter discussed above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

Likely Developments and Expected Results of Operations

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

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 DIRECTORS' REPORT (Continued)

Information on Directors

The directors of the Company in office at the date of this report are:

Director	Experience & Qualifications	Age	Special Responsibilities	Particulars of Directors Interests in Ordinary Shares and Options of the Company	
				Shares	Options
Mr P Rowsthorn FAICD, FCIT, FAIM Chairman Non-Executive Director	30 years in the Transport Industry Director since 1986	70	Chairman of Board of Directors Chairman of Remuneration Committee Member of Corporate Governance & Audit Committees	3,112,160	-
Mr P A Little FAICD, FCIT Managing Director	32 years in the Transport Industry Director since 1986	52	*	8,863,637	200,000
Mr M Rowsthorn B.Ec, Grad Dip. Bus. Executive Director Group Operations	23 years in the Transport Industry General Manager for 13 years Director since 1988	45	*	9,171,161	200,000
Mr J A Moule AM FCA, FAICD Non Executive Director	Former Managing Partner Deloitte Touche Tohmatsu Director since 1995	61	Chairman of Audit Committee Member of Corporate Governance and Remuneration Committees	173,022	-
Mr W Farrands B. Com Non Executive Director	Former Group General Manager of the Building & Industrial Products Division and for the Coated Products Division within BHP Steel Director since 1997	67	Chairman of Corporate Governance Committee, Member of Audit and Remuneration Committees	20,000	-
Mr R Paul AM Non Executive Director	Chairman Evans Deakin Industries Limited Director since 1998	68	Member of Audit, Corporate Governance and Remuneration Committees	20,000	-
Mr N Chatfield FCPA Finance Director	26 years experience in transport and resource industries Director since 1998	46	*	7,386	100,000

* Refer Meetings of Director's as detailed on page 6.

The particulars of directors' interests in shares are as at the date of this report.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 DIRECTORS' REPORT (Continued)

Meetings of Directors

The following table sets out the number of meetings of the Company's directors (including meetings of committees of directors) held during the year ended 30 June 2000 and the number of meetings attended by each director who held office during the financial year.

Director	Directors Meetings		Audit Committee Meetings		Remuneration Committee Meetings		Corporate Governance Committee Meetings	
	No of Meetings Attended	No of Meetings Held	No of Meetings Attended	No of Meetings Held	No of Meetings Attended	No of Meetings Held	No of Meetings Attended	No of Meetings Held
Mr P Rowsthorn	11	11	4	4	3	3	1	1
Mr P A Little	11	11	3	3*	1	1*	-	-
Mr M Rowsthorn	10	11	-	-*	-	-	1	1*
Mr J A Moule AM	10	11	4	4	3	3	1	1
Mr W Farrands	10	11	4	4	2	3	1	1
Mr R Paul AM	11	11	4	4	3	3	1	1
Mr N Chatfield	11	11	4	4*	-	-	1	1*

* Mr P A Little, Mr N Chatfield and Mr M Rowsthorn may attend Meetings as invitees.

Share Options

During or since the end of the financial year, the Company granted options over unissued ordinary shares to the following directors and executives who are amongst the five most highly remunerated officers as part of their remuneration.

	Number of options granted	Exercise Price	Expiry Date
Directors			
Mr P Little	200,000*	\$5.4576	5 August 2004
Mr M Rowsthorn	200,000*	\$5.4576	5 August 2004
Officers			
Mr G Lyon	100,000*	\$7.9700	28 May 2005
Mr J Ludeke	100,000*	\$7.9700	28 May 2005
Mr D Telford	100,000*	\$7.9700	28 May 2005
Mr T Mallon	100,000*	\$7.9700	28 May 2005
Mr S Stanley	100,000*	\$7.9700	28 May 2005

* All options were granted during the financial year.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 DIRECTORS' REPORT (Continued)

Options to take up ordinary shares in the capital of Toll Holdings Limited have been granted as follows:

Senior Executive Option Plan and Executive Share Option Scheme

At the date of this report unissued ordinary shares of the Company under option are :

Grant Date	Total Options Granted	Unexpired Options	No of Executives	Exercise Price \$	Expiry Date
1 Jul 98	1,025,000	965,000	38	2.1460	30 Jun 2003
23 Jun 99	100,000	100,000	1	5.4150	22 Jun 2004
6 Aug 99	400,000	400,000	2	5.4576	5 Aug 2004
22 Dec 99	10,000	10,000	2	2.1460	30 June 2003
29 May 00	1,115,000	1,115,000	41	7.9700	28 May 2005
27 July 00	5,000	5,000	1	7.9700	28 May 2005

Each option is convertible into one ordinary share at any time between three and five years after the grant date. The options granted are only exercisable on the satisfaction of specific hurdle criteria with regard to the Company's Total Shareholder Return and diluted EPS growth relative to the All Industrials (excluding banks) or ASX 200 Industrials diluted EPS growth, during the first three years after the grant date.

230,000 ordinary shares were issued during the financial year on the exercise of options granted under the executive share option scheme. No ordinary shares have been issued since the end of the financial year on the exercise of options granted under the scheme.

Directors' and Senior Executives' Emoluments

The remuneration committee is responsible for making recommendations to the Board on remuneration policies and packages applicable to the Board members and senior executives of the Company.

Executive remuneration and other terms of employment are reviewed annually by the committee having regard to performance against goals set at the start of the year, relevant comparative market information and independent expert advice.

The broad remuneration policy is to ensure that remuneration packages properly reflect a person's duties and responsibilities, and that remuneration is competitive in attracting, retaining and motivating people of the highest quality.

Executives are also eligible to participate in the senior executive option plan. The ability to exercise options is conditional on the Company achieving certain performance hurdles.

Non-executive directors remuneration is determined by the Board within the maximum amount approved by shareholders from time to time. Non-executive directors do not receive any performance related remuneration.

Details of the nature and amount of each major element of emoluments of each director of the Company and each of the five most highly remunerated officers of the Company and the consolidated entity receiving the highest emolument are :

Non-executive Directors of Toll Holdings Limited

Name	Directors Fee \$	Non Cash Benefits \$	Superannuation \$	Total \$
P Rowsthorn (Chairman)	134,300	5,700	7,067	147,067
J Moule AM	55,000	-	3,850	58,850
W Farrands	55,000	-	3,850	58,850
R Paul AM	55,000	-	3,850	58,850

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' REPORT (Continued)

Executive Directors of Toll Holdings Limited

Name	Base Salary	Performance Incentive	Non-Cash Benefits	Superannuation	Option Value*	Total
	\$	\$	\$	\$	\$	\$
P Little <i>Managing Director</i>	597,557	221,000	8,230	44,213	198,000	1,069,000
M Rowsthorn <i>Executive Director Operations</i>	537,933	198,000	5,000	7,067	198,000	946,000
N Chatfield <i>Finance Director</i>	292,933	50,000	20,000	7,067	-	370,000

Executive Officers of Toll Holdings Limited and Consolidated Entity

Name	Base Salary	Performance Incentive	Non-Cash Benefits	Superannuation	Option Value**	Total
	\$	\$	\$	\$	\$	\$
S Stanley <i>Director Development</i>	335,000	30,000	-	30,000	171,000	566,000
D Telford <i>Divisional Director Toll Logistics</i>	300,000	20,000	30,000	40,000	171,000	561,000
J Ludeke <i>Divisional Director Long Distance</i>	255,000	50,000	40,000	40,000	171,000	556,000
T Mallon <i>Divisional Director Toll North</i>	213,000	50,000	22,000	85,000	171,000	541,000
G Lyon <i>Divisional Director Toll Technologies</i>	252,738	50,000	34,262	28,000	171,000	536,000

* 200,000 options were granted each to P Little and M Rowsthorn on 6 August 1999 at an exercise price of \$5.46. The exercising of these options is dependent upon the satisfaction of two performance hurdles being Total Shareholder Return over the three year period from the grant date must be at least equal to 35% and Earnings Per Share (EPS) diluted growth over the same period must be at least equal to the growth in the EPS of the ASX200 Industrials. These options have been valued at grant date at a maximum value of \$0.99 per option using the Binomial Method.

** 100,000 options were also granted each to G Lyon, J Ludeke, D Telford, T Mallon and S Stanley on 29 May 2000 at an exercise price of \$7.97. These options are dependent on the same performance hurdles as above and were valued in the same manner. These options have been valued at grant date at a maximum value of \$1.71 per option.

Insurance of Officers

During the financial year, Toll Holdings Limited paid premiums of \$44,502 (1999: \$55,760) to insure officers of the Company and related bodies corporate.

The officers of the Company covered by the insurance policy include the directors, P Rowsthorn, P A Little, M Rowsthorn, J A Moule AM, W Farrands, R Paul AM, N Chatfield and the secretary B B McInerney. Other officers covered by the policy are directors or secretaries of controlled entities who are not also directors or secretaries of Toll Holdings Limited, past directors of companies within the Toll Group and managers of the consolidated entity.

The liabilities insured, subject to specific exclusions, include costs and expenses that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of the Company or a related body corporate.

DIRECTORS' REPORT (Continued)

Indemnification of Officers

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

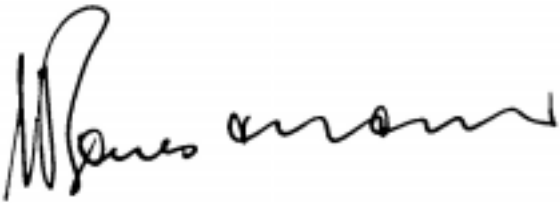
Rounding off

The Company is of the kind referred to in ASIC Class Order 98/100 dated 10 July 1998 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.

Auditor

KPMG continues in office in accordance with section 327 of the Corporations Law.

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



P Rowsthorn

Director



P A Little

Director

Dated at Melbourne this 5th day of September 2000.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DISCUSSION AND ANALYSIS OF PROFIT AND LOSS STATEMENT
 FOR YEAR ENDED 30 JUNE 2000

REVENUE **Up \$56 million to \$1.384 billion**

Total revenue increased by 4.2% to \$1.384 billion, mainly due to the full year impact of Toll IPEC which was acquired in October 1998 and additional revenue from Removals Australia which was acquired in February 2000. Refrigerated Roadways revenue decreased as a result of restructuring this business in September 1999, however, this was offset by growth in the remaining Toll Group businesses.

PROFITS **Up \$10.6 million to \$48 million**

Operating profit before tax and abnormals increased by 28.2% to \$48 million. This increase was due largely to improved results and flow on of synergy benefits from the TNT acquisition in the Long Distance and Logistics Division.

ABNORMALS **Down \$0.95 million to \$Nil**

There were no abnormal items during the year, however, 1999 included a net abnormal gain of \$0.95 million. It comprised the following:

	Amount \$ million	Tax Applicable \$ million
▪ Gain on sale of property	1.582	0.021
▪ Write-back of excess discount on IPEC acquisition	3.500	-
▪ Write-off of goodwill balances	(4.131)	-
	<u>0.951</u>	<u>0.021</u>

INCOME TAX **Down \$0.6 million to \$7.3 million**

Income tax expense decreased by 7.1% to \$7.3 million due mainly to the effect of the restatement of deferred tax balances (\$1.1 million) to a lower tax rate during the year. The continuing high levels of restructure cost expenditure and usage of deductible tax losses from prior periods offset underlying tax applicable to increased profits. The effective income tax rate decreased from 20.4% to 15.2%.

DIVIDENDS **Up \$2.0 million to \$16.9 million**

Ordinary dividends increased to 28 cents per share, up 27.3% from last years 22 cents per share. No preference dividends were provided during the year (1999: \$3.2 million).

EARNINGS PER SHARE **Up 28.9% to 66.28 cents per share**

Diluted earnings per share increased 28.9% to 66.28 cents per share. Basic earnings per share increased 14.4% to 67.67 cents per share. Both increases were due to the 34.1% increase in profits attributable to members. The diluted earnings per share has also been impacted by the conversion of preference shares in 1999.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
PROFIT AND LOSS STATEMENT
 FOR THE YEAR ENDED 30 June 2000

	Note	Consolidated	
		2000	1999
		\$'000	\$'000
Revenue		<u>1,384,339</u>	<u>1,328,635</u>
Operating profit before abnormal items and income tax		47,952	37,400
Abnormal items before income tax		<u>-</u>	<u>951</u>
Operating profit before income tax		47,952	38,351
Income tax attributable to operating profit		<u>7,285</u>	<u>7,841</u>
Operating profit after income tax		40,667	30,510
Outside equity interest in operating profit		<u>263</u>	<u>370</u>
Operating profit after income tax attributable to members of the Company		40,404	30,140
Retained profits at the beginning of the financial year		36,074	20,810
Total available for appropriation		<u>76,478</u>	<u>50,950</u>
Dividends provided for or paid	2	<u>16,909</u>	<u>14,876</u>
Retained profits at the end of the financial year		<u>59,569</u>	<u>36,074</u>
Basic earnings per share		67.67¢	59.16¢
Diluted earnings per share		66.28¢	51.41¢

The above profit and loss statement is to be read in conjunction with the accompanying notes to the financial statements set out on pages 16 to 17.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
BALANCE SHEET
AS AT 30 June 2000

	Note	Consolidated	
		2000	1999
		\$'000	\$'000
Current Assets			
Cash		26,691	22,919
Receivables		158,123	127,027
Inventories		4,140	3,796
Other		<u>27,916</u>	<u>13,441</u>
Total Current Assets		<u>216,870</u>	<u>167,183</u>
Non-Current Assets			
Receivables		3,746	184
Investments		5,613	6,326
Property, plant and equipment		172,236	163,663
Other		<u>4,808</u>	<u>9,043</u>
Total Non-Current Assets		<u>186,403</u>	<u>179,216</u>
TOTAL ASSETS		<u>403,273</u>	<u>346,399</u>
Current Liabilities			
Accounts Payable		117,740	86,319
Borrowings		2,273	1,774
Provisions		<u>65,087</u>	<u>63,288</u>
Total Current Liabilities		<u>185,100</u>	<u>151,381</u>
Non-Current Liabilities			
Borrowings		42,886	48,540
Provisions		<u>16,636</u>	<u>20,107</u>
Total Non-Current Liabilities		<u>59,522</u>	<u>68,647</u>
TOTAL LIABILITIES		<u>244,622</u>	<u>220,028</u>
NET ASSETS		<u>158,651</u>	<u>126,371</u>
Shareholders' Equity			
Share capital	4	98,756	90,233
Retained profits		<u>59,569</u>	<u>36,074</u>
Shareholders Equity Attributable to Members of the Company		158,325	126,307
Outside equity interests in controlled entities		<u>326</u>	<u>64</u>
TOTAL SHAREHOLDERS' EQUITY		<u>158,651</u>	<u>126,371</u>

The above balance sheet is to be read in conjunction with the accompanying notes to the financial statements set out on pages 16 to 17.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DISCUSSION AND ANALYSIS OF STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 30 June 2000

OPERATING ACTIVITIES **Net cash inflow increased \$14.2 million**

Net cash inflows from operating activities increased \$14.2 million due mainly to an increase in the activity levels of the Group and reduced restructure expenditure of \$11.0 million, compared to \$19.5 million in the prior year.

Cash receipts and payments in the course of operations increased, reflecting the effect of the Removals Australia business and the full year impact of the IPEC acquisition which occurred in October 1998.

INVESTING ACTIVITIES **Net cash outflow increased \$14.2 million**

An increase in capital expenditure on non-current assets of \$14.5 million and lower proceeds from sale of property, plant and equipment of \$11.6 million resulted in a larger cash outflow this year.

FINANCING ACTIVITIES **Net cash outflow decreased \$1.3 million**

A net repayment of borrowings of \$6.1 million was slightly lower than the previous year, whilst there was also an increase in dividends paid of \$2.0 million.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
STATEMENT OF CASH FLOWS
 FOR THE YEAR ENDED 30 June 2000

	Note	Consolidated	
		2000	1999
		\$'000	\$'000
Cash flows from operating activities			
Cash receipts in the course of operations		1,350,718	1,307,959
Cash payments in the course of operations		(1,276,084)	(1,233,376)
Restructure costs paid		(10,957)	(19,483)
Interest received		472	1,176
Dividend received		329	-
Interest and other costs of finance paid		(3,239)	(4,761)
Income taxes paid		(165)	(4,629)
		<u>61,074</u>	<u>46,886</u>
Net cash inflow/(outflow) from operating activities			
Cash flows from investing activities			
Proceeds from acquisition of business		-	4,968
Payment for entities and businesses, net of cash acquired		(9,917)	-
Payment for property, plant and equipment		(50,958)	(46,255)
Proceeds from sale of property, plant and equipment		20,261	31,864
Repayment of loans by other entities/persons		-	-
Payment of deferred settlement monies		-	(17,243)
Payment for investments		(350)	-
		<u>(40,964)</u>	<u>(26,666)</u>
Net cash (outflow) from investing activities			
Cash flows from financing activities			
Proceeds from borrowings		34,605	35,356
Repayment of borrowings		(40,688)	(44,813)
Dividends paid		(10,438)	(8,388)
Proceeds from share issue		183	221
		<u>(16,338)</u>	<u>(17,624)</u>
Net cash inflow/(outflow) from financing activities			
Net increase/(decrease) in cash held			
		3,772	2,596
Cash at the beginning of the financial year		<u>22,919</u>	<u>20,323</u>
Cash at the end of the financial year		<u><u>26,691</u></u>	<u><u>22,919</u></u>

The above statement of cash flows is to be read in conjunction with the accompanying notes to the financial statements set out on pages 16 to 17.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 June 2000

1. Basis of Preparation of Concise Financial Report

The concise financial report has been prepared in accordance with the Corporations Law, Accounting Standard AASB1039 "Concise Financial Reports" and applicable Urgent Issues Group Consensus Views. The financial statements and specific disclosures required by AASB1039 have been derived from the consolidated entity's full financial report for the financial year. Other information included in the concise financial report is consistent with the consolidated entity's full financial report. The concise financial report does not, and cannot be expected to, provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

It has been prepared on the basis of historical costs, and except where stated, does not take into account changing money values or current valuation of non-current assets.

These accounting policies have been consistently applied by each entity in the consolidated entity and are consistent with those of the previous year.

Where necessary, comparative information has been reclassified to achieve consistency in disclosure with current financial year amounts and other disclosures.

A full description of the accounting policies adopted by the consolidated entity may be found in the consolidated entity's full financial report.

2. Dividends Paid and Declared

Dividends provided for or paid by the Company are:

	Cents per Share	Total \$'000	Date of Payment	Franked Tax Rate	Percentage Franked
2000					
Under-provision 1999**	12	11	30 September 1999	36% (Class C)	50
Ordinary - Interim	13	7,820	31 March 2000	36% (Class C)	20
Ordinary - Final	15	9,078	29 September 2000	36% (Class C)	50
		<u>16,909</u>			
1999					
Under-provision 1998**	8	11	30 September 1998	36% (Class C)	65
Ordinary - Interim	10	4,545	31 March 1999	36% (Class C)	35
Ordinary - Final	12	7,080	30 September 1999	36% (Class C)	50
Preference - Half Yearly	*	1,550	1 December 1998	36% (Class C)	100
Preference - Half Yearly	*	1,470	1 June 1999	36% (Class C)	100
Preference - Final	*	220	14 July 1999	36% (Class C)	100
		<u>14,876</u>			

* Dividends on preference shares were at 7.75% based on \$3 per share.

** Additional shares were issued subsequent to the declaration of the final 1999 ordinary dividend as a result of executive share options being exercised on 19 July 1999 and 15 September 1999.

The franked dividend declared as at 30 June 2000 will be franked out of existing credits, franking credits arising from the payment of income tax or out of receipt of franked dividends from controlled entities in the year ending 30 June 2001.

3. REVENUE

	Consolidated	
	2000	1999
	\$'000	\$'000
Revenue from operating activities	1,360,098	1,295,855
Other revenue	24,241	32,780
	<u>1,384,339</u>	<u>1,328,635</u>

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 30 June 2000

4. SHARE CAPITAL	Consolidated		The Company	
	2000	1999	2000	1999
	\$'000	\$'000	\$'000	\$'000
(a) Issued and Paid Up Capital				
60,522,484 ordinary shares fully paid (1999 – 58,999,489)	<u>98,756</u>	<u>90,233</u>	<u>98,756</u>	<u>90,233</u>

The non-redeemable 7.75% non-cumulative convertible preference shares were all converted to ordinary shares during the year ended 30 June 1999 on a 1 for 1 basis.

Option holders have no rights to participation in any share issue of the Company.

5. SEGMENT INFORMATION

The Group derives revenue from the provision of the total logistics solution through use of economy and express freight forwarding services, storage, warehousing and distribution of freight nationally by road, rail and sea, rail linehaul operations, international forwarding, ports management and time sensitive freight distribution services. These activities are inter-dependent and inter-related as a collection of related services forming one segment within the transport and logistics industry.

Geographical Segments

The consolidated entity operates predominantly in Australia and all material revenue, operating profit before income tax and segment assets relate to operations within Australia.

6. EVENT SUBSEQUENT TO BALANCE DATE

On 27 June 2000, the Company launched a takeover for 100% of Finemore Holdings Ltd (Finemore). Formal takeover documents were despatched to Finemore shareholders on 2 August 2000. The bid, which has been recommended by Finemore directors, in the absence of a higher offer, is priced at \$2.25 per fully paid ordinary share resulting in an approximate purchase price of \$119 million and is conditional upon receiving 90% acceptances. The bid, which is to be funded by fully committed debt facilities, is scheduled to close on 22 September 2000.

Other than the matter discussed above there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely, in the opinion of the directors of the Company, to affect significantly the operations of the consolidated entity, the results of those operations, or the state of affairs of the consolidated entity, in future financial years.

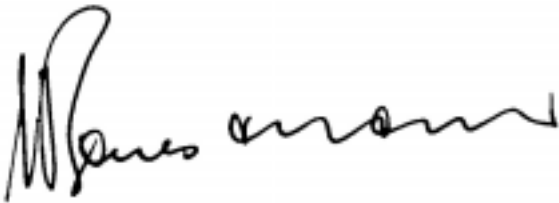
7. FULL FINANCIAL REPORT

Further financial information can be obtained from the full financial report which is available, free of charge, on request from the company at Level 8, 380 St Kilda Road Melbourne, Vic 3004. Alternatively, both the full financial report and the concise financial report can be accessed via the internet at :<http://www.toll.com.au>.

TOLL HOLDINGS LIMITED AND ITS CONTROLLED ENTITIES
DIRECTORS' DECLARATION

1. In the opinion of the directors of Toll Holdings Limited the accompanying concise financial report of the consolidated entity, comprising Toll Holdings Limited and its controlled entities for the year ended 30 June 2000, as set out on pages 10 to 17.
 - (a) has been derived from or is consistent with the full financial report for the financial year, and
 - (b) complies with Accounting Standard AASB1039 "Concise Financial Reports".

Signed in accordance with a resolution of the Directors:



P Rowsthorn

Director



P A Little

Director

Dated at Melbourne this 5th day of September 2000.

Independent Audit Report on Concise Financial Report

To the members of Toll Holdings Limited

Scope

We have audited the concise financial report of Toll Holdings Limited and its controlled entities for the financial year ended 30 June 2000 as set out on pages 10 to 18 in order to express an opinion on it to the members of the company. The company's directors are responsible for the concise financial report.

Our audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance whether the concise financial report is free of material misstatement. We have also performed an independent audit of the full financial report of Toll Holdings Limited and its controlled entities for the year ended 30 June 2000. Our audit report on the full financial report was signed on 5th September 2000, and was not subject to any qualification.

Our procedures in respect of the audit of the concise financial report included testing the information in the concise financial report included testing that the information in the concise financial report is consistent with the full financial report and examination, on a test basis, of evidence supporting the amount, discussion and analysis, and other disclosures which were not directly derived from the full financial report. These procedures have been undertaken to form an opinion whether, in all material respects, the concise financial report is presented fairly in accordance with Accounting Standard AASB1039 "Concise Financial Reports" issued in Australia.

The audit opinion expressed in this report has been formed on the above basis.

Audit opinion

In our opinion the concise financial report of Toll Holdings Limited and its controlled entities for the year ended 30 June 2000 complied with AASB1039 "Concise Financial Reports".

KPMG

JJ O'Connell
Partner

5 September 2000

Shareholder Information

Additional information required by the Australian Stock Exchange Listing Rules not elsewhere disclosed in this report. The shareholder information set out below was applicable as at 28 August 2000.

A. Distribution of shareholders

(a) Analysis of numbers of shareholders by size of share holdings for ordinary securities.

	Number	Units	%
1 – 1,000	3,580	1,731,270	2.86
1,001 – 5,000	2,847	6,952,515	11.49
5,001 – 10,000	446	3,265,622	5.40
10,001 – 100,000	259	6,551,146	10.82
100,001– and over	37	42,021,931	69.43
	7,169	60,522,484	100.00

There were one hundred and twenty holders with less than a marketable parcel of ordinary shares.

Each ordinary share is entitled to one vote per share.

B. Twenty largest shareholders

The names of the twenty largest shareholders are listed below:

Name	Number of Ordinary Shares Held	Percentage of Issue Shares %
1 Mostia Dion Nominees Pty Ltd	8,823,071	14.58
2 Mr Paul Alexander Little	8,616,356	14.24
3 PGA (Investments) Pty Ltd	3,665,000	6.06
4 Mr Peter Rowsthorn	3,071,749	5.08
5 Chase Manhattan Nominees Limited	2,517,478	4.16
6 Australian Foundation Investment Company Limited (Investment Portfolio A/C)	2,333,334	3.86
7 National Nominees Limited	1,319,731	2.18
8 AMP Life Limited	1,059,116	1.75
9 Cable Nominees Pty Ltd (33390 A/C)	1,000,000	1.65
10 NRMA Nominees Pty Limited	994,645	1.64
11 Djerriwarrh Investments Limited	992,210	1.64
12 Westpac Custodian Nominees Limited	793,861	1.31
13 Commonwealth Custodial Services Limited (No 17 A/C)	626,293	1.03
14 Camrock (Australia) Pty Limited	571,755	0.94
15 AMP Nominees Pty Limited	500,335	0.83
16 Citicorp Nominees Pty Limited	474,494	0.78
17 Mr Richard John Raw and Mrs Rosemary Joan Raw	442,492	0.73
18 Mr Ashley William Lyons Hancock & Raelene Joy Hancock	421,875	0.70
19 Commonwealth Custodial Services Limited (No 4 A/C)	413,351	0.68
20 Perpetual Trustees Victoria Limited (JBEMEP A/C)	345,724	0.57
Total	38,982,870	64.41%

C. Substantial shareholders

The following are registered by the Company as substantial shareholders, having declared a relevant interest in the number of voting shares shown adjacent as at the date of giving the notice.

Name	Number and Percentage of Shares in which interest held in Ordinary Shares	
	Number	Interest %
(a) Mr Mark Rowsthorn and related bodies corporate	9,171,161	15.15
(b) Mr Paul Alexander Little and related bodies corporate	8,863,637	14.65
(c) PGA (Investments) Pty Ltd	4,665,000	7.71
(d) Mr Peter Rowsthorn	3,112,160	5.14