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The Manager
Australian Stock Exchange
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Dear Sir

Toll Group Profit Announcement – December 2007

Please find attached for immediate release to the market, a Media Release and the Toll Group Profit Announcement for the half year to 31 December 2007.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.



21 February 2008

MEDIA RELEASE
Toll Delivering On Growth Strategy

Toll Holdings, the Asian regions leading integrated transport and logistics provider, today announced an after tax profit of \$237 million for the six months to December 2007, continuing its unbroken record of increased earnings over the past 10 years and delivering on its growth strategy.

Toll Managing Director, Mr Paul Little, said "the company is very pleased with the result. On a like for like basis, Net Profit grew 18% to \$248 million excluding discontinued operations and Virgin Blue development costs".

"We have continued to grow revenues and earnings organically, as well as make significant acquisitions and integrate new businesses," said Mr Little.

"In Australia, we have achieved record EBIT margins and maintained strong revenue growth. In New Zealand, despite difficult conditions, we have increased margins and in Asia we are making great strides in our strategic development, said Mr Little.

During the six months revenue totalled \$4.1 billion, an increase of 8.3% over the prior period for continuing operations.

Underlying EBIT, from continuing operations and pre Virgin Blue development costs was \$431 million, an increase of 13% over the prior period.

The Company continued to invest in new infrastructure, technology and fleet to drive further capacity and efficiency across its operations.

The Company's balance sheet remains very strong with gearing of 28% and interest cover of over 10 times.

Earnings per share (fully diluted) from continuing operations and pre Virgin Blue development costs, was 37.7 cents for the six months compared to 32.8 cents in the previous corresponding period. This represents a 15% increase on a continuing business basis.

Directors have declared an ordinary share interim dividend of 13.5 cents per share payable fully franked. The dividend payout ratio is consistent with prior periods and represents an increased payout of 14% over the prior year on a comparative continuing business basis.

In Asia, the Company has been successful in securing over 98% of the issued capital of the Hong Kong listed BALtrans Group. This is a major step forward in developing our global freight forwarding presence, and will greatly complement our investment in Cargo Services as well as the existing Toll Asia network. BALtrans will contribute positively to earnings from day one. With the integration of BALtrans we will have achieved in the order of 20% of our annual transport and logistics revenues in Asia.

"We are now seeing the top line benefits of our positioning in Toll Asia and we expect this to be reflected in EBIT going forward. When combined with the Toll Global Forwarding operations, we

will have a very compelling service offering, both in-country and cross border from Asia,” said Mr Little.

In relation to Virgin Blue, Mr Little said “whilst the business continues to be heavily impacted short term by fuel prices and a competitive environment, the continued development of the business is proceeding well and the success of V-Australia in securing rights on the Trans Pacific route will add a valuable additional dimension to the business.”

Toll is working with Virgin Blue management and its Board, together with advisors, to evaluate options to enhance shareholder value, which would likely see Toll reduce its investment in the company. It is expected that the Board will complete its assessment during the next few weeks.

Volatility in global debt and equity markets has resulted in some uncertainties in relation to the outlook for global economic growth. At present, the Company does not expect a significant downturn in the major markets in which it operates, and the outlook remains positive.

Across the core transport and logistics businesses, the outlook for the June 2008 year and beyond remains positive, and the company expects ongoing strong earnings and cashflow growth.

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21 February 2008

TOLL GROUP PROFIT ANNOUNCEMENT
DECEMBER 2007

The Asian region's leading transport and logistics provider, today announced an after tax profit of \$237 million for the six months to December, 2007.

Profit after tax attributable to members, excluding discontinued operations and development costs associated with Virgin Blue was \$248 million, on a like for like basis, this compares to \$211 million in the previous corresponding period, an increase of 18%.

Revenue for the Group totalled \$4.1 billion for the six months, an increase of \$315 million (or 8.3%) in relation to continuing operations. The increase in revenues reflected strong underlying organic growth in Toll Australia, of approximately 7.5%, and in Asia, of over 8%, together with the benefit of acquisitions.

Reported EBIT for the Group from continuing operations including Associates was \$408 million. Excluding Virgin Blue development costs written off, EBIT from continuing operations was \$431 million compared to \$381 million in the prior year.

EBITDA from continuing operations, pre Virgin Blue development costs written off was \$583 million, compared to \$531 million last year.

Throughout the Group underlying operations generally performed well ahead of last year. In particular Toll Australia drove margins higher as strong revenue growth and sound cost controls were maintained.

Acquisition integration in Australia and Asia has proceeded well, positioning the Group for further Asian based growth. At the same time the company is investing to further expand capacity and improve efficiencies.

Finance

Group operating cashflow was \$376 million for the six months reflecting strong cashflow generation from each division.

Net debt at 31 December 2007 was \$1.5 billion including Reset Preference Shares, reflecting a net debt to net debt plus book equity gearing of 28%. For the six months net interest cover was very strong at 12 times. Interest cost included \$8 million associated with pre delivery payments for Virgin Blue's planned new Trans Pacific fleet.

Excluding Virgin Blue net debt was \$1.01 billion and gearing was a low 23%. All measures include dividends on Reset Preference shares as interest.

The Group adopts a policy of borrowing in currencies where assets are held and enters into interest rate hedging to protect against interest rate volatility. Debt facilities are designed to maximise flexibility, reduce re-finance risk and provide a cost effective way to fund capital expenditure and acquisition based growth.

The Group also ensures that at all times it maintains committed undrawn facilities in order to take advantage of opportunities as they arise.

During the six months the Group invested heavily in acquisitions and capital expenditure. In total, investment in acquisitions amounted to \$334 million, whilst capital expenditure amounted to \$863 million. Capital Expenditure included \$596 million in relation to Virgin Blue, and \$222 million in Toll Australia, of which \$135 million funded strategic property acquisitions.

Earnings per share, fully diluted from continuing operations and pre Virgin Blue development costs, was 37.7 cents for the six months compared to 32.8 cents in the previous corresponding period. This represents a 15% increase on a continuing business basis.

Directors have declared an ordinary share interim dividend of 13.5 cents per share fully franked. The dividend payout ratio is consistent with prior periods and represents an increased payout of 14% over the prior year on a continuing business basis.

Growth Opportunities

Growth momentum has been accelerated following the demerger of rail and port assets in June 2007. As anticipated, strong organic growth was complemented by growth from bolt-on acquisitions in Australia and significant acquisitions in Asia.

Progress with the takeover of Hong Kong based freight forwarder BALtrans has been very successful with the Group having secured in excess of 98% acceptances and will now move to compulsory acquisition and delisting. Further acquisitions to support our international forwarding strategy are expected in coming months.

BALtrans fulfils our criteria of having a strong global forwarding footprint, based in Asia with sound customer relationships in key market segments, and an excellent workforce and senior management team. The integration of BALtrans into the Toll Group will focus around information technology, customer leverage, together with synergies with Cargo Services and existing Toll Asia operations. Based on current trading the acquisition will be earnings per share accretive from acquisition date.

The company will fully support management of BALtrans, Cargo Services and the Toll Global Forwarding Group, to expand and add scale to their global footprint, into attractive and high growth markets.

Growth initiatives will also focus on small to medium size bolt-on acquisitions, particularly in Australia, New Zealand and throughout Asia.

During the last six months the Group increased its investment in Brambles to AUD \$84 million and held a series of discussions with representatives from Brambles. Whilst the company believes that a merger of Brambles and Toll would create exceptional value for shareholders of both companies, Brambles have not embraced any prospect of a merger and the strategic benefits available. Accordingly at this stage, Toll will simply monitor the performance and strategic direction of Brambles with a view to assessing any opportunities for the companies to work together at some time in the future.

Investment in Virgin Blue

The Company has previously foreshadowed that it intends to reduce its investment in 63% owned Virgin Blue, in order to deploy the capital in the growth of its logistics base.

The Company has supported the Virgin Blue Board and management in conducting a detailed review of options to generally enhance shareholder value. Goldman Sachs JBWere is assisting

Virgin Blue in this process, and the Board has recognised that the equity markets currently do not reflect the true underlying value of the business.

At this stage the Virgin Blue Board is currently assessing a number of expressions of interest designed to increase shareholder value that have been received and is presently assessing these submissions. The Board expects to complete its assessment during the next few weeks.

DIVISIONAL TRADING

All references to divisional EBIT are pre-amortisation of charges arising from acquisition accounting.

Toll Australia

Trading over the six months remained solid with overall EBIT margins expanding and continued organic and acquisition based growth.

Highlights during the six months included :

- establishment of the Joint Venture with DNATA
- acquisition of Victorian Express operation and integration into Toll IPEC
- completion of a long term freight operations agreement with Virgin Blue
- acquisition of SkyNet International air express operations in Australia and New Zealand
- investment in the establishment of a national air linehaul network.
- acquiring full control of Print Management Provider, Stream Solutions
- continued integration and rationalisation of Patrick warehousing and logistics activities.

Underlying revenues and earnings across the Australian business maintained its growth momentum, with a number of new customer contracts won.

Underlying revenue grew by approximately 7.3% to \$2.3 billion for the period whilst EBIT grew 18% to \$184 million. The EBIT margin of 8.0% was a record for the Australian operations.

Toll Australia generally continued to benefit from high volumes associated with the resources sector and buoyant retail sector demand. Margin expansion was also supported by ongoing investment in new facilities, technology and fleet upgrades. Several new terminal facilities have added additional capacity and a number of new sites across the country are in a planning or construction process.

This ongoing infrastructure investment will provide capacity for our operations to take advantage of increased volumes from customers increasingly expanding their Asian direct sourcing activities.

The time sensitive operations of Toll IPEC and Toll Priority continued to drive improved results, notwithstanding Toll Priority absorbing additional one-off costs in establishing its air linehaul network.

During the last six months the Company has established itself as a key player in air freight operations as well as aviation logistics. The long term freight operations agreement with Virgin

Blue together with the dedicated air freighters and the regional air freight network, has provided Toll with a comprehensive national network capable of servicing increasingly complex needs of customers.

In addition, the Company recently completed the acquisition of the SkyNet business in Australia and New Zealand. This international air express operation will provide additional scale and growth opportunities to the Toll Priority Global Service particularly within the Asian Region.

In relation to aviation logistics, the Company has established a joint venture with Emirates owned airport services business DNATA. The Toll DNATA joint venture, which acquired the Toll Air Services operation, has continued to develop over the past six months throughout most major airports.

In December 2007, Toll DNATA acquired the Skystar business in Perth and Brisbane providing increased airport coverage as well as additional critical mass in key east coast capital city airports.

Toll DNATA also acquired the international airline passenger handling operations of Aerocare at Sydney and Adelaide.

It is expected that Toll DNATA will continue to grow both its range and scale of services going forward.

Toll IPEC continued to invest in infrastructure and grow volumes strongly. During the six months Victorian Express, a regional Victorian based road express operator, was acquired and it will provide improved regional services for customers through the IPEC network.

National road forwarding operations, Toll Express and NQX benefited from solid revenue growth, particularly emanating from resource sector activity in Queensland and Western Australia.

QRX, the Group's Queensland based rail forwarder, suffered from a number of one-off incidents including derailments and severe flooding conditions which disrupted services. Flooding conditions have continued during January 2008, resulting in additional costs being incurred.

Domestic automotive manufacturing experienced flat conditions as imported vehicles were favourably impacted by the strong Australian dollar. Toll Automotive is working closely with its customers to support Asian based sourcing of components, as the domestic manufacturers strive to remain competitive against fully imported products.

During the six months to December 2007 the Company acquired the outstanding minority interest in Stream Solutions, a leading Integrated Communications Solutions provider of print management logistics. This business traded well for the period, securing a number of new customer contracts, as well as benefiting from integration into the Toll Australia Group.

PDL Toll Defence Logistics continued to successfully grow its operations and traded strongly during the six months. Further expansion is expected as opportunities develop throughout the Asian Region and Africa.

Toll International, the Company's Australian based international forwarder, has positioned itself to benefit from Toll's growing Asian based forwarding capability, and traded in line with expectations over the six months. In line with the Global forwarding strategy, the Company has continued the process of rationalising its agency network and focussed on building direct customer relationships.

The integration of Patrick's warehousing and distribution operations remained a major focus throughout the period. Further rationalisation of poor yielding revenue and consolidation of property, systems and administration occurred during the six months.

Toll New Zealand

Despite difficult ongoing trading conditions Toll New Zealand continued to improve performance and implemented a number of positive initiatives during the six months.

Highlights included :

- successful take out of minority interests and privatisation of public Company
- additional long term coal haulage agreement with Solid Energy and Pike River
- exercise of option to acquire rail equipment under GATX Lease
- agreement for the purchase of additional rail equipment to increase capacity for the Port of Tauranga in relation to the MetroPort Auckland service
- secured a new contract for the cartage of 50,000 tonnes of McDonald's Lime from Auckland to Mt Manganui, previously carried by road
- contracted a number of key accounts and implemented technology in the freight forwarding business
- winner of 2007 Energy Efficiency and Conservation Authority award for innovation in fuel efficiency.

Revenue for the six months was NZ\$383 million compared to NZ\$379 million last year, with EBIT up 14.5% from NZ\$23.4 million to NZ\$26.8 million on the previous period.

In Australian dollar terms revenue increased from \$323 million in the prior period to \$333 million, whilst EBIT grew from \$20.6 million to \$23.0 million.

The expansion in EBIT margin reflects continuing efforts in cost control and the benefits of a selective capital expenditure program.

Following the delisting of the Toll New Zealand business, ongoing cost reduction is underway and greater levels of integration with existing fully owned Toll warehousing and distribution and express operations are being achieved.

During the past six months the Company's rail operations have focussed heavily on reducing diesel fuel consumption and introducing a number of initiatives to reduce greenhouse emissions. The benefits of rail over road from a greenhouse emissions perspective is clear and consequently the Company believes that rail's share of the freight task will increase accordingly.

Pleasingly, the Company has entered into a long term contract with Solid Energy to rail Pike River Coal from Greymouth to Lyttelton, and plans to significantly increase trains lengths to support this additional tonnage.

The Company is continuing to work collaboratively with the Crown to develop a track access regime and infrastructure development program, which will support the long term future of rail and enable much needed rolling stock capital expenditure to be acquired. Toll remains committed to the New Zealand transport sector and rail as a vital national capability for the economy. Whilst progress on discussions with the Crown is slow, the Company is hopeful that a constructive outcome will be achieved over the next few months.

In line with the Groups' strategy to further develop international freight forwarding capability throughout the region, New Zealand is seen as an attractive market from which to support our

customers sourcing product from Asia. With the further expansion of our Asian based forwarding operations it is expected that Toll New Zealand will benefit in terms of domestic freight volumes from importing activity.

The Company is continuing to assess a number of acquisition opportunities which are available.

Toll Asia

Progress in developing the Asian strategy is continuing well, with trading generally in line with plan.

Highlights during the six months included :

- Full takeover of Sembawang Kimtrans
- Acquisition of minority stake in Cargo Services
- Restructure of management and appointment of Toll CEO
- Continuing strong growth in offshore supply operations

Excellent progress is being made in positioning the Toll Asia business to take advantage of high growth markets within Asia.

Revenue for the six months was S\$375.8 million, compared to S\$278.4 million in the previous corresponding period. After adjusting for acquisitions of Sembawang Kimtrans and the outstanding interest in Thailand operations, as well as disposal of small businesses, underlying revenue grew approximately 8.5% on a like for like basis.

Revenue and earnings growth predominantly came from continued activity in the offshore supply and marine logistics sector as well as solid growth in Malaysia, Vietnam and China. This growth was driven by a number of new customer contracts and solid performances from the existing customer base, including contract renewals.

Contract retention rates have been very strong over the past six months, and it is expected that existing customers will be a major source of ongoing revenue growth.

The increase in revenue is a direct result of higher investment in the marketing and business development resources of the business, as well as growing awareness of the Toll business model and capabilities throughout the region.

Going forward the Company is focussed on growing its scale and breadth of operations in its key business segments and markets.

EBIT for the six months to December 2007, including share of associates net profit was S\$47.1 million compared to S\$45.1 million last year.

In Australian dollar terms, revenue was \$292 million up from \$232 million, whilst EBIT (including share of profit from associates) was \$36.7 million compared to \$37.4 million previously.

As expected the overall reported margin reduced, as the proportion of higher margin Singapore based revenues reduced with the planned acceleration of non-Singapore revenue growth

Contribution from associates reduced from S\$9.8 million to S\$2.8 million, reflecting acquisition of previous associates of Sembawang Kimtrans and Thailand, and disposal of associates in December 2006. In addition, the performance of 38% owned Japanese group Footwork

Express was well below last year. Footwork Express suffered from difficult trading conditions in Japan and intense competition, further, a one-off negative income tax adjustment impacted results.

The Singapore Government Business Group, continues to perform in line with expectations and is expected to provide additional opportunities in defence logistics, as relationships develop further.

The structural management changes together with renewed emphasis on business development opportunities, is driving growth across the region, and is expected to improve margins as increased focus on technology development, and cross border logistics management raise customer service propositions.

Over the past twelve months the Company has restructured and rebranded the Asian operations, introduced greater simplicity in shareholding structures, finalised the integration of existing Toll businesses and eliminated poor performing revenues. This has positioned the business for consistent and profitable growth and current results are benefiting from the positive impact of these initiatives.

Toll Global Forwarding (TGF)

During the last six months the Company has launched its Toll Global Forwarding (TGF) brand bringing together capabilities across the Group to support customers in the management of international supply chains.

TGF will provide customers with a single source to control, to co-ordinate and synchronise global supply chains. Where appropriate, TGF will utilise Toll's in-country capacity and capability. The Group's in-house supply chain, consulting and design group, Toll Solutions, is also an integral element of bringing the necessary technology to these international solutions.

The acquisition in mid 2007 of an interest in Cargo Services Far East, a leading Hong Kong based and China focussed international air and sea freight forwarder, has provided excellent technology synergies and enabled increased services to major Australian retail customers.

Cargo Services, together with the recent success of our bid for BALtrans in Hong Kong, will significantly expand the Group's international forwarding capabilities and enhance our service offering throughout the Asian region. In addition, BALtrans provides a much expanded global network which will enable Toll to better service the cross border needs of our multi-national customer base.

It is anticipated that the TGF operations will provide for increased integration of customer services from our logistics businesses across the Asian Pacific region as well as drive further opportunities for organic and acquisition based growth.

Virgin Blue

Virgin Blue again performed well during the six months, as a number of major value adding initiatives were implemented and progressed.

Revenue for the six months increased 8% from \$1.1 billion to \$1.2 billion with revenue per available seat kilometre (RASK) increasing 5% to 10.11 cents.

Reported EBIT was \$176.1 million compared to \$186.6 million previously. After adjusting for the write off of one-off development costs underlying EBIT for the six months was \$198.8 million compared to \$188.5 million, an increase of 5.5%.

High fuel costs continued to impact the industry, with an average cost including the benefit of hedging positions increasing by over 4% compared with the previous period. Whilst the higher Australian dollar has assisted in partially mitigating higher fuel costs, nevertheless, persistently high fuel costs will negatively impact results in the short to medium term, as the level of hedging protection is lower over the next 12 months.

The implementation of the new Embraer fleet is progressing as expected and has been well received by clients. The new fleet will improve Virgin Blue's domestic network into previously uncontested routes and provide much needed capacity into existing routes.

The proposed V-Australia international services on the Trans Pacific route are progressing well with flights scheduled to commence in the last quarter of 2008. Confirmation of the rights to participate in this market has been received and this will add further value to the Virgin Blue business.

Discontinued Operations

In the Group's accounts for the year ended 30 June 2007, earnings and costs associated with the port and rail assets demerged into the Asciano Group, were separately identified and reported. Following the final reconciliation of settlement costs, additional charges of \$31 million have been incurred and these charges have been offset by related income tax credits. Accordingly, the one-off net after tax impact is a \$2.3 million benefit.

Economic Conditions

In general, the markets in which the Company operates experienced solid economic conditions.

In Australia, the economy maintained its strong growth profile, driven by the resources and food, beverage and retail sectors. Increased interest rates and higher fuel prices, have to date generally been absorbed by the economy without any major downturn in activity. Notwithstanding volatility in other global economies, at present it is expected that domestic economic growth in our region, will continue to be positive.

In New Zealand, there has been no material change to the flat conditions experienced over the past 18 months. Whilst strong dairy prices have assisted the economy, consumer consumption has been impacted by higher interest, fuel and other costs. In addition, the high currency has affected growth in certain exports and inbound tourism.

The Company expects conditions in New Zealand to remain flat, without any further major deterioration.

Throughout the Asia ex Japan economies, growth has remained strong, however with export demand particularly to the USA likely to reduce in the near term, the high growth levels are expected to reduce, although it is anticipated that this will be substantially mitigated by domestic demand within Asia. Conditions in Japan have proven difficult and no material change is expected at this stage.

Industry Dynamics

International tradeflows continue to grow strongly and the momentum is not expected to slow significantly, despite ongoing volatility and weakness in some major economies.

Importantly, there is growing emphasis on building and managing global supply chains, with Asia playing a pivotal role in overall industry dynamics.

Supply chain integration remains high on customer's agendas as inventory and working capital costs continue to challenge customers cost structures.

Regional and global consolidation remains a feature among industry players and it is expected that further consolidation will occur, particularly in markets subject to lower growth.

Toll remains very well placed to benefit from the ongoing industry dynamics particularly within Asia.

Environment

The Company is making solid progress in further developing its environmental strategies, and implementing a range of initiatives.

The Company is taking a leadership role in the transport and logistics sector and presently participates in the Australian Greenhouse Challenge Plus and Energy Efficiency Opportunity programs, as well as the International Carbon Disclosure Program.

Our environmental focus is group-wide and we are particularly pleased in having won the 2007 Energy Efficiency and Conservation Authority reward for transport in New Zealand.

As customers increasingly seek environmentally sound logistics solutions, we are now embedding our environmental practices into solutions and we are well placed to benefit from growing customer requirements.

Outlook

The Group has remained focussed on delivering both organic and acquisition based growth, and results during the first half have demonstrated a sound performance in executing this strategy.

Opportunities for growth remain numerous and the current pipeline is consistent with our aggressive value based growth strategy.

The current financial and operational capacity of the Company positions us to continue to deliver superior returns to shareholders.

Whilst Virgin Blue is likely to face continued high fuel prices and a competitive environment, the Group is confident of achieving a satisfactory resolution to the investment in Virgin Blue in due course.

In terms of results for the full year to 30 June 2008, the Company expects that overall core transport and logistics operations throughout Australia, New Zealand and Asia, will continue to perform strongly, and well ahead of last year. Trading since December 2007 has been in line with those expectations.